



Friday, December 6, 2024
Rocketship Public Schools Audit Committee (2024-25 Q2)

Meeting Time: 8:30am

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

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

Teleconference locations:

950 Owsley Ave, San Jose, CA 95122

1700 Cavallo Rd, Antioch, CA 94509

2351 Olivera Rd, Concord, CA 94520

909 Roosevelt Ave, Redwood City, CA 94061

311 Plus Park Blvd Suite 130, Nashville, TN 37217

2215 Ewell Rd, Belmont, CA 94002

222 N Wolfe Rd, Sunnyvale, CA 94085

185 Spur Ridge Court, Healdsburg CA 95448

1. Opening Items

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

2. Consent Items

- A. Approve minutes from August 20, 2024 Audit Committee meeting

3. Agenda Items

- A. 403(b) Update
- B. Review and Recommend Approval of the 2023-24 Audit to the Rocketship Board of Directors
- C. Audit Request for Proposal Process
- D. Controls Process Review

4. Adjourn

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

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

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

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

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 Audit Committee (2024-25 Q1) (Tuesday, August 20, 2024)

Generated by Cristina Vasquez on Monday, August 26, 2024

1. Opening Items

A. Call to order

At 12:07pm, Ms. Miller took roll call. With a quorum of committee members present, Ms. Miller called the meeting to order.

Present: Greg Stanger, Louis Jordan, Julie Miller, Matt Red (advisor)

Absent: Courtney Shenberg

B. Public comment on off-agenda items

At 12:08pm, Ms. Miller called for public comment on off-agenda items. No comments from the public were made.

2. Consent Items

A. Approve minutes from May 13, 2024 Audit Committee meeting

At 12:08pm, a motion to approve consent items was made by Mr. Jordan, seconded by Mr. Stanger, and carried unanimously by roll call vote.

Y: Greg Stanger, Louis Jordan, Julie Miller

N: --

Abstain: --

3. Agenda Items

A. FY24 Audit Process Update

At 12:09pm, the committee discussed agenda item 3(A). No action was taken.

At 12:17pm, Courtney Shenberg joined the meeting.

B. 403(b) Update

At 12:21pm, the committee discussed agenda item 3(B). No action was taken.

C. JetPackEd Capitalization

At 12:34pm, the committee discussed agenda item 3(C). No action was taken.

4. Closed Session

A. Conference with Legal Counsel -- Anticipated Litigation: Potential/threatened litigation pursuant to California Government Code § 54956.9. Number of cases: 1

At 12:39am, Mr. Jordan made a motion to move to Closed Session. This motion was seconded by Mr. Stanger, and carried unanimously by roll call vote.

Y: Courtney Shenberg, Greg Stanger, Louis Jordan, Julie Miller

N: --

Abstain: --

5. Agenda Items (contd.)

A. Public report on actions taken in closed session

At 1:05pm, Ms. Miller called the open session back to order and reported that no actions were taken on item 4(A) during the closed session.

6. Adjourn

At 1:05pm, a motion to adjourn the meeting was made by Mr. Stanger, seconded by Ms. Shenberg, and carried unanimously by roll call vote.

Y: Courtney Shenberg, Greg Stanger, Louis Jordan, Julie Miller

N: --

Abstain: --

Board of Directors
Rocketship Education
Redwood City, California

We have audited the financial statements of Rocketship Delta Prep (RDL) operated by Rocketship Education as of and for the year ended June 30, 2024, and have issued our report thereon dated REPORT DATE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards, and the 2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, published by the Education Appeals Panel*, as well as certain information related to the planned scope and timing of our audit in our planning communication dated July 9, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Rocketship Education are described in Note 1 to the financial statements.

RDL adopted the Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (ASC 326)*, for the year ended June 30, 2024; however, there are no material receivables that qualify under the adoption.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated REPORT DATE.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Supplementary information in relation to the financial statements as a whole

With respect to the Schedule of Instructional Time, Schedule of Average Daily Attendance (ADA), and Reconciliation of Annual Financial Report with Audited Financial Statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the Local Education Agency Organization Structure. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

Upcoming accounting standards

Our promise is to get to know you and help you. For your consideration, here are some upcoming standards applicable to your entity.

ASU 2023-01 Leases (Topic 842): Common Control Arrangements–

- Effective for audits of financial statements for fiscal years beginning after December 31, 2023. Early adoption is permitted. For your School – June 30, 2025's financial statements.
- Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-01, Leases (Topic 842): Common Control Arrangements, clarifies applying Topic 842 to related party arrangements between entities under common control, reducing diversity in practice.
- ASU 2023-01 provides practical expedient to applied when a written agreement exists; to determine existence, accounting, and classification of a lease in common control arrangements. If no written terms exist, the practical expedient cannot be applied.

- ASU 2023-01 requires that leasehold improvements under common control leases be:
 - Amortized by the lease over the useful life of the improvements to the common control group (regardless of the lease term) and;
 - Accounted for as a transfer between entities under common control through net assets, if and when, the lessee no longer controls the use of the underlying asset.

This communication is intended solely for the information and use of the Board of Directors and management of Rocketship Education and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

Tentative - For discussion purposes only - subject to change

Board of Directors
Rocketship Education
Redwood City, California

We have audited the financial statements of Rocketship Education Inc. and its Affiliates (RSEA) as of and for the year ended June 30, 2024, and have issued our report thereon dated REPORT DATE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Appeals Panel, as well as certain information related to the planned scope and timing of our audit in our planning communication dated July 9, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Rocketship Education are described in Note 1 to the financial statements.

RSEA adopted the Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASC 326), for the year ended June 30, 2024; however, there are no material receivables that qualify under the adoption.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated REPORT DATE.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

The following describes findings or issues arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

State Compliance Findings: 2024-001, 2024-002, 2024-003

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE.

With respect to the Consolidating Statement of Financial Position – Schools, Consolidating Statement of Activities – Schools, Consolidating Statement of Cash Flows – Schools, Schedule of Instructional Time, Schedule of Average Daily Attendance (ADA), and Reconciliation of Annual Financial Report with Audited Financial Statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the Local Education Agency Organization Structure. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

Upcoming accounting standards

Our promise is to get to know you and help you. For your consideration, here are some upcoming standards applicable to your entity.

ASU 2023-01 Leases (Topic 842): Common Control Arrangements–

- Effective for audits of financial statements for fiscal years beginning after December 31, 2023. Early adoption is permitted. For your School – June 30, 2025's financial statements.
- Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-01, Leases (Topic 842): Common Control Arrangements, clarifies applying Topic 842 to related party arrangements between entities under common control, reducing diversity in practice.
- ASU 2023-01 provides practical expedient to applied when a written agreement exists; to determine existence, accounting, and classification of a lease in common control arrangements. If no written terms exist, the practical expedient cannot be applied.
- ASU 2023-01 requires that leasehold improvements under common control leases be:
 - Amortized by the lease over the useful life of the improvements to the common control group (regardless of the lease term) and;
 - Accounted for as a transfer between entities under comment control through net assets, if and when, the lessee no longer controls the use of the underlying asset.

This communication is intended solely for the information and use of the Board of Directors and management of RSEA and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

ROCKETSHIP DELTA PREP

CHARTER NUMBER – #1965

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024

Tentative - For discussion purposes only - subject to change

**ROCKETSHIP DELTA PREP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rocketship Education, Inc.
Redwood City, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rocketship Delta Prep (RDL), operated by Rocketship Education, Inc. (RSED), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RDL as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RDL's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RDL's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on RDL's financial statements as a whole. The supplementary information (as identified in the table of contents) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the local education agency organization structure but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

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

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

**ROCKETSHIP DELTA PREP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	1,940,214
Accounts Receivable		2,464,201
Prepaid Expenses and Deposits		73,771
Total Current Assets		4,478,186

LONG-TERM ASSETS

Related Party Receivable		21,102
Right of Use Lease Asset - Operating		15,539,256
Property, Plant, and Equipment, Net		23,803
Total Long-Term Assets		15,584,161

Total Assets		\$ 20,062,347
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities		\$ 406,490
Deferred Revenue		1,673,959
Operating Lease Liability - Current Portion		476,848
Total Current Liabilities		2,557,297

LONG-TERM LIABILITIES

Operating Lease Liability - Net of Current Portion		16,055,189
Total Long-Term Liabilities		16,055,189

NET ASSETS

Without Donor Restriction		1,449,861
Total Net Assets		1,449,861

Total Liabilities and Net Assets		\$ 20,062,347
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See accompanying Notes to Financial Statements.

**ROCKETSHIP DELTA PREP
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

NET ASSETS WITHOUT DONOR RESTRICTIONS REVENUES

LCFF State Aid and Property Tax Revenue	\$ 7,459,080
Other State Revenue	3,196,440
Federal Revenue	699,453
Other Local Revenue	88,375
Contributions	51,505
Total Revenues	11,494,853

EXPENSES

Program Expenses:	
Educational Programs	9,163,330
Supporting Services:	
Administration and General	1,669,163
Total Supporting Services	1,669,163
Total Expenses	10,832,493

INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

662,360

Net Assets - Beginning of Year

787,501

NET ASSETS - END OF YEAR

\$ 1,449,861

See accompanying Notes to Financial Statements.

**ROCKETSHIP DELTA PREP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	<u>Educational Programs</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 3,634,709	\$ -	\$ 3,634,709
Employee Benefits	558,817	-	558,817
Pension	428,161	-	428,161
Payroll Taxes	133,650	-	133,650
Management Fees	-	1,593,077	1,593,077
District Fee	-	66,561	66,561
Accounting Expenses	-	8,878	8,878
Legal Expenses	-	361	361
Instructional Materials	226,150	-	226,150
Other Fees For Services	1,836,366	-	1,836,366
Office Expenses	112,155	-	112,155
Information Technology	9,804	-	9,804
Printing and Postage	2,558	-	2,558
Occupancy	1,368,248	-	1,368,248
Travel	43,964	-	43,964
Conferences and Meetings	71	-	71
Insurance	44,342	-	44,342
Bad Debt	5,250	-	5,250
Depreciation	4,423	-	4,423
Interest Expense	-	286	286
Student Food Services	388,998	-	388,998
Other Expenses	365,664	-	365,664
	<u>\$ 9,163,330</u>	<u>\$ 1,669,163</u>	<u>\$ 10,832,493</u>
Total	<u>\$ 9,163,330</u>	<u>\$ 1,669,163</u>	<u>\$ 10,832,493</u>

See accompanying Notes to Financial Statements.

**ROCKETSHIP DELTA PREP
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 662,360
Adjustments to Reconcile Change in Net Assets to	
Net Cash Flows from Operating Activities:	
Depreciation	4,423
(Increase) Decrease in Operating Assets:	
Accounts Receivable	59,281
Prepaid Expenses and Deposits	117,504
Related Party Receivable	(21,102)
Right of Use Asset - Operating	433,740
Increase (Decrease) in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	(41,159)
Deferred Revenue	220,195
Operating Lease Liability	(477,922)
Net Cash Flows from Operating Activities	957,320

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property, Plant, and Equipment	(25,228)
Net Cash Flows from Investing Activities	(25,228)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of Debt	(40,439)
Net Cash Flows from Financing Activities	(40,439)

NET DECREASE IN CASH AND CASH EQUIVALENTS

891,653

Cash and Cash Equivalents - Beginning of Year

1,048,561

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,940,214

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest	\$ 774
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See accompanying Notes to Financial Statements.

**ROCKETSHIP DELTA PREP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rocketship Education, Inc. (RSED) are organized to manage, operate, guide, direct, and promote a network of public elementary charter schools, including Rocketship Delta Prep (RDL) which was chartered in 2018.

The charter school is funded principally through public education monies. The charter may be revoked by their sponsor for material violations of the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Basis of Presentation

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

Net Asset Classes

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

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

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

Cash and Cash Equivalents

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

Use of Estimates

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

**ROCKETSHIP DELTA PREP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited. There were no expenses for fundraising for the year ended June 30, 2024.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for specific use in future periods are reported as increases in net assets with donor restriction. When the restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction for expenditure.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the RDL has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024, RDL has conditional grants of \$1,842,058 of which \$1,673,959 is recognized as deferred revenue in the statement of financial position.

Revenue Recognition

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

Income Taxes

RSED is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes related to these entities. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

RSED files all appropriate tax returns in the U.S. federal jurisdiction, and the states in which it operates, as applicable.

ROCKETSHIP DELTA PREP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of RDL. Full time school staff accrue 10 days of paid time off (PTO) per 12-month period and the PTO is paid out in full at the end of the school year.

Leases

RDL leases school facilities and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statement of financial position. Finance leases are included in financing ROU assets, and lease liabilities – financing on the statement of financial position.

ROU assets represent RDL's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the RDL uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that RDL will exercise that option. RDL has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

RDL has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. RDL's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, RDL considers factors such as if RDL has obtained substantially all of the rights to the underlying asset through exclusivity, if RDL can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Adoption of New Accounting Standards

As described in Note 5, RDL changed accounting policies related to current expected credit losses by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Measurement of Credit Losses in Financial Statements, in 2023. There was no material impact on RDL's financial position and results of operations as a result of the adoption of this accounting standard.

**ROCKETSHIP DELTA PREP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Evaluation of Subsequent Events

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

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures were comprised of the following as of June 30, 2024:

Cash and Cash Equivalents	\$ 1,940,214
Accounts Receivable	2,464,201
Financial Assets Available for General Expenditure	<u>\$ 4,404,415</u>

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

NOTE 3 CONCENTRATION OF CREDIT RISK

RDL maintains a bank account with a financial institution. The account with this institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. RDL occasionally has the need to maintain a cash balance in excess of the FDIC limit. RDL has not experienced any losses in such account and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable primarily consist of funds due from various governmental units. Management believes that these receivables are collectible; therefore, no provision for uncollectible accounts were recorded as of June 30, 2024.

NOTE 5 CURRENT EXPECTED CREDIT LOSSES

RDL can use various methods to measure expected credit losses, such as pooling receivables based on the levels of delinquency using an aging method (e.g., current, 1–30 days past due, 31–60 days past due, 61–90 days past due, more than 90 days past due) and applying historical loss rates, adjusted for current conditions and reasonable and supportable forecasts.

**ROCKETSHIP DELTA PREP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 PROPERTY, PLANT, AND EQUIPMENT

Property and equipment consisted of the following:

Furniture and Equipment	\$ 122,727
Less: Accumulated Depreciation	(98,924)
Total	<u>\$ 23,803</u>

Depreciation expense was \$4,423 for the year ended June 30, 2024.

NOTE 7 EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

Qualified certificated employees are covered under a multiemployer defined benefit pension plan maintained by agencies of the state of California. The certificated employees are members of the State Teachers' Retirement System (STRS).

The risks of participating in these multiemployer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law, and (c) if the School chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. RDL has no plans to withdraw from these multiemployer plans.

RDL contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2023, total STRS plan net assets are \$316.9 billion, the total actuarial present value of accumulated plan benefits is \$455 billion, contributions from all employers totaled \$7.738 billion, and the plan is 75.9% funded. RDL did not contribute more than 5% of the total contributions to the plan.

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

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. RDL is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for the year ended June 30, 2024 was 19.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

**ROCKETSHIP DELTA PREP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

RDL's contributions to STRS for each of the last three fiscal years are as follows:

<u>Year Ended June 30,</u>	STRS	
	Required Contribution	Percent Contributed
2022	\$ 341,842	100 %
2023	\$ 394,180	100 %
2024	\$ 377,164	100 %

Defined Contribution Plan

RDL offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. RDL matches the lesser of 5% of annual salary or \$2,500. During the year ended June 30, 2024, RDL contributed \$35,191 to this plan.

NOTE 8 LEASES – ASC 842

RDL leases school facilities from a related party and equipment from unrelated parties. Related party leases are between RDL and LLC subsidiaries of Launchpad Development Company (LDC). The leases expire at various dates through 2047 and provide for renewal options ranging from 1 month to 10 years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The lease provides for increases in future minimum annual rental payments based on a payment schedule outlined in the lease agreement. Additionally, the agreement requires RDL to pay real estate taxes, insurance, and repairs and requires RDL to comply with certain covenants and to maintain certain financial ratios. As of June 30, 2024, RDL believes it was in compliance with all ratios and covenants.

The following table provides quantitative information concerning RDL's leases for the year ended June 30, 2024:

Lease Costs	
Operating Lease Costs	\$ 992,668
Other Information:	
Operating Cash Flows from Operating Leases	\$ 1,035,875
Weighted-Average Remaining Lease Term - Operating Leases	23.44 Years
Weighted-Average Discount Rate - Operating	3.54%

**ROCKETSHIP DELTA PREP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 LEASES – ASC 842 (CONTINUED)

RDL classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2025	\$ 1,053,073
2026	1,039,036
2027	1,039,507
2028	1,035,542
2029	1,035,979
Thereafter	<u>19,104,313</u>
Total Lease Payments	24,307,450
Less: Present Value Discount	<u>(7,775,413)</u>
Present Value of Lease Liabilities	<u><u>\$ 16,532,037</u></u>

NOTE 9 RELATED PARTY TRANSACTIONS

Facility Leases

In 2017, RDL entered into a 35-year facility lease agreement with LLC18 through 2052. Lease commencement occurred in August 2018. Due to an uneven payment schedule, lease expense is recorded on a straight-line basis over the life of the lease. Total lease expense of \$992,668 has been recorded. For the year ended June 30, 2024, lease payments under this agreement totaled \$1,035,875.

Management Services

RDP receives management and support services from RSEA for which they pay management fees. For the year ended June 30, 2024, management fees were \$1,593,077.

NOTE 10 FUNCTIONALIZED EXPENSES

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

**ROCKETSHIP DELTA PREP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 COMMITMENTS AND CONTINGENCIES

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

Tentative - For discussion purposes only - subject to change

SUPPLEMENTARY INFORMATION

Tentative - For discussion purposes only - subject to change

**ROCKETSHIP DELTA PREP
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2024**

	<u>Instructional Minutes</u>		<u>Traditional Calendar Days</u>	<u>Status</u>
	<u>Requirement</u>	<u>Actual</u>		
Kindergarten/TK	36,000	51,060	180	In compliance
Grade 1	50,400	61,830	180	In compliance
Grade 2	50,400	62,040	180	In compliance
Grade 3	50,400	65,220	180	In compliance
Grade 4	54,000	65,220	180	In compliance
Grade 5	54,000	65,220	180	In compliance

Tentative - For discussion purposes only - subject to change

**ROCKETSHIP DELTA PREP
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2024**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades TK/K-3	371.56	371.85	361.64	361.75
Grades 4-6	155.20	155.35	153.58	153.79
Grand Total	<u>526.76</u>	<u>527.20</u>	<u>515.22</u>	<u>515.54</u>

Tentative - For discussion purposes only - subject to change

**ROCKETSHIP DELTA PREP
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

June 30, 2024 Annual Financial Report Fund Balances (Net Assets)	\$	1,449,861
Increase (Decrease) of Fund Balance		
(Net Assets):		
Accounts Receivable		(39,155)
Prepaid Expenses and Deposits		18,053
Related Party Receivable		21,102
Accounts Payable and Accrued Liabilities		(1)
Operating Lease Liability		1
Net Adjustments and Reclassifications		<u>-</u>
June 30, 2024 Audited Financial Statement Fund Balances (Net Assets)	\$	<u><u>1,449,861</u></u>

Tentative - For discussion purposes only - Subject to change

**ROCKETSHIP DELTA PREP
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

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

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)

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

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

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

OTHER INFORMATION

Tentative - For discussion purposes only - subject to change

**ROCKETSHIP DELTA PREP
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2024**

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

Rocketship Delta Prep (RDL), chartered by the Antioch Unified School District, Charter Number: 1965

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires (2-Year Term)</u>
Louis Jordan	Board Chair	12/31/2024
Alex Terman	Treasurer	12/31/2025
Greg Stanger	Secretary	12/31/2025
Deborah McGriff	Member	12/31/2024
Raymond Raven	Member	5/31/2025
April Taylor	Member	8/31/2025
Jolene Sloter	Member	5/31/2025
Michael Fox	Member	5/31/2025
June Nwabara	Member	12/31/2025
Charmaine Detweiler	Member	12/31/2024
Daniel Velasco	Member	12/31/2025
Yolanda Bernal Samano	Member	12/31/2025
Malka Borrego	Member	8/31/2025
Julie Miller	Member	8/31/2025
Hugo Castaneda	Member	5/31/2024
Michelle Mercado	Member	12/31/2024
Daniel Sanchez	Member	12/31/2024
Deja Gipson	Member	12/31/2024
Brian Kilb	Member	3/31/2025
Rajen Sheth	Member	8/31/2024
Peter Philpott	Board Advisor	12/31/25

ADMINISTRATION

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Rocketship Education, Inc.
Redwood City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rocketship Delta Prep (RDL), operated by **Error! No document variable supplied.** (RSED), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of financial statements, we considered RDL's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RDL's internal control. Accordingly, we do not express an opinion on the effectiveness of RDL's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE

Board of Directors
Rocketship Education, Inc.
Redwood City, California

Report on Compliance

Opinion on State Compliance

We have audited **Error! No document variable supplied.** Delta Legacy's (RDL) compliance with the types of compliance requirements described in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2024. RDL's applicable state compliance requirements are identified in the table below.

In our opinion, RDL complied , in all material respects, with the compliance requirements referred to above that are applicable to RDL for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on RDL's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about RDL's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding RDL's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of RDL's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of RDL's internal control over compliance. Accordingly, no such opinion is expressed.

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

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable ¹
Immunizations	Not Applicable ²
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable ³
Career Technical Education Incentive Grant (CTEIG)	Not Applicable ⁴
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not applicable ⁵
Annual Instructional Minutes – Classroom-Based	Yes
Charter School Facility Grant Program	Yes

Not Applicable¹: RDL did not report ADA pursuant to Education Code section 51749.5.

Not Applicable²: RDL did not have any charter school subject to audit of immunizations as listed in the California Department of Public Health (CDPH) website as listed in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Not Applicable³: RDL did not receive or expend ELO-G for the audit year.

Not Applicable⁴: RDL did not receive a CTEIG allocation for the audit year.

Not Applicable⁵: RDL did not report more than 20% of its ADA as generated through nonclassroom-based instruction (independent study).

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

**ROCKETSHIP DELTA PREP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

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

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

Section II – Financial Statement Findings

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

Section IV – Findings and Questioned Costs – State Compliance

There were no findings or questioned costs related to state awards for June 30, 2024.

**ROCKETSHIP DELTA PREP
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

STATE COMPLIANCE

2023-001 Transitional Kindergarten

40000

Rocketship Delta Prep (RDL) #1965

Criteria: Per California Education Code section 48000(g)(1), charter schools must maintain average transitional kindergarten class enrollment of not more than 24 pupils for each school site.

Condition: During transitional kindergarten testing we noted RDL did not meet the transitional kindergarten class enrollment of not more than 24 pupils for each school site.

Recommendation: We recommend RDL implement additional review processes to ensure class sizes and adult to pupil ratios are in compliance with California Education Code.

Status: Implemented

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023)**

OPERATING:

California

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

Tennessee

**Rocketship Nashville Northeast Elementary
Rocketship United Academy
Rocketship Dream Community Prep**

Wisconsin

**Rocketship Southside Community Prep
Rocketship Transformation Prep**

DC

**Rocketship Rise Academy
Rocketship Legacy Prep
Rocketship Infinity Community Prep**

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
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Tentative - For discussion purposes only - subject to change

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Rocketship Education, Inc. and its Affiliates (RSEA), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RSEA as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RSEA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RSEA's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited RSEA's 2023 consolidated financial statements, and we expressed an unmodified opinion on those statements in our report dated December 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on RSEA's consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, which is the responsibility of management, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying supplementary schedules required by the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel (Schedule of Instructional Time, Schedule of Average Daily Attendance, Reconciliation of Annual Financial Report with Audited Financial Statements), which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Rocketship Education, Rocketship Education Wisconsin Inc., Rocketship Education DC Public Charter School Inc, Launchpad Development Company, and Eliminations columns in the consolidated statements of financial position, activities, and cash flows, as well as the accompanying supplementary schedules of the consolidating statements of financial position, activities and cash flows, which are also the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Directors
Rocketship Education, Inc. and its Affiliates

Other Reporting Required by Government Auditing Standards

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

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

ASSETS	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2024 Total	2023 Total
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 79,594,846	\$ 881,485	\$ 7,673,972	\$ 11,561,999	\$ -	\$ 99,712,302	\$ 68,789,067
Restricted Cash	-	-	-	9,894,465	-	9,894,465	9,814,305
Accounts Receivable	20,494,778	698,248	1,911,610	11,987	-	23,116,623	35,531,260
Grants Receivable	909,333	-	-	-	-	909,333	840,115
Prepaid Expenses and Other Assets	3,548,077	257,614	2,047,186	142,491	(1,666,251)	4,329,117	5,906,959
Total Current Assets	<u>104,547,034</u>	<u>1,837,347</u>	<u>11,632,768</u>	<u>21,610,942</u>	<u>(1,666,251)</u>	<u>137,961,840</u>	<u>120,881,706</u>
LONG-TERM ASSETS							
Grants Receivable	-	-	-	-	-	-	400,000
Intracompany Receivable	9,995,242	93,764	-	-	(10,089,006)	-	-
Security Deposits	459,297	-	-	-	(400,000)	59,297	59,297
Deferred Rent Asset	-	-	-	15,344,023	(15,344,023)	-	-
Operating Right-of-Use (ROU) Lease Asset	150,876,540	6,862,439	118,171,891	59,605,266	(271,650,601)	63,865,535	89,742,135
Property, Plant, and Equipment, Net	5,497,436	274,676	94,920	168,656,127	-	174,523,159	154,466,853
Total Long-Term Assets	<u>166,828,515</u>	<u>7,230,879</u>	<u>118,266,811</u>	<u>243,605,416</u>	<u>(297,483,630)</u>	<u>238,447,991</u>	<u>244,668,285</u>
Total Assets	<u>\$ 271,375,549</u>	<u>\$ 9,068,226</u>	<u>\$ 129,899,579</u>	<u>\$ 265,216,358</u>	<u>\$ (299,149,881)</u>	<u>\$ 376,409,831</u>	<u>\$ 365,549,991</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable and Accrued Liabilities	\$ 9,591,624	\$ 199,226	\$ 907,207	\$ 693,335	\$ -	\$ 11,391,392	\$ 16,024,999
Accrued Interest	77,607	-	-	830,238	-	907,845	635,227
Deferred Revenues	20,534,784	-	-	1,701,518	(1,701,518)	20,534,784	19,677,628
Current Portion of Lease Liabilities - Operating	7,068,611	455,687	1,714,385	398,002	(7,878,677)	1,758,008	5,567,655
Current Portion of Loans Payable	-	-	-	4,880,593	-	4,880,593	7,595,945
Total Current Liabilities	<u>37,272,626</u>	<u>654,913</u>	<u>2,621,592</u>	<u>8,503,686</u>	<u>(9,580,195)</u>	<u>39,472,622</u>	<u>49,501,454</u>
LONG-TERM LIABILITIES							
Security Deposits	-	-	-	400,000	(400,000)	-	-
Accrued Interest	177,872	-	-	-	-	177,872	170,888
Deferred Rent Liability	-	-	-	2,915,163	(2,915,163)	-	-
Intracompany Payable	-	6,057,952	3,816,359	214,695	(10,089,006)	-	-
Lease Liabilities - Operating	145,943,043	6,762,026	125,738,801	61,453,357	(275,541,102)	64,356,125	89,383,916
Loans Payable	4,550,000	-	-	202,208,433	-	206,758,433	175,281,989
Total Long-Term Liabilities	<u>150,670,915</u>	<u>12,819,978</u>	<u>129,555,160</u>	<u>267,191,648</u>	<u>(288,945,271)</u>	<u>271,292,430</u>	<u>264,836,793</u>
Total Liabilities	<u>187,943,541</u>	<u>13,474,891</u>	<u>132,176,752</u>	<u>275,695,334</u>	<u>(298,525,466)</u>	<u>310,765,052</u>	<u>314,338,247</u>
NET ASSETS (DEFICIT)							
Without Donor Restriction	82,522,675	(4,406,665)	(2,327,173)	(10,478,976)	(624,415)	64,685,446	51,123,290
With Donor Restriction	909,333	-	50,000	-	-	959,333	88,454
Total Net Assets (Deficit)	<u>83,432,008</u>	<u>(4,406,665)</u>	<u>(2,277,173)</u>	<u>(10,478,976)</u>	<u>(624,415)</u>	<u>65,644,779</u>	<u>51,211,744</u>
Total Liabilities And Net Assets	<u>\$ 271,375,549</u>	<u>\$ 9,068,226</u>	<u>\$ 129,899,579</u>	<u>\$ 265,216,358</u>	<u>\$ (299,149,881)</u>	<u>\$ 376,409,831</u>	<u>\$ 365,549,991</u>

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2024 Total	2023 Total
NET ASSETS WITHOUT DONOR RESTRICTIONS							
REVENUES							
LCFF State Aid & Property Tax Revenue	\$ 81,736,366	\$ -	\$ -	\$ -	\$ -	\$ 81,736,366	\$ 79,949,741
Apportionment Revenue	23,625,924	6,831,000	23,904,633	-	-	54,361,557	51,128,044
Other State Revenue	41,860,971	368,375	11,779,984	-	-	54,009,330	46,115,424
Federal Revenue	21,153,365	2,876,792	5,909,155	-	-	29,939,312	35,445,124
Other Local Revenue	10,969,322	54,729	2,062,197	20,978,225	(27,155,399)	6,909,074	5,473,617
Contributions	3,757,202	7,797	22,465	-	-	3,787,464	4,625,529
Contributions of Nonfinancial Assets	3,279,504	-	-	-	-	3,279,504	1,831,229
Amounts Released from Restriction	-	38,454	-	-	-	38,454	415,000
Total Without Donor Restriction Revenues	<u>186,382,654</u>	<u>10,177,147</u>	<u>43,678,434</u>	<u>20,978,225</u>	<u>(27,155,399)</u>	<u>234,061,061</u>	<u>224,983,708</u>
EXPENSES							
Program Expenses:							
Educational Programs	131,945,228	9,484,688	37,178,475	-	(19,680,103)	158,928,288	150,957,844
Program Supports	12,098,280	-	-	20,595,136	-	32,693,416	29,572,393
Supporting Services:							
Administration and General	27,495,751	1,519,950	5,794,948	353,373	(6,850,881)	28,313,141	25,783,309
Fundraising	564,060	-	-	-	-	564,060	555,659
Total Supporting Services	<u>28,059,811</u>	<u>1,519,950</u>	<u>5,794,948</u>	<u>353,373</u>	<u>(6,850,881)</u>	<u>28,877,201</u>	<u>26,338,968</u>
Total Expenses	<u>172,103,319</u>	<u>11,004,638</u>	<u>42,973,423</u>	<u>20,948,509</u>	<u>(26,530,984)</u>	<u>220,498,905</u>	<u>206,869,205</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>14,279,335</u>	<u>(827,491)</u>	<u>705,011</u>	<u>29,716</u>	<u>(624,415)</u>	<u>13,562,156</u>	<u>18,114,503</u>
NET ASSETS WITH DONOR RESTRICTION							
Amounts Released from Restriction	-	(38,454)	-	-	-	(38,454)	(415,000)
Contributions	909,333	-	-	-	-	909,333	69,596
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	<u>909,333</u>	<u>(38,454)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>870,879</u>	<u>(345,404)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>15,188,668</u>	<u>(865,945)</u>	<u>705,011</u>	<u>29,716</u>	<u>(624,415)</u>	<u>14,433,035</u>	<u>17,769,099</u>
Net Assets (Deficit) - Beginning of Year	68,243,340	(3,540,720)	(2,982,184)	(10,508,692)	-	51,211,744	33,442,645
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 83,432,008</u>	<u>\$ (4,406,665)</u>	<u>\$ (2,277,173)</u>	<u>\$ (10,478,976)</u>	<u>\$ (624,415)</u>	<u>\$ 65,644,779</u>	<u>\$ 51,211,744</u>

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	Programs			Management and General	Fundraising	Eliminations	Total 2024 Expenses	Total 2023 Expenses
	Educational Programs	Program Supports	Total					
Salaries	\$ 74,187,074	\$ 9,055,801	\$ 83,242,875	\$ 10,619,572	\$ 376,958	\$ -	\$ 94,239,405	\$ 87,799,502
Employee Benefits	10,251,962	538,928	10,790,890	575,489	56,695	-	11,423,074	10,242,760
Pension	6,662,789	568,268	7,231,057	455,147	-	-	7,686,204	7,311,542
Payroll Taxes	3,723,540	724,061	4,447,601	857,569	1,444	-	5,306,614	4,928,136
Management Fees	-	-	-	29,528,284	-	(29,528,284)	-	-
District Fee	70,742	-	70,742	1,237,993	-	-	1,308,735	1,299,288
Accounting Expenses	-	-	-	809,090	-	-	809,090	1,306,665
Legal Expenses	-	-	-	573,707	-	-	573,707	995,250
Instructional Materials	4,278,108	204,413	4,482,521	-	8,021	-	4,490,542	4,672,005
Other Fees For Services	32,152,932	925,046	33,077,978	4,262,808	75,155	(636,000)	36,779,941	32,828,411
Advertising	2,214	-	2,214	265,705	1,049	-	268,968	167,935
Office Expenses	3,680,125	27,616	3,707,741	815,671	7,330	-	4,530,742	5,133,377
Information Technology	2,839,036	32,189	2,871,225	965,528	2,811	-	3,839,564	5,466,661
Printing and Postage	209,521	-	209,521	160,369	-	-	369,890	332,485
Occupancy	25,369,022	4,804,753	30,173,775	464,025	5,126	(19,680,103)	10,962,823	9,955,815
Travel	2,113,042	36,650	2,149,692	2,102,919	5,588	-	4,258,199	4,593,560
Conferences and Meetings	823	-	823	148	2	-	973	13,358
Insurance	683,537	-	683,537	527,819	-	-	1,211,356	1,022,619
Bad Debt	5,250	-	5,250	59,014	-	-	64,264	-
Depreciation and Amortization	305,167	5,306,601	5,611,768	1,202,644	-	-	6,814,412	5,679,402
Interest Expense	-	9,126,246	9,126,246	151,078	592	-	9,277,916	8,560,147
Capital Expenses	28,254	29,907	58,161	-	-	-	58,161	20,937
Grants to School	-	-	-	-	-	-	-	-
Student Food Services	8,068,535	-	8,068,535	-	-	-	8,068,535	7,269,045
Other Expenses	3,976,718	1,312,937	5,289,655	2,842,846	23,289	-	8,155,790	7,270,305
Subtotal	178,608,391	32,693,416	211,301,807	58,477,425	564,060	(49,844,387)	220,498,905	
Eliminations	(19,680,103)	-	(19,680,103)	(30,164,284)	-	49,844,387	-	
Total 2024	\$ 158,928,288	\$ 32,693,416	\$ 191,621,704	\$ 28,313,141	\$ 564,060	\$ -	\$ 220,498,905	
Total 2023	\$ 150,957,844	\$ 29,572,393	\$ 180,530,237	\$ 25,783,309	\$ 555,659			\$ 206,869,205

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2024 Total	2023 Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Assets	\$ 15,188,668	\$ (865,945)	\$ 705,011	\$ 29,716	\$ (624,415)	\$ 14,433,035	\$ 17,769,099
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:							
Depreciation Expense	1,419,630	67,266	20,915	4,847,873	-	6,355,684	5,029,959
Amortization	-	-	-	(31,255)	-	(31,255)	108,483
Loss/(Gain) on Disposal of Assets	-	-	-	-	-	-	195,091
(Increase) Decrease in Operating Assets:							
Accounts Receivable	9,260,136	(696,319)	3,488,789	362,031	-	12,414,637	(9,606,105)
Grants Receivable	(60,333)	341,115	50,000	-	-	330,782	(1,225,115)
Prepaid Expenses and Other Assets	333,480	33,415	(699,631)	244,327	1,666,251	1,577,842	634,505
Operating Right-of-Use (ROU) Lease Asset	(2,098,258)	715,794	(4,950,313)	26,752,830	5,456,547	25,876,600	(89,742,135)
Deferred Rent Asset	-	-	-	(949,077)	949,077	-	-
Increase (Decrease) in Operating Liabilities:							
Accounts Payable and Accrued Liabilities	(2,047,376)	39,230	(2,854,260)	508,402	-	(4,354,004)	1,397,755
Deferred Revenues	857,156	-	-	(1,760,950)	1,760,950	857,156	13,996,923
Deferred Rent Liability	-	-	-	2,915,163	(2,915,163)	-	(6,711,830)
Lease Liabilities - Operating	2,381,983	(669,384)	5,427,008	(29,683,798)	(6,293,247)	(28,837,438)	94,951,571
Net Cash Provided (Used) by Operating Activities	25,235,086	(1,034,828)	1,187,519	3,235,262	-	28,623,039	26,798,201
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of Property, Plant, and Equipment	(1,245,201)	(22,896)	(100,705)	(25,043,189)	-	(26,411,991)	(2,682,937)
Net Cash Used by Investing Activities	(1,245,201)	(22,896)	(100,705)	(25,043,189)	-	(26,411,991)	(2,682,937)
CASH FLOWS FROM FINANCING ACTIVITIES							
Intracompany Loans	(1,628,973)	1,743,626	152,025	(266,678)	-	-	-
Payments for Cost of Issuance	-	-	-	(1,724,233)	-	(1,724,233)	16,559
Proceeds from Debt	4,419,417	-	-	33,768,744	-	38,188,161	1,058,204
Repayment of Debt	(659,856)	-	-	(7,011,725)	-	(7,671,581)	(4,839,319)
Net Cash Provided (Used) by Financing Activities	2,130,588	1,743,626	152,025	24,766,108	-	28,792,347	(3,764,556)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH							
	26,120,473	685,902	1,238,839	2,958,181	-	31,003,395	20,350,708
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	53,474,373	195,583	6,435,133	18,498,283	-	78,603,372	58,252,664
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR							
	\$ 79,594,846	\$ 881,485	\$ 7,673,972	\$ 21,456,464	\$ -	\$ 109,606,767	\$ 78,603,372
CASH, CASH EQUIVALENTS AND RESTRICTED CASH							
Cash and Cash Equivalents	\$ 79,594,846	\$ 881,485	\$ 7,673,972	\$ 11,561,999	\$ -	\$ 99,712,302	\$ 68,789,067
Restricted Cash	-	-	-	9,894,465	-	9,894,465	9,814,305
Total	\$ 79,594,846	\$ 881,485	\$ 7,673,972	\$ 21,456,464	\$ -	\$ 109,606,767	\$ 78,603,372
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION							
Cash Paid for Interest, Net	\$ 52,436	\$ 60,000	\$ -	\$ 8,885,879	\$ -	\$ 8,998,315	\$ 8,448,366

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rocketship Education, Inc. and its Affiliates (RSEA) are organized to manage, operate, guide, direct, and promote a network of public elementary charter schools.

The charter schools are funded principally through public education monies. The charters may be revoked by their sponsor for material violations of the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Principles of Consolidation

The accompanying financial statements include the accounts of Rocketship Education, Inc. (RSED) and its schools. All significant intercompany accounts and transactions within RSED and its schools have been eliminated in the consolidating financial statements. Additionally, the accompanying financial statements include the accounts of Rocketship Education Wisconsin Inc., Rocketship Education D.C. Public Charter School Inc., and Launchpad Development Company (LDC) and its wholly owned LLCs. All significant intercompany accounts and transactions within LDC have been eliminated in the consolidating financial statements. Finally, all significant intercompany accounts and transactions between RSED and Launchpad have been eliminated in consolidation.

Rocketship Education (RSED)

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

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

Rocketship Education Wisconsin Inc.

RSED incorporated Rocketship Education Wisconsin Inc. (REW), as a nonprofit public benefit corporation in October 2012 to hold the charter for its elementary school in Wisconsin, Rocketship Southside Community Prep (RSCP) and Rocketship Transformation Prep (RTP). Rocketship Education and REW entered into a Network Services Agreement to provide services for the Wisconsin region.

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

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

Launchpad Development Company

Launchpad Development Company (LDC) was incorporated as a 509(a)(3) nonprofit public benefit corporation in November 2009. LDC is a supporting organization of RSED. LDC provides facilities and development services provided that such services are consistent with RSED's exempt purpose. Divisions of LDC include:

- **Launchpad (LP)** – investment/asset management and administrative services
- **Launchpad Development One LLC (LLC1)** – RMS facilities
- **Launchpad Development Two LLC (LLC2)** – RSSP facilities
- **Launchpad Development Three, LLC (LLC3)** – RLS facilities
- **Launchpad Development Four LLC (LLC4)** – ROMO facilities
- **Launchpad Development Five LLC (LLC5)** – RDP facilities
- **Launchpad Development Eight LLC (LLC8)** – RSA facilities
- **Launchpad Development Ten LLC (LLC10)** – RSK facilities development
- **Launchpad Development Eleven LLC (LLC11)** – RBM facilities
- **Launchpad Development Twelve LLC (LLC12)** – RFZ facilities
- **Launchpad Development Fifteen LLC (LLC15)** – RRWC facilities development
- **Launchpad Development Sixteen LLC (LLC16)** – RRS facilities
- **Launchpad Development Seventeen LLC (LLC17)** – RFA facilities development
- **Launchpad Development Eighteen LLC (LLC18)** – RDL facilities development
- **Launchpad Development Milwaukee One LLC (MLLC1)** – RSCP facilities
- **Launchpad Development Milwaukee Two LLC (MLLC2)** – RTP facilities development
- **Launchpad Development One Nashville LLC (NLLC1)** – RNNE facilities
- **Launchpad Development Two Nashville LLC (NLLC2)** – RUA facilities
- **Launchpad Development Three Nashville LLC (NLLC3)** – Facilities development
- **Launchpad Development One DC LLC (DLLC1)** – RISE facilities
- **Launchpad Development Two DC LLC (DLLC2)** – RLP facilities

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

Launchpad Development Company (Continued)

- ***Launchpad Development Three DC LLC (DLLC3)*** – Facilities development
- ***Launchpad Development One TX LLC (TEX01)*** – Facilities development
- ***Launchpad Development Two TX LLC (TEX02)*** – Facilities development

Basis of Accounting

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

Basis of Presentation

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

Use of Estimates

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

Functional Allocation of Expenses

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

Cash and Cash Equivalents

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

Net Asset Classes

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

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes (Continued)

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

Restricted Cash

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

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2024.

Property, Plant, and Equipment

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

Contributions

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

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when RSEA has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024, RSEA has conditional grants of \$24,399,159 of which \$20,534,784 is recognized as deferred revenue in the statement of financial position.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

Donated Services and In-Kind Contributions

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair values in the period received.

Income Taxes

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

Compensated Absences

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

Comparative Totals

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with RSEA's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

RSEA leases school facilities, office space, land, and equipment. RSEA determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statement of financial position. Finance leases are included in financing ROU assets, and lease liabilities – financing on the statement of financial position.

ROU assets represent RSEA's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the RSEA uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that RSEA will exercise that option. RSEA has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

RSEA has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

RSEA's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, RSEA considers factors such as if RSEA has obtained substantially all of the rights to the underlying asset through exclusivity, if RSEA can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Adoption of New Accounting Standards

As described in Note 4, the RSEA changed accounting policies related to current expected credit losses by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Measurement of Credit Losses in Financial Statements, in 2023. There was no material impact on the RSEA's financial position and results of operations as a result of the adoption of this accounting standard.

Evaluation of Subsequent Events

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures were comprised of the following as of June 30, 2024:

Cash and Cash Equivalents	\$ 99,712,302
Accounts Receivable	23,116,623
Grants Receivable	909,333
Less: Net Assets With Donor Restrictions	<u>(959,333)</u>
Financial Assets Available for General Expenditure	<u><u>\$ 122,778,925</u></u>

As part of its liquidity management plan, RSEA monitors liquidity required and cash flows to meet operating needs on a monthly basis. RSEA structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE 3 CREDIT CONCENTRATION RISK

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

NOTE 4 CURRENT EXPECTED CREDIT LOSSES

RSEA can use various methods to measure expected credit losses, such as pooling receivables based on the levels of delinquency using an aging method (e.g., current, 1–30 days past due, 31–60 days past due, 61–90 days past due, more than 90 days past due) and applying historical loss rates, adjusted for current conditions and reasonable and supportable forecasts.

NOTE 5 ACCOUNTS RECEIVABLE

Due from federal and state governments consists of funds due as of June 30, 2024. Management believes that these receivables are fully collectible, therefore no provision was recorded as of June 30, 2024.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 GRANTS RECEIVABLE

Grants receivable of \$909,333 consist of unconditional promises to give. All amounts are expected to be received during the year ended June 30. As of June 30, 2024 grant amounts connected with these promises to give have been recorded as grants receivable and have been classified as contributions with donor restriction due to implied time restriction. Management believes all of these amounts are collectible; therefore no provisions for uncollectible accounts were recorded.

NOTE 7 PROPERTY, PLANT, AND EQUIPMENT

Property and equipment consisted of the following:

	RSED	LDC	RSEA Total
Land	\$ -	\$ 24,367,995	\$ 24,367,995
Furniture and Equipment	2,577,633	457,532	3,035,165
Buildings	6,815,824	182,484,320	189,300,144
Software	891,364	-	891,364
Other	98,458	-	98,458
Less: Accumulated Depreciation	(4,516,247)	(38,653,720)	(43,169,967)
Total	<u>\$ 5,867,032</u>	<u>\$ 168,656,127</u>	<u>\$ 174,523,159</u>

Depreciation and amortization expense was \$6,355,684 for the year ended June 30, 2024.

NOTE 8 DEBT

Convertible Debt

RSN – Charter School Growth Fund

RSN has a Loan Agreement with Charter School Growth Fund (CSGF) at an effective interest rate of 1.0%. The original loan included amounts to be repaid and amounts to be forgiven and converted into a grant provided that RSN meet specified educational, financial and growth outcomes. These outcomes were met and the grant revenue was recognized in a previous year. As of June 30, 2024, balance on this loan is \$250,000 and is on a repayment schedule that has it fully paid by June 30, 2025.

Loans Payable

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

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

The Series 2015 Bonds are divided into \$6.135 million Series 2015A Bonds and \$250,000 Series 2015B Bonds (taxable), maturing between June 2016 and March 2028 (Series 2015A) and matured June 2016 (Series 2015B). The Series 2015B Bonds were repaid during the fiscal year 2015/16.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 DEBT (CONTINUED)

Loans Payable (Continued)

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

Series 2015A Bonds are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2016. During the year ended June 2024, Series 2015A Bond experienced a principal maturity of \$545,000.

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

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

The Series 2016 Bonds are divided into \$28.080 million Series 2016A Bonds and \$525,000 Series 2016B Bonds (taxable), maturing between June 2021 and 2046 (Series 2016A) and June 2018 (Series 2016B). Both Series 2016A and Series 2016B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2018, 2022, 2027, 2032 and 2037 (Series 2016A) and June 2017 (Series 2016B). During the year ended June 2024, Series 2016A Bond experienced a principal maturity of \$605,000.

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

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

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

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

During the year ended June 2024, Series 2017 Bonds experienced a principal maturity of \$220,000.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 DEBT (CONTINUED)

Loans Payable (Continued)

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

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

The Series 2017 Bonds are divided into \$15.56 million Series 2017G Bonds and \$665,000 Series 2017H Bonds (taxable). The Series 2017 Bonds mature between June 2025 and 2053 (Series 2017G) and between June 2022 and 2025 (Series 2017H). During the year ended June 2024, Series 2017G and 2017H Bonds experienced a principal maturity of \$235,000.

MKE2 LLC – IIF Acquisition Loan

In March 2023, Launchpad executed a loan agreement for up to \$5.2mm from IFF, a Community Development Financial Institution based in Chicago. The purpose of the loan was to refinance existing debt and to fund the construction of a gymnasium addition to the Rocketship Transformation Prep campus in Milwaukee. Ultimately, Launchpad originated approximately \$3.8mm of the IFF loan between March and December, along with a \$1mm subordinate loan from the Charter School Growth Fund. The IFF loan has a maturity date of July 203 and the CSGF loan has a maturity date of June 30, 2027.

NASH2 LLC – CIF Acquisition Loan

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

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

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

The Series 2019 Bonds are divided into \$27.14 million Series 2019A Bonds and \$935,000 Series 2019B Bonds (taxable). The Series 2019 Bonds mature between June 2029 and 2056 (Series 2019A) and between June 2020 and 2023 (Series 2019B). During the year ended June 2024, Series 2019A and 2019B Bonds experienced a principal maturity of \$335,000.

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

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 DEBT (CONTINUED)

Loans Payable (Continued)

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

The Series 2021 Bonds are divided into \$27.14 million Series 2021A Bonds and \$1.04 million Series 2021B Bonds (taxable). The Series 2021 Bonds mature between June 2026 and 2061 (Series 2021A) and between June 2023 and 2026 (Series 2021B). During the year ended June 2024, Series 2021 and 2021B Bonds experienced a principal maturity of \$265,000.

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

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

The Series OG2021 Bonds are divided into \$14.78 million Series OG2021A Bonds and \$465,000 Series OG2021B Bonds (taxable). The Series OG2021 Bonds mature between June 2022 and 2035 (Series 2021A) and in June 2022 (Series 2021B). Interest is paid semi-annually at a coupon rate of 4.00%. During the year ended June 2024, Series OG2021 Bonds experienced a principal maturity of \$990,000.

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

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

The Series 2022A and OG2022B Bonds are divided into \$27.195 million Series 2022A Bonds and \$795,000 Series OG2022B Bonds (taxable). The Series 2022A and OG2022B Bonds mature between June 2022 and 2042 (Series 2022A) and between June 2023 and 2024 (Series OG2022B). Interest is paid semi-annually at coupon rates between 4.00% and 4.375%. During the year ended June 2024, Series 2022A and OG2022B Bonds experienced a principal maturity of \$1,015,000.

LDC – Obligated Group Bonds (Series 2024A and 2024B)

In February 2024, LDC completed bond financing in the amount of \$29.78 million (the Series 2024A and 2024B Bonds), proceeds from which were used to fund project expenses and building financing for LDC Three DC, LLC. Interest is paid semi-annually at coupon rates between 5.0% and 7.25%.

The Series 2024 Bonds are divided into \$28.88 million Series 2024A Bonds and \$1.03 million Series 2024B Bonds (taxable). The Series 2024 Bonds mature between June 2034 and 2058 (Series 2024A) and on June 1, 2028 (Series 2024B). During the year ended June 30, 2024, the Series 2024 Bonds experienced a principal maturity of \$50,000

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 DEBT (CONTINUED)

Loans Payable (Continued)

Cost of Issuance and Discounts/Premiums

Amortization expense for cost of issuance and discounts/premiums for all bond series was \$31,255 for the year ended June 30, 2024.

Charter Asset Management Line of Credit

In June 2020, RSEA entered into a line of credit facility with Charter Asset Management for a \$5M revolving line of credit, subject to increase to \$10M if the State of California or the Department of Education deferred payment of any funds to be paid to RSEA. Upon execution of this credit facility, Rocketship Education initiated the first draw of \$4M with an initial effective interest rate of 6.0%. As of June 30, 2024, there was a balance of \$4,300,000.

Future maturities of debt in summary:

<u>Year Ended June 30,</u>	<u>RSED</u>	<u>LDC</u>	<u>Total</u>
2025	\$ 4,550,000	\$ 4,880,593	\$ 9,430,593
2026	-	5,357,129	5,357,129
2027	-	6,611,131	6,611,131
2028	-	5,805,900	5,805,900
2029	-	11,357,980	11,357,980
Thereafter	-	174,247,266	174,247,266
Subtotal	4,550,000	208,259,999	212,809,999
Cost of Issuance and Discounts/Premiums	-	(1,170,973)	(1,170,973)
Total	<u>\$ 4,550,000</u>	<u>\$ 207,089,026</u>	<u>\$ 211,639,026</u>

NOTE 9 CONTRIBUTIONS OF NONFINANCIAL ASSETS

In October 2012, RSN entered into a five-year agreement for office facilities payable at \$10,612, plus common area maintenance, payable monthly. The lease includes a waiver of rent \$(10,611) contingent upon RSN's status as a nonprofit public benefit corporation. The agreement was renewed on November 1, 2017. RSEA recognized contributed nonfinancial assets representing in-kind rent for its RSN administrative offices in the amount of \$286,512 during the year ended June 30, 2024.

RSEA also received donations of stock securities recorded at fair value on the date the contribution was received. Total stock donations received were valued at \$2,992,992 for the year ended June 30, 2024.

NOTE 10 LEASES – ASC 842

RSEA leases school and administrative facilities as well as equipment from various related and unrelated parties. Related party leases are between RSEA and LLC subsidiaries of LDC. LDC leases certain school facilities and subleases them to RSEA schools. In addition to facility leases, RSEA leases equipment from unrelated third parties under long-term, non-cancelable lease agreements.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 LEASES – ASC 842 (CONTINUED)

The leases expire at various dates through 2058 and provide for renewal options ranging from 1 month to 10 years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require RSEA to pay real estate taxes, insurance, and repairs. Some lease agreements also require RSEA to comply with certain covenants and to maintain certain financial ratios. As of June 30, 2024, RSEA believes it was in compliance with all ratios and covenants.

The following table provides quantitative information concerning RSEA's leases for the year ended June 30, 2024:

Lease Costs	
Operating Lease Costs	\$ 9,874,902
Other Information:	
Operating Cash Flows from Operating Leases	\$ 8,046,631
Right-Of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 38,353,150
Weighted-Average Remaining Lease Term - Operating Leases	31.78 years
Weighted-Average Discount Rate - Operating	3.40%

RSEA classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

<u>Year Ending June 30,</u>	Operating Leases
2025	\$ 3,878,163
2026	3,829,915
2027	3,204,841
2028	3,052,329
2029	3,098,972
Thereafter	91,713,972
Total Lease Payments	108,778,192
Less: Present Value Discount	(42,664,059)
Present Value of Lease Liabilities	<u>\$ 66,114,133</u>

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 11 EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

Qualified certificated employees are covered under a multiemployer defined benefit pension plan maintained by agencies of the state of California. The certificated employees are members of the State Teachers' Retirement System (STRS).

State Teachers' Retirement System (STRS) (Continued)

The risks of participating in these multiemployer defined benefit pension plan are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature and detailed in Teachers' Retirement Law, and (c) if the School chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. RSEA has no plans to withdraw from these multiemployer plans.

RSEA contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2023 total STRS plan net assets are \$316.9 billion, the total actuarial present value of accumulated plan benefits is \$455 billion, contributions from all employers totaled \$7.738 billion, and the plan is 75.9% funded. The Schools did not contribute more than 5% of the total contributions to the plan.

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

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for the year ended June 30, 2024 was 19.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

RSEA's contributions to STRS for each of the last three fiscal years are as follows:

<u>Year Ended June 30,</u>	STRS	
	Required Contribution	Percent Contributed
2022	\$ 4,876,240	100 %
2023	\$ 5,488,268	100 %
2024	\$ 5,693,464	100 %

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 EMPLOYEE RETIREMENT (CONTINUED)

Tennessee Consolidated Retirement System – Legacy Pension Plan

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

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. RSEA makes employer contributions at the rate set by the board of trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the schools if the required employer contributions are not remitted. Employer contributions by RSEA for the year ended June 30, 2024 to the Teacher Legacy Pension Plan was 8.69% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability. RSEA did not contribute more than 5% of the total contributions to the plan. The TCRS issues a financial report that can be obtained at www.treasury.tn.gov/tcrs.

Tennessee Consolidated Retirement System – Teacher Retirement Plan

Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by schools after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS.

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary. RSEA makes employer contributions at the rate set by the board of trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the school if the required employer contributions are not remitted. Employer contributions by RSEA for the year ended June 30, 2024 to the Teacher Retirement Plan were 2.87% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

RSEA did not contribute more than 5% of the total contributions to the plan. The TCRS issues a financial report that can be obtained at www.treasury.tn.gov/tcrs.

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 EMPLOYEE RETIREMENT (CONTINUED)

Defined Contribution Plan

RSEA offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. RSEA matches the lesser of 5% of annual salary or \$2,500. During the year ended June 30, 2024 RSEA contributed \$1,069,894 to this plan.

NOTE 12 RELATED PARTY TRANSACTIONS

Leases

Rocketship Education Inc., Rocketship Education Wisconsin Inc., and Rocketship Education D.C. Public Charter School Inc. have entered into various lease agreements with Launchpad Development Company subsidiary LLCs for its charter facilities. Refer to Note 10 for general lease disclosures.

Rocketship Education Wisconsin Inc. Line of Credit from RSN

Rocketship Education Wisconsin Inc. entered into an unsecured line of credit agreement with RSN that requires quarterly interest payment at LIBOR +250 bps not to exceed 4% with a maturity date of June 30, 2025. The total amount of long term liabilities related to this line of credit was \$1,500,000 as of June 30, 2024.

Management Services

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

For the year ended June 30, 2024, management fees were as follows:

Mateo Sheedy	\$ 1,476,832
Si Se Puede	1,072,884
Los Suenos	1,236,695
Mosaic	1,719,625
Discovery	1,255,848
Brilliant Minds	1,624,563
Alma	1,431,369
Spark	1,634,912
Rising Stars	1,831,947
Fuerza Community	1,758,985
Delta Legacy	1,593,077
Futuro	1,610,628
Redwood City	917,979
Nashville NE	1,561,511
United	1,617,680
Dream	968,868
Wisconsin Schools	1,372,390
D.C. Schools	4,842,491
Total	<u>\$ 29,528,284</u>

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 FUNCTIONALIZED EXPENSES

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

NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to Specific Purpose:

Summer Boost Program	\$ 373,333
Recruitment and Retention	50,000

Time Restrictions:

Grants Receivable	536,000
Total Net Assets With Donor Restrictions	<u>\$ 959,333</u>

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

Release of Restrictions

Comprehensive School Mental Health Systems	<u>\$ 38,454</u>
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NOTE 15 COMMITMENTS AND CONTINGENCIES

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

In the normal course of business, RSEA is subject to legal claims. RSEA works with legal counsel to defend itself against all claims. The outcome of these claims cannot be predicted and therefore no estimate of loss has been made in these financial statements.

SUPPLEMENTARY INFORMATION

Tentative - For discussion purposes only - subject to change

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS
JUNE 30, 2024

	California							Total Page 1
	RSN	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 7,152,637	\$ 2,540,580	\$ 3,629,675	\$ 3,289,259	\$ 7,765,642	\$ 916,949	\$ 7,369,048	\$ 32,663,790
Accounts Receivable	774,746	1,526,016	800,398	1,354,562	1,483,801	1,358,055	1,244,988	8,542,566
Grants Receivable	592,000	-	-	-	-	-	-	592,000
Prepaid Expenses and Other Assets	2,271,431	63,421	53,222	55,878	101,863	59,055	99,329	2,704,199
Total Current Assets	10,790,814	4,130,017	4,483,295	4,699,699	9,351,306	2,334,059	8,713,365	44,502,555
LONG-TERM ASSETS								
Intracompany Receivable	10,716,043	29,131	-	44,975	-	56,617	-	10,846,766
Security Deposits	34,297	-	-	100,000	100,000	100,000	-	334,297
Operating Right-of-Use (ROU) Lease Asset	1,549,154	10,211,797	7,685,881	12,183,597	5,161,826	10,286,840	10,572,201	57,651,296
Property, Plant, and Equipment, Net	1,105,619	1,075,336	699,097	705,269	505,194	402,945	109,926	4,603,386
Total Long-Term Assets	13,405,113	11,316,264	8,384,978	13,033,841	5,767,020	10,846,402	10,682,127	73,435,745
Total Assets	<u>\$ 24,195,927</u>	<u>\$ 15,446,281</u>	<u>\$ 12,868,273</u>	<u>\$ 17,733,540</u>	<u>\$ 15,118,326</u>	<u>\$ 13,180,461</u>	<u>\$ 19,395,492</u>	<u>\$ 117,938,300</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 4,160,615	\$ 497,127	\$ 197,619	\$ 253,391	\$ 407,605	\$ 338,425	\$ 408,992	\$ 6,263,774
Accrued Interest	77,607	-	-	-	-	-	-	77,607
Deferred Revenue	-	1,380,089	889,507	1,065,254	1,897,967	1,019,023	841,764	7,093,604
Current Portion of Lease Liabilities - Operating	345,763	629,477	357,026	304,953	715,651	232,724	533,297	3,118,891
Total Current Liabilities	4,583,985	2,506,693	1,444,152	1,623,598	3,021,223	1,590,172	1,784,053	16,553,876
LONG-TERM LIABILITIES								
Accrued Interest	177,872	-	-	-	-	-	-	177,872
Intracompany Payable	100,000	-	15,516	-	13,306	-	13,949	142,771
Lease Liabilities - Operating	1,212,331	8,664,841	7,551,801	11,997,925	4,801,489	10,198,116	10,741,308	55,167,811
Loans Payable	4,550,000	-	-	-	-	-	-	4,550,000
Total Long-Term Liabilities	6,040,203	8,664,841	7,567,317	11,997,925	4,814,795	10,198,116	10,755,257	60,038,454
Total Liabilities	10,624,188	11,171,534	9,011,469	13,621,523	7,836,018	11,788,288	12,539,310	76,592,330
NET ASSETS (DEFICIT)								
Without Donor Restrictions	12,979,739	4,274,747	3,856,804	4,112,017	7,282,308	1,392,173	6,856,182	40,753,970
With Donor Restrictions	592,000	-	-	-	-	-	-	592,000
Total Net Assets (Deficit)	13,571,739	4,274,747	3,856,804	4,112,017	7,282,308	1,392,173	6,856,182	41,345,970
Total Liabilities and Net Assets	<u>\$ 24,195,927</u>	<u>\$ 15,446,281</u>	<u>\$ 12,868,273</u>	<u>\$ 17,733,540</u>	<u>\$ 15,118,326</u>	<u>\$ 13,180,461</u>	<u>\$ 19,395,492</u>	<u>\$ 117,938,300</u>

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2024

	From Page 1	California						Total Page 2	
		Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta		Futuro
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 32,663,790	\$ 3,292,382	\$ 7,028,849	\$ 10,276,740	\$ 961,417	\$ 10,807,609	\$ 1,940,214	\$ 4,714,895	\$ 71,685,896
Accounts Receivable	8,542,566	1,594,048	1,041,456	1,098,578	1,268,714	1,558,284	2,464,201	1,119,899	18,687,746
Grants Receivable	592,000	-	-	-	-	-	-	-	592,000
Prepaid Expenses and Deposits	2,704,199	71,340	86,109	106,439	56,398	51,118	73,771	149,695	3,299,069
Total Current Assets	44,502,555	4,957,770	8,156,414	11,481,757	2,286,529	12,417,011	4,478,186	5,984,489	94,264,711
LONG-TERM ASSETS									
Intracompany Receivable	10,846,766	-	49,479	-	-	33,170	21,102	-	10,950,517
Security Deposits	334,297	100,000	-	-	-	-	-	25,000	459,297
Operating Right-of-Use (ROU) Lease Asset	57,651,296	4,852,111	10,320,909	14,338,100	23,819	10,205,894	15,539,256	846,263	113,777,648
Property, Plant, and Equipment, Net	4,603,386	347,442	163,529	67,451	5,840	38,843	23,803	63,523	5,313,817
Total Long-Term Assets	73,435,745	5,299,553	10,533,917	14,405,551	29,659	10,277,907	15,584,161	934,786	130,501,279
Total Assets	\$ 117,938,300	\$ 10,257,323	\$ 18,690,331	\$ 25,887,308	\$ 2,316,188	\$ 22,694,918	\$ 20,062,347	\$ 6,919,275	\$ 224,765,990
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts Payable and Accrued Liabilities	\$ 6,263,774	\$ 339,865	\$ 344,409	\$ 481,685	\$ 323,278	\$ 290,634	\$ 406,490	\$ 365,466	\$ 8,815,601
Accrued Interest	77,607	-	-	-	-	-	-	-	77,607
Deferred Revenue	7,093,604	1,636,732	1,207,463	2,051,958	1,424,377	2,289,883	1,673,959	3,150,610	20,528,586
Current Portion of Lease Liabilities - Operating	3,118,891	570,691	633,980	629,108	17,241	632,916	476,848	429,543	6,509,218
Total Current Liabilities	16,553,876	2,547,288	2,185,852	3,162,751	1,764,896	3,213,433	2,557,297	3,945,619	35,931,012
LONG-TERM LIABILITIES									
Accrued Interest	177,872	-	-	-	-	-	-	-	177,872
Intracompany Payable	142,771	20,407	-	17,379	-	-	-	-	180,557
Lease Liabilities - Operating	55,167,811	4,281,835	8,615,912	15,293,627	5,248	8,612,610	16,055,189	439,282	108,471,514
Loans Payable	4,550,000	-	-	-	-	-	-	-	4,550,000
Total Long-Term Liabilities	60,038,454	4,302,242	8,615,912	15,311,006	5,248	8,612,610	16,055,189	439,282	113,379,943
Total Liabilities	76,592,330	6,849,530	10,801,764	18,473,757	1,770,144	11,826,043	18,612,486	4,384,901	149,310,955
NET ASSETS (DEFICIT)									
Without Donor Restrictions	40,753,970	3,407,793	7,888,567	7,413,551	546,044	10,868,875	1,449,861	2,534,374	74,863,035
With Donor Restrictions	592,000	-	-	-	-	-	-	-	592,000
Total Net Assets (Deficit)	41,345,970	3,407,793	7,888,567	7,413,551	546,044	10,868,875	1,449,861	2,534,374	75,455,035
Total Liabilities and Net Assets	\$ 117,938,300	\$ 10,257,323	\$ 18,690,331	\$ 25,887,308	\$ 2,316,188	\$ 22,694,918	\$ 20,062,347	\$ 6,919,275	\$ 224,765,990

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2024

	From Page 2	Tennessee				Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
		Nashville NE	United	Partners Community	Dream Community						
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 71,685,896	\$ 3,053,912	\$ 6,557,246	\$ (611,825)	\$ (1,090,383)	\$ -	\$ 79,594,846	\$ 881,485	\$ 7,673,972	\$ -	\$ 88,150,303
Accounts Receivable	18,687,746	489,924	480,460	-	836,648	-	20,494,778	698,248	1,911,610	-	23,104,636
Grants Receivable	592,000	118,272	116,368	-	82,693	-	909,333	-	-	-	909,333
Prepaid Expenses and Deposits	3,299,069	76,647	92,000	-	80,361	-	3,548,077	257,614	2,047,186	-	5,852,877
Total Current Assets	94,264,711	3,738,755	7,246,074	(611,825)	(90,681)	-	104,547,034	1,837,347	11,632,768	-	118,017,149
LONG-TERM ASSETS											
Intracompany Receivable	10,950,517	-	-	-	-	(955,275)	9,995,242	93,764	-	(9,874,311)	214,695
Security Deposits	459,297	-	-	-	-	-	459,297	-	-	-	459,297
Operating Right-of-Use (ROU) Lease Asset	113,777,648	7,183,059	7,276,955	-	22,638,878	-	150,876,540	6,862,439	118,171,891	-	275,910,870
Property, Plant, and Equipment, Net	5,313,817	116,081	59,364	-	8,174	-	5,497,436	274,676	94,920	-	5,867,032
Total Long-Term Assets	130,501,279	7,299,140	7,336,319	-	22,647,052	(955,275)	166,828,515	7,230,879	118,266,811	(9,874,311)	282,451,894
Total Assets	\$ 224,765,990	\$ 11,037,895	\$ 14,582,393	\$ (611,825)	\$ 22,556,371	\$ (955,275)	\$ 271,375,549	\$ 9,068,226	\$ 129,899,579	\$ (9,874,311)	\$ 400,469,043
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Accounts Payable and Accrued Liabilities	\$ 8,815,601	\$ 262,512	\$ 282,483	\$ -	\$ 231,028	\$ -	\$ 9,591,624	\$ 199,226	\$ 907,207	\$ -	\$ 10,698,057
Accrued Interest	77,607	-	-	-	-	-	77,607	-	-	-	77,607
Deferred Revenue	20,528,586	2,805	3,393	-	-	-	20,534,784	-	-	-	20,534,784
Current Portion of Lease Liabilities - Operating	6,509,218	219,992	235,439	-	103,962	-	7,068,611	455,687	1,714,385	-	9,238,683
Total Current Liabilities	35,931,012	485,309	521,315	-	334,990	-	37,272,626	654,913	2,621,592	-	40,549,131
LONG-TERM LIABILITIES											
Accrued Interest	177,872	-	-	-	-	-	177,872	-	-	-	177,872
Intracompany Payable	180,557	174,428	464,001	56,718	79,571	(955,275)	-	6,057,952	3,816,359	(9,874,311)	-
Lease Liabilities - Operating	108,471,514	6,956,050	7,044,955	-	23,470,524	-	145,943,043	6,762,026	125,738,801	-	278,443,870
Loans Payable	4,550,000	-	-	-	-	-	4,550,000	-	-	-	4,550,000
Total Long-Term Liabilities	113,379,943	7,130,478	7,508,956	56,718	23,550,095	(955,275)	150,670,915	12,819,978	129,555,160	(9,874,311)	283,171,742
Total Liabilities	149,310,955	7,615,787	8,030,271	56,718	23,885,085	(955,275)	187,943,541	13,474,891	132,176,752	(9,874,311)	323,720,873
NET ASSETS (DEFICIT)											
Without Donor Restrictions	74,863,035	3,303,836	6,435,754	(668,543)	(1,411,407)	-	82,522,675	(4,406,665)	(2,327,173)	-	75,788,837
With Donor Restrictions	592,000	118,272	116,368	-	82,693	-	909,333	-	50,000	-	959,333
Total Net Assets (Deficit)	75,455,035	3,422,108	6,552,122	(668,543)	(1,328,714)	-	83,432,008	(4,406,665)	(2,277,173)	-	76,748,170
Total Liabilities and Net Assets	\$ 224,765,990	\$ 11,037,895	\$ 14,582,393	\$ (611,825)	\$ 22,556,371	\$ (955,275)	\$ 271,375,549	\$ 9,068,226	\$ 129,899,579	\$ (9,874,311)	\$ 400,469,043

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS
YEAR ENDED JUNE 30, 2024**

	California							Total Page 1
	National	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
WITHOUT DONOR RESTRICTION								
REVENUES								
LCFF State Aid & Property Tax Revenue	\$ -	\$ 5,754,381	\$ 4,128,040	\$ 5,011,579	\$ 7,516,782	\$ 4,786,626	\$ 6,645,015	\$ 33,842,423
Apportionment Revenue	-	-	-	-	-	-	-	-
Other State Revenue	-	3,424,870	2,480,381	2,853,039	3,631,560	3,096,194	3,436,070	18,922,114
Federal Revenue	233,439	1,349,852	1,221,348	1,059,890	1,238,330	1,277,845	1,721,423	8,102,127
Other Local Revenue	32,733,754	176,580	72,062	45,820	69,187	63,749	41,180	33,202,332
Contributions	3,440,907	1,043	50,633	10,814	15,541	-	61,515	3,580,453
Contributions of Nonfinancial Assets	3,279,504	-	-	-	-	-	-	3,279,504
Amounts Released from Restriction	-	-	-	-	-	-	-	-
Total Without Donor Restriction Revenues	39,687,604	10,706,726	7,952,464	8,981,142	12,471,400	9,224,414	11,905,203	100,928,953
EXPENSES								
Program Expenses:								
Educational Programs	-	9,111,276	6,426,883	7,096,770	9,774,181	7,713,158	9,144,619	49,266,887
Program Supports	12,098,280	-	-	-	-	-	-	12,098,280
Supporting Services:								
Administration and General	26,400,885	1,543,460	1,123,220	1,295,006	1,809,316	1,312,752	1,705,098	35,189,737
Fundraising	564,060	-	-	-	-	-	-	564,060
Total Supporting Services	26,964,945	1,543,460	1,123,220	1,295,006	1,809,316	1,312,752	1,705,098	35,753,797
Total Expenses	39,063,225	10,654,736	7,550,103	8,391,776	11,583,497	9,025,910	10,849,717	97,118,964
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTION	624,379	51,990	402,361	589,366	887,903	198,504	1,055,486	3,809,989
NET ASSETS								
WITH DONOR RESTRICTION								
Amounts Released from Restriction	-	-	-	-	-	-	-	-
Contributions	592,000	-	-	-	-	-	-	592,000
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	592,000	-	-	-	-	-	-	592,000
INCREASE (DECREASE) IN NET ASSETS	1,216,379	51,990	402,361	589,366	887,903	198,504	1,055,486	4,401,989
Net Assets (Deficit) - Beginning of Year	12,355,360	4,222,757	3,454,443	3,522,651	6,394,405	1,193,669	5,800,696	36,943,981
NET ASSETS (DEFICIT) - END OF YEAR	\$ 13,571,739	\$ 4,274,747	\$ 3,856,804	\$ 4,112,017	\$ 7,282,308	\$ 1,392,173	\$ 6,856,182	\$ 41,345,970

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	California								Total Page 2
	From Page 1	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro	
WITHOUT DONOR RESTRICTION									
REVENUES									
LCFF State Aid & Property Tax Revenue	\$ 33,842,423	\$ 6,273,568	\$ 7,164,085	\$ 7,399,886	\$ 3,678,447	\$ 8,278,484	\$ 7,459,080	\$ 7,640,393	\$ 81,736,366
Apportionment Revenue	-	-	-	-	-	-	-	-	-
Other State Revenue	18,922,114	3,297,215	3,421,318	3,951,738	1,868,967	3,697,850	3,196,440	2,672,807	41,028,449
Federal Revenue	8,102,127	928,051	1,186,377	1,532,309	1,159,904	1,279,278	699,453	1,239,429	16,126,928
Other Local Revenue	33,202,332	65,449	130,008	57,749	90,414	68,872	88,375	71,112	33,774,311
Contributions	3,580,453	39,034	43,509	9,156	-	7,903	51,505	-	3,731,560
Contributions of Nonfinancial Assets	3,279,504	-	-	-	-	-	-	-	3,279,504
Amounts Released from Restriction	-	-	-	-	-	-	-	-	-
Total Without Donor Restriction Revenues	100,928,953	10,603,317	11,945,297	12,950,838	6,797,732	13,332,387	11,494,853	11,623,741	179,677,118
EXPENSES									
Program Expenses:									
Educational Programs	49,266,887	8,330,724	8,840,382	9,409,944	5,569,393	8,837,182	9,163,330	9,363,785	108,781,627
Program Supports	12,098,280	-	-	-	-	-	-	-	12,098,280
Supporting Services:									
Administration and General	35,189,737	1,503,209	1,714,356	1,842,094	963,747	1,923,449	1,669,163	1,688,706	46,494,461
Fundraising	564,060	-	-	-	-	-	-	-	564,060
Total Supporting Services	35,753,797	1,503,209	1,714,356	1,842,094	963,747	1,923,449	1,669,163	1,688,706	47,058,521
Total Expenses	97,118,964	9,833,933	10,554,738	11,252,038	6,533,140	10,760,631	10,832,493	11,052,491	167,938,428
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTION	3,809,989	769,384	1,390,559	1,698,800	264,592	2,571,756	662,360	571,250	11,738,690
NET ASSETS WITH DONOR RESTRICTION									
Amounts Released from Restriction	-	-	-	-	-	-	-	-	-
Contributions	592,000	-	-	-	-	-	-	-	592,000
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	592,000	-	-	-	-	-	-	-	592,000
INCREASE (DECREASE) IN NET ASSETS	4,401,989	769,384	1,390,559	1,698,800	264,592	2,571,756	662,360	571,250	12,330,690
Net Assets (Deficit) - Beginning of Year	36,943,981	2,638,409	6,498,008	5,714,751	281,452	8,297,119	787,501	1,963,124	63,124,345
NET ASSETS (DEFICIT) - END OF YEAR	\$ 41,345,970	\$ 3,407,793	\$ 7,888,567	\$ 7,413,551	\$ 546,044	\$ 10,868,875	\$ 1,449,861	\$ 2,534,374	\$ 75,455,035

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Tennessee										
	From Page 2	Nashville NE	United	Partners Community	Dream Community	Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
WITHOUT DONOR RESTRICTION											
REVENUES											
LCFF State Aid & Property Tax Revenue	\$ 81,736,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,736,366	\$ -	\$ -	\$ -	\$ 81,736,366
Apportionment Revenue	-	8,597,083	8,888,125	-	6,140,716	-	23,625,924	6,831,000	23,904,633	-	54,361,557
Other State Revenue	41,028,449	228,045	472,196	-	132,281	-	41,860,971	368,375	11,779,984	-	54,009,330
Federal Revenue	16,126,928	2,063,375	1,893,133	-	1,069,929	-	21,153,365	2,876,792	5,909,155	-	29,939,312
Other Local Revenue	33,774,311	260,680	106,070	-	141,664	(23,313,403)	10,969,322	54,729	2,062,197	(6,214,881)	6,871,367
Contributions	3,731,560	7,188	8,252	-	10,202	-	3,757,202	7,797	22,465	-	3,787,464
Contributions of Nonfinancial Assets	3,279,504	-	-	-	-	-	3,279,504	-	-	-	3,279,504
Amounts Released from Restriction	-	-	-	-	-	-	-	38,454	-	-	38,454
Total Without Donor Restriction Revenues	179,677,118	11,156,371	11,367,776	-	7,494,792	(23,313,403)	186,382,654	10,177,147	43,678,434	(6,214,881)	234,023,354
EXPENSES											
Program Expenses:											
Educational Programs	108,781,627	8,039,344	8,022,356	-	7,101,901	-	131,945,228	9,484,688	37,178,475	-	178,608,391
Program Supports	12,098,280	-	-	-	-	-	12,098,280	-	-	-	12,098,280
Supporting Services:											
Administration and General	46,494,461	1,605,389	1,661,558	-	1,047,746	(23,313,403)	27,495,751	1,519,950	5,794,948	(6,214,881)	28,595,768
Fundraising	564,060	-	-	-	-	-	564,060	-	-	-	564,060
Total Supporting Services	47,058,521	1,605,389	1,661,558	-	1,047,746	(23,313,403)	28,059,811	1,519,950	5,794,948	(6,214,881)	29,159,828
Total Expenses	167,938,428	9,644,733	9,683,914	-	8,149,647	(23,313,403)	172,103,319	11,004,638	42,973,423	(6,214,881)	219,866,499
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTION	11,738,690	1,511,638	1,683,862	-	(654,855)	-	14,279,335	(827,491)	705,011	-	14,156,855
NET ASSETS											
WITH DONOR RESTRICTION											
Amounts Released from Restriction	-	-	-	-	-	-	-	(38,454)	-	-	(38,454)
Contributions	592,000	118,272	116,368	-	82,693	-	909,333	-	-	-	909,333
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	592,000	118,272	116,368	-	82,693	-	909,333	(38,454)	-	-	870,879
INCREASE (DECREASE) IN NET ASSETS	12,330,690	1,629,910	1,800,230	-	(572,162)	-	15,188,668	(865,945)	705,011	-	15,027,734
Net Assets (Deficit) - Beginning of Year	63,124,345	1,792,198	4,751,892	(668,543)	(756,552)	-	68,243,340	(3,540,720)	(2,982,184)	-	61,720,436
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 75,455,035</u>	<u>\$ 3,422,108</u>	<u>\$ 6,552,122</u>	<u>\$ (668,543)</u>	<u>\$ (1,328,714)</u>	<u>\$ -</u>	<u>\$ 83,432,008</u>	<u>\$ (4,406,665)</u>	<u>\$ (2,277,173)</u>	<u>\$ -</u>	<u>\$ 76,748,170</u>

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS
YEAR ENDED JUNE 30, 2024

	California							Total Page 1
	National	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds	
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 1,216,379	\$ 51,990	\$ 402,361	\$ 589,366	\$ 887,903	\$ 198,504	\$ 1,055,486	\$ 4,401,989
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	1,114,464	48,734	32,873	33,188	29,961	26,039	12,280	1,297,539
(Increase) Decrease in Operating Assets:								
Accounts Receivable	2,688,718	(56,471)	456,834	669,118	94,964	(252,244)	529,222	4,130,141
Grants Receivable	257,000	-	-	-	-	-	-	257,000
Prepaid Expenses and Deposits	(774,950)	119,188	76,110	80,121	59,641	73,555	53,453	(312,882)
Operating Right-of-Use (ROU) Lease Asset	(911,618)	473,540	333,034	265,434	669,414	296,445	(1,051,149)	75,100
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	115,884	(92,542)	(226,285)	(307,174)	(111,904)	(534,206)	(524,725)	(1,680,952)
Deferred Revenue	-	171,204	81,389	44,329	144,513	(264,539)	(493,607)	(316,711)
Lease Liabilities - Operating	908,990	(587,115)	(359,276)	(137,106)	(727,944)	(189,653)	1,013,044	(79,060)
Net Cash Provided (Used) by Operating Activities	4,614,867	128,528	797,040	1,237,276	1,046,548	(646,099)	594,004	7,772,164
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	(636,115)	(129,165)	(27,995)	(29,131)	(34,251)	(28,720)	(37,591)	(922,968)
Net Cash Used by Investing Activities	(636,115)	(129,165)	(27,995)	(29,131)	(34,251)	(28,720)	(37,591)	(922,968)
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	(1,645,744)	(15,238)	16,020	(39,124)	12,692	(50,766)	38,185	(1,683,975)
Proceeds from Debt	4,419,417	-	-	-	-	-	-	4,419,417
Repayment of Debt	(619,417)	-	-	-	-	-	-	(619,417)
Net Cash Provided (Used) by Financing Activities	2,154,256	(15,238)	16,020	(39,124)	12,692	(50,766)	38,185	2,116,025
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,133,008	(15,875)	785,065	1,169,021	1,024,989	(725,585)	594,598	8,965,221
Cash and Cash Equivalents - Beginning of Year	1,019,629	2,556,455	2,844,610	2,120,238	6,740,653	1,642,534	6,774,450	23,698,569
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,152,637</u>	<u>\$ 2,540,580</u>	<u>\$ 3,629,675</u>	<u>\$ 3,289,259</u>	<u>\$ 7,765,642</u>	<u>\$ 916,949</u>	<u>\$ 7,369,048</u>	<u>\$ 32,663,790</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	\$ 51,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,662

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	California								Total Page 2
	From Page 1	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro	
CASH FLOWS FROM OPERATING ACTIVITIES									
Change in Net Assets	\$ 4,401,989	\$ 769,384	\$ 1,390,559	\$ 1,698,800	\$ 264,592	\$ 2,571,756	\$ 662,360	\$ 571,250	\$ 12,330,690
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation	1,297,539	19,948	14,669	10,214	3,893	9,061	4,423	29,058	1,388,805
(Increase) Decrease in Operating Assets:									
Accounts Receivable	4,130,141	1,281,854	804,063	762,227	(635,832)	519,447	59,281	682,169	7,603,350
Grants Receivable	257,000	-	-	-	-	-	-	-	257,000
Prepaid Expenses and Deposits	(312,882)	71,198	88,802	53,383	76,905	91,206	117,504	41,395	227,511
Operating Right-of-Use (ROU) Lease Asset	75,100	518,958	498,888	(5,595,651)	47,422	496,774	433,740	394,369	(3,130,400)
Increase (Decrease) in Operating Liabilities:									
Accounts Payable and Accrued Liabilities	(1,680,952)	(555,851)	(153,935)	208,622	408,960	(23,306)	(41,159)	(283,891)	(2,121,512)
Deferred Revenue	(316,711)	226,861	(340,460)	53,162	89,950	321,643	220,195	671,229	925,869
Lease Liabilities - Operating	(79,060)	(524,112)	(603,063)	5,623,200	(43,496)	(607,529)	(477,922)	(388,479)	2,899,539
Net Cash Provided (Used) by Operating Activities	7,772,164	1,808,240	1,699,523	2,813,957	212,394	3,379,052	978,422	1,717,100	20,380,852
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Property, Plant, and Equipment	(922,968)	(29,081)	(28,077)	(28,266)	(9,733)	(47,905)	(25,228)	(30,991)	(1,122,249)
Net Cash Used by Investing Activities	(922,968)	(29,081)	(28,077)	(28,266)	(9,733)	(47,905)	(25,228)	(30,991)	(1,122,249)
CASH FLOWS FROM FINANCING ACTIVITIES									
Intracompany Loans	(1,683,975)	19,793	(42,638)	96,405	-	(26,329)	(21,102)	-	(1,657,846)
Proceeds from Debt	4,419,417	-	-	-	-	-	-	-	4,419,417
Repayment of Debt	(619,417)	-	-	-	-	-	(40,439)	-	(659,856)
Net Cash Provided (Used) by Financing Activities	2,116,025	19,793	(42,638)	96,405	-	(26,329)	(61,541)	-	2,101,715
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,965,221	1,798,952	1,628,808	2,882,096	202,661	3,304,818	891,653	1,686,109	21,360,318
Cash and Cash Equivalents - Beginning of Year	23,698,569	1,493,430	5,400,041	7,394,644	758,756	7,502,791	1,048,561	3,028,786	50,325,578
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 32,663,790</u>	<u>\$ 3,292,382</u>	<u>\$ 7,028,849</u>	<u>\$ 10,276,740</u>	<u>\$ 961,417</u>	<u>\$ 10,807,609</u>	<u>\$ 1,940,214</u>	<u>\$ 4,714,895</u>	<u>\$ 71,685,896</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION									
Cash Paid for Interest	\$ 51,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 774	\$ -	\$ 52,436

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Tennessee					RSED Total	Wisconsin	DC	Total
	From Page 2	Nashville NE	United	Partners Community	Dream Community				
CASH FLOWS FROM OPERATING ACTIVITIES									
Change in Net Assets	\$ 12,330,690	\$ 1,629,910	\$ 1,800,230	\$ -	\$ (572,162)	\$ 15,188,668	\$ (865,945)	\$ 705,011	\$ 15,027,734
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation	1,388,805	16,452	8,926	-	5,447	1,419,630	67,266	20,915	1,507,811
(Increase) Decrease in Operating Assets:									
Accounts Receivable	7,603,350	920,841	647,999	-	87,946	9,260,136	(696,319)	3,488,789	12,052,606
Grants Receivable	257,000	(118,272)	(116,368)	-	(82,693)	(60,333)	341,115	50,000	330,782
Prepaid Expenses and Deposits	227,511	21,842	36,147	-	47,980	333,480	33,415	(699,631)	(332,736)
Operating Right-of-Use (ROU) Lease Asset	(3,130,400)	231,079	218,760	-	582,303	(2,098,258)	715,794	(4,950,313)	(6,332,777)
Increase (Decrease) in Operating Liabilities:									
Accounts Payable and Accrued Liabilities	(2,121,512)	(102,805)	75,467	-	101,474	(2,047,376)	39,230	(2,854,260)	(4,862,406)
Deferred Revenue	925,869	(33,017)	(35,696)	-	-	857,156	-	-	857,156
Lease Liabilities - Operating	2,899,539	(203,600)	(219,152)	-	(94,804)	2,381,983	(669,384)	5,427,008	7,139,607
Net Cash Provided (Used) by Operating Activities	20,380,852	2,362,430	2,416,313	-	75,491	25,235,086	(1,034,828)	1,187,519	25,387,777
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Property, Plant, and Equipment	(1,122,249)	(56,961)	(52,370)	-	(13,621)	(1,245,201)	(22,896)	(100,705)	(1,368,802)
Net Cash Used by Investing Activities	(1,122,249)	(56,961)	(52,370)	-	(13,621)	(1,245,201)	(22,896)	(100,705)	(1,368,802)
CASH FLOWS FROM FINANCING ACTIVITIES									
Intracompany Loans	(1,657,846)	(109,440)	58,742	-	79,571	(1,628,973)	1,743,626	152,025	266,678
Proceeds from Debt	4,419,417	-	-	-	-	4,419,417	-	-	4,419,417
Repayment of Debt	(659,856)	-	-	-	-	(659,856)	-	-	(659,856)
Net Cash Provided (Used) by Financing Activities	2,101,715	(109,440)	58,742	-	79,571	2,130,588	1,743,626	152,025	4,026,239
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,360,318	2,196,029	2,422,685	-	141,441	26,120,473	685,902	1,238,839	28,045,214
Cash and Cash Equivalents - Beginning of Year	50,325,578	857,883	4,134,561	(611,825)	(1,231,824)	53,474,373	195,583	6,435,133	60,105,089
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 71,685,896</u>	<u>\$ 3,053,912</u>	<u>\$ 6,557,246</u>	<u>\$ (611,825)</u>	<u>\$ (1,090,383)</u>	<u>\$ 79,594,846</u>	<u>\$ 881,485</u>	<u>\$ 7,673,972</u>	<u>\$ 88,150,303</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION									
Cash Paid for Interest	\$ 52,436	\$ -	\$ -	\$ -	\$ -	\$ 52,436	\$ 60,000	\$ -	\$ 112,436

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF INSTRUCTIONAL TIME – CALIFORNIA
YEAR ENDED JUNE 30, 2024**

	Instructional Minutes		Traditional Calendar	Status
	Requirement	Actual	Days	
K/TK:				
RMS	36,000	57,360	180	In Compliance
RSSP	36,000	57,315	180	In Compliance
RLS	36,000	59,370	180	In Compliance
ROMO	36,000	61,620	180	In Compliance
RDP	36,000	55,350	180	In Compliance
RBM	36,000	55,200	180	In Compliance
RSA	36,000	55,445	179	In Compliance
RSK	36,000	51,270	180	In Compliance
RFZ	36,000	50,460	180	In Compliance
RRWC	36,000	50,790	180	In Compliance
RFA	36,000	54,240	180	In Compliance
RRS	36,000	50,640	180	In Compliance
RDL	36,000	51,060	180	In Compliance
Grade 1:				
RMS	50,400	63,690	180	In Compliance
RSSP	50,400	63,570	180	In Compliance
RLS	50,400	61,980	180	In Compliance
ROMO	50,400	62,040	180	In Compliance
RDP	50,400	62,040	180	In Compliance
RBM	50,400	60,660	180	In Compliance
RSA	50,400	61,875	179	In Compliance
RSK	50,400	62,730	180	In Compliance
RFZ	50,400	63,840	180	In Compliance
RRWC	50,400	62,310	180	In Compliance
RFA	50,400	63,840	180	In Compliance
RRS	50,400	60,870	180	In Compliance
RDL	50,400	61,830	180	In Compliance
Grade 2:				
RMS	50,400	63,690	180	In Compliance
RSSP	50,400	63,570	180	In Compliance
RLS	50,400	62,940	180	In Compliance
ROMO	50,400	63,630	180	In Compliance
RDP	50,400	62,040	180	In Compliance
RBM	50,400	64,800	180	In Compliance
RSA	50,400	61,875	179	In Compliance
RSK	50,400	63,420	180	In Compliance
RFZ	50,400	63,840	180	In Compliance
RRWC	50,400	62,310	180	In Compliance
RFA	50,400	63,840	180	In Compliance
RRS	50,400	61,770	180	In Compliance
RDL	50,400	62,040	180	In Compliance

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF INSTRUCTIONAL TIME – CALIFORNIA (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Instructional Minutes		Traditional Calendar	Status
	Requirement	Actual	Days	
Grade 3:				
RMS	50,400	63,690	180	In Compliance
RSSP	50,400	63,570	180	In Compliance
RLS	50,400	63,360	180	In Compliance
ROMO	50,400	65,430	180	In Compliance
RDP	50,400	64,110	180	In Compliance
RBM	50,400	64,530	180	In Compliance
RSA	50,400	61,875	179	In Compliance
RSK	50,400	64,950	180	In Compliance
RFZ	50,400	63,840	180	In Compliance
RRWC	50,400	62,310	180	In Compliance
RFA	50,400	63,840	180	In Compliance
RRS	50,400	64,260	180	In Compliance
RDL	50,400	65,220	180	In Compliance
Grade 4:				
RMS	54,000	63,690	180	In Compliance
RSSP	54,000	66,350	180	In Compliance
RLS	54,000	63,780	180	In Compliance
ROMO	54,000	65,430	180	In Compliance
RDP	54,000	64,110	180	In Compliance
RBM	54,000	64,530	180	In Compliance
RSA	54,000	61,875	179	In Compliance
RSK	54,000	66,330	180	In Compliance
RFZ	54,000	63,840	180	In Compliance
RRWC	54,000	62,310	180	In Compliance
RFA	54,000	63,840	180	In Compliance
RRS	54,000	64,260	180	In Compliance
RDL	54,000	65,220	180	In Compliance
Grade 5:				
RMS	54,000	63,690	180	In Compliance
RSSP	54,000	66,350	180	In Compliance
RLS	54,000	63,780	180	In Compliance
ROMO	54,000	65,430	180	In Compliance
RDP	54,000	64,110	180	In Compliance
RBM	54,000	64,530	180	In Compliance
RSA	54,000	61,875	179	In Compliance
RSK	54,000	66,330	180	In Compliance
RFZ	54,000	63,840	180	In Compliance
RRWC	54,000	62,310	180	In Compliance
RFA	54,000	63,840	180	In Compliance
RDL	54,000	65,220	180	In Compliance

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA) - CALIFORNIA
YEAR ENDED JUNE 30, 2024

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades TK/K-3:				
RMS	314.99	314.99	313.44	313.44
RSSP	201.81	201.81	200.93	209.65
RLS	237.60	238.12	238.69	239.33
ROMO	397.35	399.14	396.96	398.61
RDP	260.83	260.83	262.47	262.47
RBM	328.52	329.66	328.34	329.55
RDL	371.56	371.85	361.64	361.75
RSA	346.24	346.24	342.02	342.02
RSK	395.12	395.12	395.94	395.94
RFZ	368.49	368.49	368.87	368.87
RRWC	196.25	196.25	195.87	195.87
RRS	473.69	473.69	472.77	472.77
RFA	430.40	430.40	425.85	425.85
Subtotal	4,322.85	4,326.59	4,303.79	4,316.12
Grades 4-6:				
RMS	137.23	137.23	137.28	137.28
RSSP	76.60	76.60	75.79	78.79
RLS	94.17	94.31	94.31	94.41
ROMO	134.08	134.12	132.91	133.14
RDP	117.34	117.34	117.33	117.33
RBM	120.33	120.45	119.48	119.63
RDL	155.20	155.35	153.58	153.79
RSA	144.88	144.88	143.46	143.46
RSK	113.14	113.14	112.14	112.14
RFZ	133.30	133.30	132.15	132.15
RRWC	81.91	81.91	81.81	81.81
RRS	95.27	95.27	95.04	95.04
RFA	171.41	171.41	170.52	170.52
Subtotal	1,574.86	1,575.31	1,565.80	1,569.49
Grand Total	5,897.71	5,901.90	5,869.59	5,885.61

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

	Mateo Sheedy	Si Se Puede	Los Suenos	Mosaic	Discovery	Brilliant Minds
June 30, 2024 Annual Financial Report Fund Balances (Net Assets)	\$ 4,274,744	\$ 3,856,806	\$ 4,112,017	\$ 7,282,308	\$ 1,392,173	\$ 6,856,182
Increase (Decrease) of Fund Balance (Net Assets):						
Cash and cash equivalents	-	-	-	2	(1)	(2)
Accounts receivable	(45,910)	9,025	(60,621)	(3,014)	(74,279)	(10,549)
Prepaid expenses and deposits	16,779	6,490	15,645	(83,679)	(82,338)	24,497
Intracompany receivable	29,131	-	44,975	-	56,617	-
Security deposits	-	-	-	100,000	100,000	-
Operating Right-of-Use (ROU) Lease Asset	-	-	-	-	-	1
Accounts payable	3	(1)	1	(3)	1	2
Intracompany payable	-	(15,516)	-	(13,306)	-	(13,949)
Net Adjustments and Reclassifications	3	(2)	-	-	-	-
June 30, 2024 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 4,274,747</u>	<u>\$ 3,856,804</u>	<u>\$ 4,112,017</u>	<u>\$ 7,282,308</u>	<u>\$ 1,392,173</u>	<u>\$ 6,856,182</u>

	Alma	Spark	Fuerza	Redwood City	Rising Stars	Delta	Futuro
June 30, 2024 Annual Financial Report Fund Balances (Net Assets)	\$ 3,407,793	\$ 7,888,567	\$ 7,413,551	\$ 538,873	\$ 10,868,875	\$ 1,449,861	\$ 2,493,414
Increase (Decrease) of Fund Balance (Net Assets):							
Cash and cash equivalents	(1)	-	-	-	(2)	-	-
Accounts receivable	489	(77,379)	8,531	(14,191)	(56,366)	(39,155)	(30,470)
Prepaid expenses and deposits	(80,083)	27,900	8,849	14,190	23,196	18,053	5,470
Intracompany receivable	-	49,479	-	-	33,170	21,102	-
Security deposits	100,000	-	-	-	-	-	25,000
Operating Right-of-Use (ROU) Lease Asset	(1)	1	1	23,819	-	-	846,263
Property, plant & equipment, net	-	-	-	5,840	-	-	63,523
Accounts payable	4	(1)	(2)	2	2	1	(429,544)
Intracompany payable	(20,407)	-	(17,379)	-	-	-	-
Lease Liabilities - Operating	(1)	-	-	(22,489)	-	(1)	(439,282)
Net Adjustments and Reclassifications	-	-	-	7,171	-	-	40,960
June 30, 2024 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 3,407,793</u>	<u>\$ 7,888,567</u>	<u>\$ 7,413,551</u>	<u>\$ 546,044</u>	<u>\$ 10,868,875</u>	<u>\$ 1,449,861</u>	<u>\$ 2,534,374</u>

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

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	RDL	Total Page
U.S. Department of Education											
Title I, Part A, Basic Grants Low-Income and Neglected	84.010										
Pass Through Program From:											
California Department of Education		14329	\$ -	\$ 154,481	\$ 129,223	\$ 150,026	\$ 162,864	\$ 152,803	\$ 183,368	\$ 157,873	\$ 1,090,638
Wisconsin Department of Public Instruction		2023-408002-DPI-TI-A-141	-	-	-	-	-	-	-	-	-
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-
Title I Totals			-	154,481	129,223	150,026	162,864	152,803	183,368	157,873	1,090,638
Elementary and Secondary Education Act	84.010A										
Consolidated Schoolwide											
Pass Through Program From:											
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-
Title II	84.367										
Pass Through Program From:											
California Department of Education		14341	-	23,128	19,008	22,391	32,074	30,301	20,779	27,047	174,728
Wisconsin Department of Public Instruction		2023-408002-DPI-TIIA-365	-	-	-	-	-	-	-	-	-
Title II Totals			-	23,128	19,008	22,391	32,074	30,301	20,779	27,047	174,728
Title III - Limited English Proficiency	84.365										
Pass Through Program From:											
California Department of Education		14356	-	49,544	37,751	35,236	27,534	50,757	44,085	36,626	281,533
Wisconsin Department of Public Instruction		2023-408002-DPI-TIIIA-391	-	-	-	-	-	-	-	-	-
Title III Totals			-	49,544	37,751	35,236	27,534	50,757	44,085	36,626	281,533
Title IV, Part A	84.424										
Pass Through Program From:											
California Department of Education		N/A	-	88,907	64,397	90,391	92,528	86,406	102,673	105,196	630,498
Wisconsin Department of Public Instruction		2023-408002-DPI-TIVA-381	-	-	-	-	-	-	-	-	-
Title IV Totals			-	88,907	64,397	90,391	92,528	86,406	102,673	105,196	630,498
Charter School Grant	84.282M										
Pass Through Program From:											
California Department of Education		N/A	31,865	-	-	-	-	-	-	-	31,865
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-
Charter School Grant Totals			31,865	-	-	-	-	-	-	-	31,865
ESSER III	84.425U										
Pass Through Program From:											
California Department of Education		N/A	-	678,637	705,990	501,720	527,962	628,299	946,695	-	3,989,303
Wisconsin Department of Public Instruction		2022-408002-DPI-ESSERFIII-165	-	-	-	-	-	-	-	-	-
ESSER III Totals			-	678,637	705,990	501,720	527,962	628,299	946,695	-	3,989,303
ESSER III, Homeless Children and Youth II ARP-HCY II	84.425W										
Pass Through Program From:											
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction		N/A	-	-	-	-	-	-	-	-	-
ESSER III, Homeless Children and Youth II ARP-HCY II Totals			-	-	-	-	-	-	-	-	-
Full Service Community Grant	84.215										
Pass Through Program From:											
Metro Nashville Public Schools		N/A	201,574	-	-	-	-	-	-	-	201,574
Special Education Cluster	84.027										
Special Education IDEA											
Pass Through Program From:											
California Department of Education		13379	-	79,255	52,086	59,320	90,829	70,252	81,023	92,115	524,880
Wisconsin Department of Public Instruction		2023-408002-DPI-FLOW-341	-	-	-	-	-	-	-	-	-
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-
Special Education IDEA Totals			-	79,255	52,086	59,320	90,829	70,252	81,023	92,115	524,880
IDEA Preschool	84.173										
Pass Through Program From:											
Wisconsin Department of Public Instruction		2023-408002-DPI-PRESCH-347	-	-	-	-	-	-	-	-	-
Special Education Cluster Totals			-	79,255	52,086	59,320	90,829	70,252	81,023	92,115	524,880
Total U.S. Department of Education			233,439	1,073,952	1,008,455	859,084	933,791	1,018,818	1,378,623	418,857	6,925,019

N/A – Not Available

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	PTID	Total Previous Page	RSA	RSK	RFZ	RRWC	RRS	RFA	Wisconsin		Tennessee	Federal Expenditures
										RSCP	TRP		
U.S. Department of Education													
Title I, Part A, Basic Grants Low-Income and Neglected	84.010												
Pass Through Program From:													
California Department of Education		14329	\$ 1,090,638	\$ 162,643	\$ 123,772	\$ 173,675	\$ 103,987	\$ 166,057	\$ 194,944	\$ -	\$ -	\$ -	\$ 2,015,716
Wisconsin Department of Public Instruction		2023-408002-DPI-TI-A-141	-	-	-	-	-	-	-	337,106	212,068	-	549,174
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-	815,359	815,359
Low-Income and Neglected Totals			1,090,638	162,643	123,772	173,675	103,987	166,057	194,944	337,106	212,068	815,359	3,380,249
Elementary and Secondary Education Act	84.010A												
Consolidated Schoolwide													
Pass Through Program From:													
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-	147,546	147,546
Title II	84.367												
Pass Through Program From:													
California Department of Education		14341	174,728	18,431	30,237	39,756	17,353	18,818	33,222	-	-	-	332,545
Wisconsin Department of Public Instruction		2023-408002-DPI-TII-A-365	-	-	-	-	-	-	-	27,130	28,615	-	55,745
Title II Totals			174,728	18,431	30,237	39,756	17,353	18,818	33,222	27,130	28,615	-	388,290
Title III - Limited English Proficiency	84.365												
Pass Through Program From:													
California Department of Education		14356	281,533	52,607	41,789	72,502	58,880	62,144	71,041	-	-	-	640,496
Wisconsin Department of Public Instruction		2023-408002-DPI-TIIIA-391	-	-	-	-	-	-	-	55,915	-	-	55,915
Title III Totals			281,533	52,607	41,789	72,502	58,880	62,144	71,041	55,915	-	-	696,411
Title IV, Part A	84.424												
Pass Through Program From:													
California Department of Education		N/A	630,498	100,342	10,633	106,374	75,344	88,621	88,783	-	-	-	1,100,595
Wisconsin Department of Public Instruction		2023-408002-DPI-TIVA-381	-	-	-	-	-	-	-	26,529	15,331	-	41,860
Title IV Totals			630,498	100,342	10,633	106,374	75,344	88,621	88,783	26,529	15,331	-	1,142,455
Charter School Grant	84.282M												
Pass Through Program From:													
California Department of Education		N/A	31,865	-	-	-	-	-	-	-	-	-	31,865
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-	354,577	354,577
Charter School Grant Totals			31,865	-	-	-	-	-	-	-	-	354,577	386,442
ESSER III	84.425U												
Pass Through Program From:													
California Department of Education		N/A	3,989,303	194,657	610,178	720,028	635,464	579,498	455,080	-	-	-	7,184,208
Wisconsin Department of Public Instruction		2022-408002-DPI-ESSERFIII-165	-	-	-	-	-	-	-	731,279	200,000	-	931,279
ESSER III Totals			3,989,303	194,657	610,178	720,028	635,464	579,498	455,080	731,279	200,000	-	8,115,487
ESSER III, Homeless Children and Youth II ARP-HCY II	84.425W												
Pass Through Program From:													
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-	2,006,156	2,006,156
Wisconsin Department of Public Instruction		N/A	-	-	-	-	-	-	-	4,124	2,383	-	6,507
			-	-	-	-	-	-	-	4,124	2,383	2,006,156	2,012,663
Full Service Community Grant	84.215												
		N/A	201,574	-	-	-	-	-	-	63,639	64,787	-	330,000
Special Education Cluster													
Special Education IDEA	84.027												
Pass Through Program From:													
California Department of Education		13379	524,880	82,791	89,704	90,026	50,157	95,331	108,031	-	-	-	1,040,920
Wisconsin Department of Public Instruction		2023-408002-DPI-FLOW-341	-	-	-	-	-	-	-	119,851	43,775	-	163,626
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-	233,771	233,771
Special Education IDEA Totals			524,880	82,791	89,704	90,026	50,157	95,331	108,031	119,851	43,775	233,771	1,438,317
IDEA Preschool	84.173												
Pass Through Program From:													
Wisconsin Department of Public Instruction		2023-408002-DPI-PRESCH-347	-	-	-	-	-	-	-	17,358	-	-	17,358
Special Education Cluster Totals			524,880	82,791	89,704	90,026	50,157	95,331	108,031	137,209	43,775	233,771	1,455,675
Total U.S Department of Education			6,925,019	611,471	906,313	1,202,361	941,185	1,010,469	951,101	1,382,931	566,959	3,557,409	18,055,218

N/A – Not Available

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	RDL	Total Page									
U.S. Department of Agriculture:																				
Child Nutrition Cluster																				
National School Lunch Program	10.555																			
Pass Through Program From:																				
California Department of Education		N/A	-	175,273	131,387	153,083	185,734	169,834	192,871	187,903	1,196,085									
Wisconsin Department of Public Instruction		2023-408002-DPI-NSL-547	-	-	-	-	-	-	-	-	-									
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-									
National School Lunch Program Totals			-	175,273	131,387	153,083	185,734	169,834	192,871	187,903	1,196,085									
School Breakfast Program	10.553																			
Pass Through Program From:																				
California Department of Education		N/A	-	100,627	81,506	47,723	118,805	89,193	149,929	92,693	680,476									
Wisconsin Department of Public Instruction		2023-408002-DPI-SB-Severe-54t	-	-	-	-	-	-	-	-	-									
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-									
School Breakfast Program Totals			-	100,627	81,506	47,723	118,805	89,193	149,929	92,693	680,476									
Child Nutrition Cluster Totals			-	275,900	212,893	200,806	304,539	259,027	342,800	280,596	1,876,561									
P-EBT Local Administrative Cost Grant	10.649																			
Pass Through Program From:																				
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-									
Total U.S Department of Agriculture			-	275,900	212,893	200,806	304,539	259,027	342,800	280,596	1,876,561									
U.S Department of Health and Human Services:																				
Medicaid Cluster																				
Medical Assistance Program	93.778																			
Pass Through Program From:																				
Wisconsin Department of Public Instruction		100036582	-	-	-	-	-	-	-	-	-									
Medicaid Cluster Totals			-	-	-	-	-	-	-	-	-									
Total U.S. Department of Health and Human Services			-	-	-	-	-	-	-	-	-									
Total Federal Expenditures			<u>\$</u>	<u>233,439</u>	<u>\$</u>	<u>1,349,852</u>	<u>\$</u>	<u>1,221,348</u>	<u>\$</u>	<u>1,059,890</u>	<u>\$</u>	<u>1,238,330</u>	<u>\$</u>	<u>1,277,845</u>	<u>\$</u>	<u>1,721,423</u>	<u>\$</u>	<u>699,453</u>	<u>\$</u>	<u>8,801,580</u>

N/A – Not Available

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	PTID	Total Previous Page	RSA	RSK	RFZ	RRWC	RRS	RFA	Wisconsin		Tennessee	Federal Expenditures
										RSCP	TRP		
U.S. Department of Agriculture:													
Child Nutrition Cluster													
National School Lunch Program	10.555												
Pass Through Program From:													
California Department of Education		N/A	1,196,085	197,833	156,866	220,750	147,728	194,045	179,665	-	-	-	2,292,972
Wisconsin Department of Public Instruction		2023-408002-DPI-NSL-547	-	-	-	-	-	-	-	239,489	132,308	-	371,797
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-	933,151	933,151
National School Lunch Program Totals			1,196,085	197,833	156,866	220,750	147,728	194,045	179,665	239,489	132,308	933,151	3,597,920
School Breakfast Program	10.553												
Pass Through Program From:													
California Department of Education		N/A	680,476	118,747	123,198	109,198	70,991	74,764	108,663	-	-	-	1,286,037
Wisconsin Department of Public Instruction		2023-408002-DPI-SB-Severe-546	-	-	-	-	-	-	-	129,195	75,910	-	205,105
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-	535,224	535,224
School Breakfast Program Totals			680,476	118,747	123,198	109,198	70,991	74,764	108,663	129,195	75,910	535,224	2,026,366
Child Nutrition Cluster Totals			1,876,561	316,580	280,064	329,948	218,719	268,809	288,328	368,684	208,218	1,468,375	5,624,286
P-EBT Local Administrative Cost Grant	10.649												
Pass Through Program From:													
Metro Nashville Public Schools		N/A	-	-	-	-	-	-	-	-	-	653	653
Total U.S. Department of Agriculture			1,876,561	316,580	280,064	329,948	218,719	268,809	288,328	368,684	208,218	1,469,028	5,624,939
U.S. Department of Health and Human Services:													
Medicaid Cluster													
Medical Assistance Program	93.778												
Pass Through Program From:													
Wisconsin Department of Public Instruction		100036582	-	-	-	-	-	-	-	218,069	131,931	-	350,000
Medicaid Cluster Totals			-	-	-	-	-	-	-	218,069	131,931	-	350,000
Total U.S. Department of Health and Human Services			-	-	-	-	-	-	-	218,069	131,931	-	350,000
Total Federal Expenditures			<u>\$ 8,801,580</u>	<u>\$ 928,051</u>	<u>\$ 1,186,377</u>	<u>\$ 1,532,309</u>	<u>\$ 1,159,904</u>	<u>\$ 1,279,278</u>	<u>\$ 1,239,429</u>	<u>\$ 1,969,684</u>	<u>\$ 907,108</u>	<u>\$ 5,026,437</u>	<u>\$ 24,030,157</u>

N/A – Not Available

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

ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024

PURPOSE OF SCHEDULES

NOTE 1 CONSOLIDATING STATEMENTS

These statements provide detailed financial information of each charter school.

NOTE 2 SCHEDULE OF INSTRUCTIONAL TIME – CALIFORNIA

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

NOTE 3 SCHEDULE OF AVERAGE DAILY ATTENDANCE – CALIFORNIA

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

NOTE 4 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

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

NOTE 5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of RSEA under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures reported on the Schedule are reported on the accrual basis of accounting. Because the Schedule presents only a selected portion of operations of RSEA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of RSEA.

NOTE 6 INDIRECT COST RATE

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

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2024**

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

California Charter Schools:

Rocketship Mateo Sheedy Elementary (RMS), chartered by the Santa Clara County Office of Education, Charter Number: 0850 – Established 2007, Expires 2028

Rocketship Si Se Puede Academy (RSSP), chartered by the Santa Clara County Office of Education, Charter Number: 1061 – Established 2009, Expires 2025

Rocketship Los Suenos Academy (RLS), chartered by the Santa Clara County Office of Education, Charter Number: 1127 – Established 2009, Expires 2028

Rocketship Mosaic Elementary School (ROMO), chartered by the Franklin-McKinley Elementary School District, Charter Number: 1192 – Established 2011, Expires 2027

Rocketship Discovery Prep (RDP), chartered by the Santa Clara County Office of Education, Charter Number: 1193 – Established 2010, Expires 2027

Rocketship Brilliant Minds (RBM), chartered by the Santa Clara County Office of Education, Charter Number: 1393 – Established 2012, Expires 2025

Rocketship Alma Academy (RSA), chartered by the Santa Clara County Office of Education, Charter Number: 1394 – Established 2012, Expires 2025

Rocketship Spark Academy (RSK), chartered by the Franklin-McKinley Elementary School District, Charter Number: 1526 – Established 2013, Expires 2026

Rocketship Fuerza Community Prep (RFZ), chartered by the Santa Clara County Office of Education, Charter Number: 1687 – Established 2014, Expires 2027

Rocketship Redwood City Prep (RRWC), chartered by the Redwood City Elementary School District, Charter Number: 1736 – Established 2015, Expires 2027

Rocketship Rising Stars (RRS), chartered by the Santa Clara County Office of Education, Charter Number: 1778– Established 2016, Expires 2027

Rocketship Futuro Academy (RFA), chartered by the State Board of Education, Charter Number: 1805– Established 2016, Expires 2027

Rocketship Delta Prep (RDL), chartered by the Antioch Unified School District, Charter Number: 1965 – Established 2018, Expires 2026

Tennessee Charter Schools:

Rocketship Nashville Northeast Elementary (RNNE)

Rocketship United Academy (RUA)

Rocketship Dream Community Prep (RDCP)

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

Rocketship Southside Community Prep (RSCP)

Rocketship Transformation Prep (RTP)

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

Rocketship Rise Academy (RISE)

Rocketship Legacy Prep (RLP)

Rocketship Infinity Community Prep (RIC)

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
YEAR ENDED JUNE 30, 2024**

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires (2-Year Term)</u>
Louis Jordan	Board Chair	12/31/2024
Alex Terman	Treasurer	12/31/2025
Greg Stanger	Secretary	12/31/2025
Deborah McGriff	Member	12/31/2024
Raymond Raven	Member	5/31/2025
April Taylor	Member	8/31/2025
Jolene Sloter	Member	5/31/2025
Michael Fox	Member	5/31/2025
June Nwabara	Member	12/31/2025
Charmaine Detweiler	Member	12/31/2024
Daniel Velasco	Member	12/31/2025
Yolanda Bernal Samano	Member	12/31/2025
Malka Borrego	Member	8/31/2025
Julie Miller	Member	8/31/2025
Hugo Castaneda	Member	5/31/2024
Michelle Mercado	Member	12/31/2024
Daniel Sanchez	Member	12/31/2024
Deja Gipson	Member	12/31/2024
Brian Kilb	Member	3/31/2025
Rajen Sheth	Member	8/31/2024
Peter Philpott	Board Advisor	12/31/25

ADMINISTRATION

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Rocketship Education, Inc. and its Affiliates (RSEA), which comprise the consolidated statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rocketship Education, Inc. and its Affiliates' (RSEA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of RSEA's major federal programs for the year ended June 30, 2024. RSEA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, RSEA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding RSEA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of RSEA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of RSEA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Board of Directors
Rocketship Education, Inc. and its Affiliates

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

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

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

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE – CALIFORNIA

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

Report on Compliance

Opinion on State Compliance

We have audited Rocketship Education and its Affiliates' (RSEA) compliance with the types of compliance requirements applicable to RSEA described in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2024. The RSEA's applicable State compliance requirements are identified in the table below.

In our opinion, RSEA complied, in all material respects, with the compliance requirements referred to above that are applicable to RSEA for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on RSEA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about RSEA's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable ¹
Immunizations	Not Applicable ²
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable ³
Career Technical Education Incentive Grant (CTEIG)	Not Applicable ⁴
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable ⁵
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Not Applicable¹: RSEA did not report ADA pursuant to Education Code section 51749.5.

Not Applicable²: RSEA did not have any charter school subject to audit of immunizations as listed in the California Department of Public Health (CDPH) website as listed in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Not Applicable³: RSEA did not receive or expend ELO-G funds for the audit year.

Not Applicable⁴: RSEA did not receive a CTEIG allocation for the audit year.

Not Applicable⁵: RSEA did not report more than 20% of its ADA as generated through nonclassroom-based instruction (independent study).

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and which are described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002 and 2024-003. Our opinion on each state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on RSEA's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. RSEA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on RSEA's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. RSEA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Directors
Rocketship Education, Inc. and its Affiliates

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

Tentative - For discussion purposes only - subject to change

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number(s)

84.425U, 84.425W

84.424

84.027, 24.173

Name of Federal Program or Cluster

ESSER III; ESSER III, Homeless Children and Youth II ARP-HCY II

Title IV, Part A

Special Education Cluster

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

\$ \$750,000

Auditee qualified as low-risk auditee?

 yes no

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section IV – Findings and Questioned Costs – State Compliance (Continued)

2024-001 Transitional Kindergarten (Continued) 40000

Effect: RSSP is not in compliance with California Education Code requirements which resulted in the following penalties:

Penalty Calculation for Schoolsite, Average TK Enrollment Exceeding 20. Education Code Section 48000.15(e)(1)(B)

LEA P2 ADA for all classrooms with early enrollment children		20.23	
TK/K-3 GSA Rate	\$	3,044.00	
Penalty	\$	61,580.12	

Cause: Staffing shortages resulting in limited resources to decrease class sizes.

Questioned costs: See penalty calculations in the “effect” section above.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend RSSP implement additional review processes to ensure class sizes are in compliance with California Education Code.

Corrective Action Plan: Prior to enrolling any early enrollment students into Transitional Kindergarten, Rocketship will ensure appropriate staffing is in place to meet the maximum class size requirement for classrooms with early enrollment students. If meeting the reduced class size requirement is not feasible due to staffing or other issues, the student will not be enrolled.

2024-002 Unduplicated Pupil Counts 40000

Rocketship Rising Stars (RRS) #1778

Criteria: Education code section 42238.02 (b)(2) requires a charter school to submit its enrolled free and reduced-price meal eligibility, foster youth and English learner pupil-level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS 1.17 and 1.18 reports should accurately report the number of students eligible for free and reduced-price meals and those identified as “English Learners.”

Condition and Context: One error in a sample of twelve students was identified, in which one student was inaccurately reported as eligible for reduced meals.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section IV – Findings and Questioned Costs – State Compliance (Continued)

2024-002 Unduplicated Pupil Counts (Continued)

40000

Effect and Questioned Costs: RRS is out of compliance with Education code section 42238.02 (b)(2). Questioned costs are \$4,056. The error identified above was extrapolated to the population of free and reduced eligible pupils and the 1.17 and 1.18 reports contained errors as follows:

Charter School Audit Adjustments to CALPADS Data - Rocketship Rising Stars for June 30, 2024

Original		Updated		Net Change		LCFF Entitlement		
Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Original Entitlement	Revised Entitlement	Adjustment
1,799	1,547	1,799	1,541	0	(6)	1,956,448	1,952,392	(4,056)

Cause: This was a clerical error.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the charter school implement additional review procedures to ensure program compliance.

Corrective Action Plan: To help prevent errors in benefit disbursement caused by recipients with similar names, staff have undergone additional training focused on the careful review of unique identifiers, such as ID numbers or birth dates. This approach ensures that benefits are assigned to the correct individuals, minimizing the risk of misallocation. Furthermore, staff members will proactively follow up with parents or guardians in cases where there is any uncertainty or ambiguity regarding the student's information on the listing.

2024-003 Attendance

10000

Rocketship Alma Academy (RSA) #1061

Criteria: Per the 2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, published by the Education Audit Appeals Panel, the number of school days reported on the annual attendance report, which should not include any emergency closure days, must correspond to the number of school days on the school calendar.

Condition: The number of school days reported on the annual attendance report for RSA was 180, however, there were only 179 days of instruction. The number of days used to calculate the corresponding ADA was properly calculated using the actual instructional days of 179.

Effect: RSA over reported 1 instructional day on the annual attendance report.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

2024-003 Attendance (Continued)

10000

Cause: Total days were entered at the beginning of the year based on expected total days but there was a closure on one day and the days were not updated at the end of the year. The ADA was calculated based on the actual days.

Questioned Costs: None; the ADA was calculated correctly based on the actual instructional days of 179.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend the school incorporates an additional layer of review over the actual days reported on the annual attendance report before it is submitted.

Corrective Action Plan: Management will implement an additional layer of review to verify the accuracy of the actual days reported in the annual attendance report prior to its submission. Furthermore, management will ensure that all reviews and submissions are conducted within the designated open months of the Principal Apportionment Data Collection (PADC) system.

**ROCKETSHIP EDUCATION, INC. AND ITS AFFILIATES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

STATE COMPLIANCE

2023-001 Transitional Kindergarten

40000

Rocketship Delta Prep (RDL) #1965
Rocketship Alma Academy (RSA) #1394
Rocketship Mateo Sheedy Elementary (RMS) #0850
Rocketship Spark Academy (RSK) #1526

Criteria: Per California Education Code section 48000(g)(1), charter schools must maintain average transitional kindergarten class enrollment of not more than 24 pupils for each school site. Additionally, per Education Code section 48000(g)(2) schools must maintain an average of at least one adult for every 12 pupils.

Condition: During transitional kindergarten testing we noted RDL, RSA, RMS and RSK did not meet the transitional kindergarten class enrollment of not more than 24 pupils for each school site. In addition, RMS and RSK did not meet the adult to pupil ratio requirement of not more than one adult for every 12 pupils.

Recommendation: We recommend RDL, RSA, RMS and RSK implement additional review processes to ensure class sizes and adult to pupil ratios are in compliance with California Education Code.

Status: Implemented

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

Board of Directors
Rocketship Education
Redwood City, CA

We have audited the consolidated financial statements of Rocketship Education and its Affiliates as of and for the year ended June 30, 2024, and have issued our report thereon dated REPORT DATE, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedules A through D are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

Glendora, California
REPORT DATE

SCHEDULE A: GENERAL FUND BALANCE SHEETS - RRWC & RFA
For the Year Ended June 30, 2024

	RRWC	RFA	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 961,417	\$ 4,714,895	\$ 5,676,312
Accounts Receivable	1,268,713	1,119,898	2,388,611
Prepaid Expenses and Deposits	56,398	174,695	231,093
Total Current Assets	2,286,528	6,009,488	8,296,016
Total Assets	\$ 2,286,528	\$ 6,009,488	\$ 8,296,016
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES			
Accounts Payable	\$ 323,277	365,465	\$ 688,742
Deferred Revenue	1,424,377	3,150,610	4,574,987
Total Current Liabilities	1,747,654	3,516,075	5,263,729
FUND BALANCE			
Nonspendable for Prepaid Expenses	56,398	174,695	231,093
Unassigned	482,476	2,318,718	2,801,194
Total Fund Balance	538,874	2,493,413	3,032,287
Total Liabilities and Fund Balance	\$ 2,286,528	\$ 6,009,488	\$ 8,296,016

See Auditors' Report on Supplementary Information.

**SCHEDULE B: GENERAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - RRWC & RFA
For the Year Ended June 30, 2024**

	RRWC	RFA	Total
REVENUES			
LCFF State Aid & Property Taxes	\$ 3,678,447	\$ 7,640,393	\$ 11,318,840
Other State Revenue	1,868,967	2,672,807	4,541,774
Federal Revenue	1,159,904	1,239,429	2,399,333
Other Local Revenue	90,410	71,113	161,523
Contributions	-	-	-
Total Revenues and Other Sources	<u>6,797,728</u>	<u>11,623,742</u>	<u>18,421,470</u>
EXPENSES			
Program Expenses:			
Educational Programs	5,571,303	9,360,488	14,931,791
Total Program Services	<u>5,571,303</u>	<u>9,391,478</u>	<u>14,962,781</u>
Supporting Services:			
Administration and General	963,747	1,657,057	2,620,804
Debt Service - Principal	-	-	-
Total Supporting Services	<u>963,747</u>	<u>1,657,057</u>	<u>2,620,804</u>
Total Expenses and Other Uses	<u>6,535,050</u>	<u>11,048,535</u>	<u>17,583,585</u>
INCREASE (DECREASE) IN FUND BALANCE	262,678	575,207	837,885
Fund Balance - Beginning of Year	<u>276,196</u>	<u>1,918,206</u>	<u>2,194,402</u>
FUND BALANCE - END OF YEAR	<u>\$ 538,874</u>	<u>\$ 2,493,413</u>	<u>\$ 3,032,287</u>

See Auditors' Report on Supplementary Information.

**SCHEDULE C: RECONCILIATION OF ANNUAL FINANCIAL
REPORT WITH GENERAL FUND BALANCE SHEET - RRWC & RFA
For the Year Ended June 30, 2024**

	RRWC	RFA
June 30, 2024 Annual Financial Report Fund Balances	\$ 538,873	\$ 2,493,414
Increase (Decrease) of Fund Balance (Net Assets):		
Accounts receivable	(14,192)	(30,471)
Prepaid expenses and deposits	14,190	30,470
Accounts payable	3	-
Net Adjustments and Reclassifications	1	(1)
June 30, 2024 General Fund Balance Sheet	\$ 538,874	\$ 2,493,413

See Auditors' Report on Supplementary Information.

**SCHEDULE D: RECONCILIATION BETWEEN FULL ACCRUAL NET ASSETS
AND FUND BALANCE - RRWC & RFA
For the Year Ended June 30, 2024**

	RRWC	RFA
June 30, 2024 Full Accrual Net Assets	\$ 546,044	\$ 2,534,374
Modified Accrual Adjustments		
Long Term Fixed Assets	(5,840)	(63,523)
Operating Right-of-Use (ROU) Lease Asset	(23,819)	(846,263)
Lease Liabilities - Operating	22,489	868,825
Net Adjustments	(7,170)	(40,961)
June 30, 2024 General Fund Balance	\$ 538,874	\$ 2,493,413

change

Tentative - For discussion purposes only

See Auditors' Report on Supplementary Information.

Q2 Rocketship Public Schools Audit Committee Meeting

December 3, 2024



Agenda

1. Opening Items

A. Call to order

B. Public comment on off-agenda items

2. Consent Items

A. Approve minutes from August 20, 2024 Audit Committee meeting

3. Agenda Items

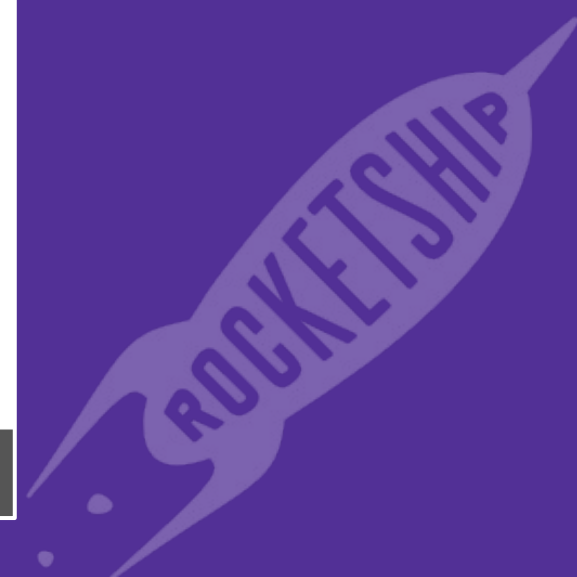
A. 403(b) Update

B. Review and Recommend Approval of the 2023-24 Audit to the Rocketship Board of Directors

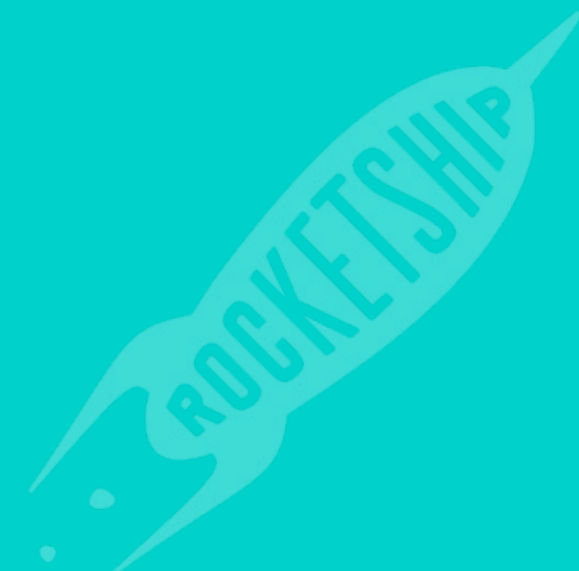
C. Audit Request for Proposal Process

D. Controls Process Review

4. Adjourn



Public Comment



403(b) Update



Transition of 403(b) Vendor Update

Goal

To enhance administrative support and the participant experience, while providing greater investment flexibility, ensuring fee transparency, and offering additional educational sessions to raise awareness about the Rocketship 403(b) Plan. This initiative aims to highlight the advantages of retirement savings, particularly for employees not covered by state pension plans. It reflects our steadfast commitment to offering a comprehensive total rewards package, inclusive of competitive retirement benefits.

Transition Process and Timeline

- **Account Transition:** The Rocketship Benefits Team and Fidelity Investments will manage all account transitions. **No action is required from employees.**
- **Communication Timeline:**
 - **November 20, 2024 (from Rocketship):** [Initial communication](#) about the transition emailed to all staff.
 - **November 27, 2024 (from Fidelity):** Transition Guide emailed to current participants, detailing key dates, investment transfer information, and Fidelity contact details. Transition Guide will be mailed to former Rocketship participants with Principal account balances.
- **Blackout Period:** To ensure an accurate and seamless transition, there will be a brief **blackout period** during which participants will not have access to their accounts.
 - **Start:** January 3, 2025, at 4:00 p.m. ET
 - **Duration:** Up to four weeks
 - **Key Notes:** Funds will remain continuously invested during the blackout period, and payroll deductions will continue as scheduled, depositing into Fidelity accounts.



Transition of 403(b) Vendor Update

Next Steps

- Rocketship and Fidelity's service agreement is currently undergoing our standard contract review process with the Legal team, with a target completion date set for December 2024.
- Payroll integration will begin in December 2024.

What's Changing?

The transition includes the following updates to investment options to ensure flexibility and alignment with financial goals:

- **New Options:** Vanguard Target Retirement Series will replace Principal LifeTime target date funds. Vanguard Growth Index will replace the Principal Large Cap Growth Fund.
- **Expanded Choices:** A self-directed brokerage account will allow access to a broader array of investment options.

Upcoming Communication and Resources

- **Detailed Communications:** Beginning December 2024, from **Your Benefits Center** (fidelity.investments@mail.fidelity.com).
- **Live Employee Education Session:** December 9, 2024, introducing new plan features and transition details.
- **Virtual Office Hours with Benefits Team:** Available in January and February for follow-up questions.
- **Comprehensive FAQ Document:** To be created and available throughout the transition for details on investments, procedures, and timelines.



Review and Recommend Approval of the 2023-24 Audit to the Rocketship Board of Directors



Audit Scope and Process Overview

Each year, we are required to undergo an independent audit of our financial statements as well as our controls and policies.

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.



Summary of Adjustments

Description	Increase (Decrease)	Account Category
State Grants	380,979	Other State Revenue
Federal Grants	719,439	Federal Revenue-Grants
Donations	149,333	Contribution Revenue
LDC Consult Fee	159,000	Other Local Revenue
E-rate reimbursement	420,000	Other Local Revenue
Other Acct Recon Adj.	55,487	Other Local Revenue
JetPacked asset w/o	(600,000)	Other Program Costs
Total	1,284,239	Actuals change from original to final

Across all of RSED, adjustments since the September board presentation of unaudited actual are small and have a net-positive effect to CINA.



Findings and Questioned Costs

Across the consolidated audit and the individual regional audits, we have no financial statement findings and no questioned costs from major federal programs.

The RSED report will contain three State Compliance findings for the California schools:

1. Transitional Kindergarten: One school, RSSP, exceeded the 20-student classroom limit for TK by 0.23 students for one enrollment period.
 - a. This finding carries a likely penalty of \$61,580.
 - b. This is not a repeated finding, but is similar to a prior year audit finding.
2. Unduplicated counts: In a sample of 12 students at Rising Stars, one was found to be inaccurately reported as eligible for free or reduced lunch.
 - a. Extrapolated across the school, this finding results in a revenue adjustment of -\$4,056
 - b. This is not a repeated finding and was due to a clerical error (multiple students with the same name led to a mis-assignment of a student).
3. ADA reporting: An annual attendance report for RSA reported that the school was in session for 180 days, however, there were only 179 days of instruction due to an unplanned closure that didn't get subtracted in the final report.
 - a. The number of days used to calculate the school's ADA for funding was properly calculated using the actual instructional days of 179 - no costs are questioned.
 - b. RSA met state minimum days of attendance at 179.



Audit Request for Proposal Process



Update after 11/15 Submission Deadline

- **Submitted Proposals:**

On November 15, 2024, we received proposals from three firms: CLA, Crowe, and Forvis Mazars.

- **Withdrawn Firm:**

KPMG informed us earlier in the process that they are unable to fulfill the request at this time. However, they expressed interest in considering a future partnership with us.

- **Eide Bailly Status:**

Eide Bailly reached out late in the process to inquire about the RFP. While we provided the requested information, they later informed us that due to their current workload, they were unable to submit a proposal by the November 15, 2024 deadline.

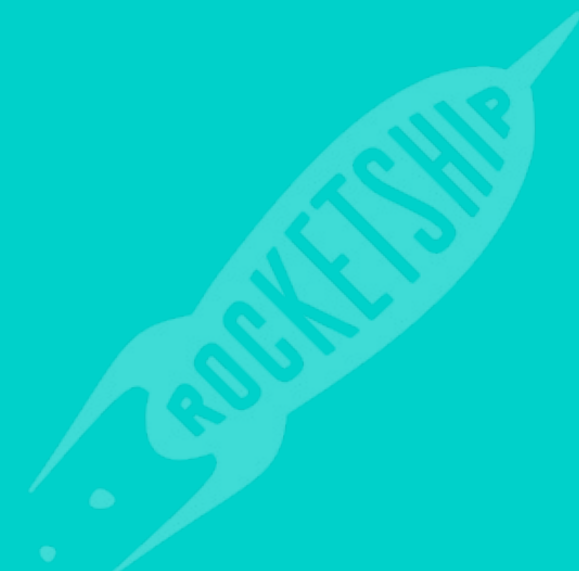
Audit RFP Next Steps

- **Proposed Fee Summary**
 - a. Forvis Mazars: \$452,025
 - b. CLA: \$294,690
 - c. Crowe: \$250,000
- **Preliminary Assessments:**
We aim to complete all preliminary evaluations by December 15, 2024. This timeline accounts for the upcoming holidays and the financial statement audit reporting workload.
- **Follow-up and References:**
If follow-up inquiries or reference checks are required, these will be conducted between December 15, 2024, and January 15, 2025, with consideration given to the holiday season.
- **Scoring Criteria:**
The scoring process will be based on the stated criteria:
- **Next Steps:** Committee should look for an email update 12/20 or sooner with scoring results and recommended next steps.

Criteria	Description
Compliance with RFP Requirements	Adherence to the submission guidelines, completeness, and timely submission
Understanding of Audit Scope	Demonstrated understanding of the audit objectives, regulatory compliance requirements, and business needs
Audit Methodology	Clarity and effectiveness of proposed audit approach, risk assessment, and quality assurance processes
Experience and Expertise	Relevant audit experience, industry expertise, qualifications, and certifications of the audit team
References and Past Performance	Feedback from previous clients, particularly related to similar audit services or industries
Technology and Tools	Use of audit tools, data analytics, or software that will enhance the efficiency and accuracy of the audit
Proposed Timeline	Feasibility of the proposed audit timeline, including key milestones and final deliverables
Cost Structure	Reasonableness and transparency of pricing for the proposed audit services



Controls Process Review

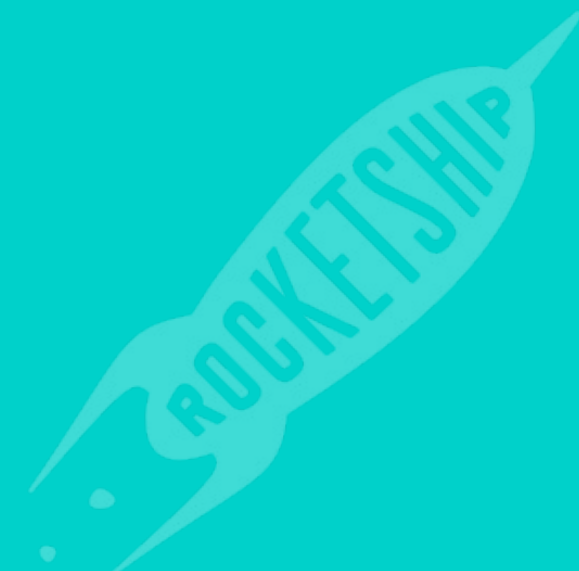


KPMG Controls Audit Update

- Following conclusion of financial statement audit, the team has turned towards completing the 47-item document request list from KPMG for the controls audit process.
- Requested documents focus on:
 - Board governance materials
 - Fiscal and legal policies
 - Lists of credit card, inter-company, and employee reimbursement expenses
 - General financial statements
- We have committed to an 11/30 turnover of all available data.
- KPMG anticipates an 8-week turnaround from document turnover to draft report, including interviews and follow up requests.



Appendix







We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Rocketship Education

Audit Presentation

Year ended June 30, 2024



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Results of Professional Services

Audit Adjustments

Audit adjustments were immaterial.

No uncorrected misstatements

Audit Opinion

- Financial Statement Audit:
 - Unmodified opinion
 - No material weaknesses or significant deficiencies identified
- State Compliance Audit:
 - Unmodified opinion
 - Noncompliance findings identified resulting in significant deficiencies. Findings in next slide.
- Single Audit (major programs were ESSER, Title IV, and Special Ed Cluster):
 - Unmodified opinion
 - No material weaknesses or significant deficiencies identified



Results of Professional Services

State compliance findings:

- 2024-001 Transitional Kindergarten RSSP:
 - RSSP did not meet the transitional kindergarten class enrollment of not more than 20 pupils for its one class with early enrollment pupils. Associated questioned costs of \$61,580.
- 2024-002 Unduplicated Pupil Count RRS:
 - One error in a sample of twelve students was identified, in which one student was inaccurately reported as eligible for reduced meals. Associated questioned costs of \$4,056.
- 2024-003 Attendance RSA:
 - RSA over reported 1 instructional day on the annual attendance report.

Update on prior year findings:

- 2023-001 Transitional Kindergarten RDL, RSA, RMS and RSK: all implemented.



Results of Professional Services

New Accounting/Audit Standards – implemented 23/24

Enhanced financial reporting framework surrounding management estimates, including a method, assumptions, and further audit process on the data (Statement on Auditing Standards (SAS) No. 143).

Enhances the requirements and guidance on identifying and assessing the risks of material misstatement, particularly the areas of understanding the entity's system of internal control and assessing control risk (SAS 145).

Accounting Standards Update (ASU) No. 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (ASC 326)

Upcoming Accounting Standards – effective 24/25

ASU 2023-01 Leases: Common Control Arrangements

Clarifies applying Topic 842 to related party arrangements between entities under common control, reducing diversity in practice. Additional details in the governance letter included.





Financial Highlights



Financial Highlights – as of 6/30/24

Current Ratio

- Measures the ability to pay off short term obligations.
- Rocketship Education (consolidated) ratio is 3.5.
- Rocketship Education (CA charter entity only) ratio is 2.8.
- A healthy ratio is at least 2.

Months of Cash

- Quick snapshot of the organizations “survival time” were it to lose future funding or become unable to generate short-term revenue
- Rocketship Education (consolidated) has 5.43 months of cash.
- Rocketship Education (CA charter entity only) has 5.55 months of cash.
- A healthy number is 3-6 months.



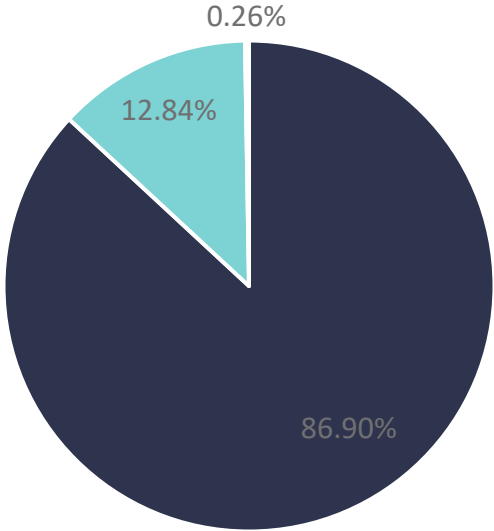
Financial Highlights – 23/24

- 2024 net income (consolidated) was over \$14.4M
- 2024 net income (CA charter entity only) was over \$15.1M
- Increase in cash of over \$31M (consolidated) and \$26.1M (CA charter entity only).



Functional Expenses

Expenses



■ Program Services ■ Management and General ■ Fundraising





Creating Opportunities



CLA Resources and Publications

- **Harness Data for Your Nonprofit: Turn Information into Impact:**
<https://www.claconnect.com/en/resources/blogs/nonprofits/harness-data-for-your-nonprofit-turn-information-into-impact>
- **Top Strategies to Mitigate Current Cyber Threats:**
<https://godigital.claconnect.com/insights/article/top-strategies-to-mitigate-current-cyber-threats/>
- **Use the OMB Compliance Supplement for Effective Grants Management:**
<https://www.claconnect.com/en/resources/articles/24/use-the-omb-compliance-supplement-for-effective-grants-management>
- **Engaging the Board: 7 Strategies for Effective Nonprofit Financial Reports:**
<https://www.claconnect.com/en/resources/blogs/nonprofits/engaging-the-board-7-strategies-for-effective-nonprofit-financial-reports>



Clean Energy Credits Available

- The investment tax credit (IRC §48). Applies to the purchase, construction, or installation of a broad range of items such as solar panels, geothermal systems, combined heat and power systems, and electrochromic glass, just to name a few.
- Credit for qualified commercial clean vehicles (IRC §45W). Applies to new electric vehicle purchases or leases.
- Alternative fuel vehicle refueling property credit (IRC §30C). Applies to several types of alternative fueling stations, including electric vehicle charge stations installed on nonprofit premises.



CLA's Digital Services



Automation and Integration

Automation and integration can help you improve your competitive edge, streamline workflows, and break down barriers to information.



Analytics

From building a robust data infrastructure to implementing machine learning and AI, we can help you make the most of your data.



Cybersecurity

Our team can analyze key cybersecurity aspects and provide tailored recommendations for your organization's information security.



Preview of Expected State Compliance Changes



Preliminary Changes – Expected 24/25

- Kindergarten Continuance – expected to be added 3/2025
 - For each pupil enrolled who turned six years old by September 1 and were enrolled in kindergarten for the audited year. A representative sample of these kindergarten pupils will be selected for further review. Enrollment history will be reviewed and for students who repeated kindergarten in 24/25 we will be verifying the school has a signed Kindergarten Continuance Form or a signed alternative kindergarten continuance parent agreement, approved in form and content by the CDE.
- Independent Study – expected to be added 3/2025
 - When the LEA uses time recorded to determine apportionment calculations, auditors are expected to verify the LEA documents the time recorded for student participation by online or computer-based instructional platforms.
 - Auditors are also expected to verify the LEA maintains documentation of hours or fraction of an hour of both pupil work products and the time that the pupil engaged in asynchronous instruction.
 - Short term independent study requirements updated to 15 school days.
 - Signatures on master agreements for short term independent study (cumulative for the school year of 15 days or less) – can be obtained at any time during the school year.



Preliminary Changes – Expected 25/26

- **ELOP**

- For programs that charge family fees. We will need to verify fees were waived for pupils who are eligible for free/reduced priced meals, homeless youth, or in foster care.
- We will also need to verify the fees were on a sliding scale that considers family income and ability to pay.

- **TK**

- Adult to student ratio decreases to 10 students to 1 adult. No longer testing early enrollment TK.
- Will need to verify the credentialed teacher assigned to a TK classroom met the requirements of ED Code Section 48000(g)(4). Ed Code in notes.

- **Immunizations**

- Checking one Tdap dose for 7th graders.

- **Attendance Recovery**

- Steps are not available yet, but this applies to Saturday school attendance recovery.



Preliminary Changes Expected – 25/26

- Comprehensive School Safety Plan
 - Verify the LEA adopted an instructional continuity plan per the requirements in Education Code Section 32282(a)(3)(A). Ed Code in notes.
 - Verify each school had its comprehensive school safety plan reviewed and updated by March 1 as described in Education Code sections 32286, 47605(c)(5)(F) and 47605.6(b)(5)(G), as applicable.
- Independent Study
 - Interviews of LEA administrative personnel and independent study teachers to determine if the LEA provided independent study pupils or their families with direct monetary funding or ownership of any other things of value such as equipment.





Appendix



Required Board Communications

Topic	Communication
Our Responsibility Under Generally Accepted Auditing Standards	<ul style="list-style-type: none">• Express an opinion on the fair presentation of the financial statements in conformity with GAAP• Plan and perform the audit to obtain reasonable (a high level), but not absolute, assurance that the financial statements as a whole are free from material misstatement• Obtain an understanding of internal control over financial reporting• Utilize a risk-based audit approach• Evaluate accounting policies and significant accounting estimates• Conclude whether there is substantial doubt about the entity's ability to continue as a going concern• Communicate significant matters to appropriate parties
Planned Scope and Timing of the Audit	<ul style="list-style-type: none">• Performed the audit according to the planned scope and timing previously communicated via the planning communication dated July 9, 2024.
Other Information Included in Annual Reports	<ul style="list-style-type: none">• Other information is comprised of the Local Education Agency Organization Structure.• We did not identify any material inconsistencies between the other information and the audited financial statements.



Required Board Communications

Topic	Communication
Significant Accounting Policies	<ul style="list-style-type: none">• Management is responsible for the accounting policies of the organization• Accounting policies are outlined in Note 1 to the financial statements• Accounting policies deemed appropriate
Significant Accounting Estimates	<ul style="list-style-type: none">• An area of focus under a risk-based audit approach• Estimates determined by management based on their knowledge and experience• No management bias indicated• Estimates were deemed reasonable
Significant Unusual Transactions	<ul style="list-style-type: none">• No significant unusual transactions noted
Supplementary Information	<ul style="list-style-type: none">• Supplementary schedules• Engaged to report in relation to the financial statements as a whole• Method of preparing has not changed from the prior year• Supplementary information reconciles to financial statements• Supplementary information is appropriate and complete in relation to our audit



Required Board Communications

Topic	Communication
Management Representation Letter	<ul style="list-style-type: none">• Management will provide signed representation letter prior to finalization of the audit report
Other	<ul style="list-style-type: none">• No difficulties encountered in performing the audit• No issues discussed prior to retention as independent auditors• No disagreements with management regarding accounting, reporting, or other matters• No management consultations with other independent auditors• No difficult or contentious matters requiring consultations outside of the engagement team• No other findings or issues were discussed with, or communicated to, management• State compliance findings – 3 findings in previous slides
Form and Content of the Auditors' Report	<ul style="list-style-type: none">• Unmodified opinion

