



CHARTER AGREEMENT
Rocketship Nashville #3

This Charter Agreement (hereinafter referred to as “this Agreement”) is entered into this, the ___ day of _____ 2020, by and between the Tennessee State Board of Education (hereinafter referred to as “the Chartering Authority”) and Rocketship Nashville #3 (hereinafter referred to as “the Charter School”). The Chartering Authority and Charter School are collectively referred to as the “Parties” to this Agreement.

For purposes of this Agreement, “Charter School” refers to the Sponsor and, once the Governing Body assumes operational and management responsibility for the school, the Governing Body. The terms “Charter School,” “Sponsor,” and “Governing Body” are used interchangeably herein; however, references herein to “Charter School” shall not include other schools operated by the Sponsor or Governing Body.

This Agreement consists of the following documents:

- This document and any exhibits hereto or documents incorporated herein by reference
- Approved Charter School’s Application (Exhibit 1)
- Current Approved Performance Frameworks – Academic, Organizational, and Financial (Exhibit 2)
- Pre-Opening Checklist (Exhibit 3)
- Waivers (Exhibit 4)

In consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereto agree as follows:

1. General Terms

1.1. Applicable Law. This Agreement and the Charter School’s operations shall be governed by and construed in accordance with the laws of the state of Tennessee and applicable federal laws. Though the Charter School may, pursuant to Tennessee Code Annotated (“T.C.A.”) § 49-13-111, seek waivers from the Chartering Authority or the commissioner of education from Tennessee laws or rules of the State Board of Education that inhibit the Charter School’s ability to meet its goals or comply with the school’s mission, the Parties understand that currently, waivers may not be provided from the types of laws and rules specifically listed in T.C.A. § 49-13-111, from any provisions of Title 49, Chapter 13 (the Tennessee Public Charter Schools Act, hereinafter referred to as the “Act”), those included in the Act by reference, or from other laws specifically applicable to charter schools (such as those related to benefits or retirement of charter school employees contained in Title 8, Chapter 27, Part 3).

To the extent there is a conflict between the terms of this Agreement and the Charter School’s Application, the terms of this Agreement shall govern.

By signing this Agreement, the Chartering Authority approves any waivers requested in the Charter School's Application, unless such waivers are excluded from Exhibit 4. Approved waivers and any other waivers subsequently requested and approved are attached as **Exhibit 4**.

1.2. Effective Date. This Agreement shall be effective immediately following signature by the Governing Board or its designee and the Chartering Authority. This Agreement shall expire on June 30 of the tenth (10th) year after the date of opening of the Charter School for instruction, unless earlier terminated or renewed pursuant to the terms of this Agreement or state law. In the event that the Charter School chooses to exercise its statutory authority under T.C.A. § 49-13-110 to delay the opening of the school for one (1) year, all dates listed throughout the Agreement shall move forward one (1) calendar year from the dates in the Agreement.

1.3 Pre-Opening Process. Upon approval by the Chartering Authority, the pre-opening checklist (the "Pre-Opening Checklist", incorporated into this Agreement as **Exhibit 3**), will be sent to the Charter School outlining specific actions that must be put in place during the planning year and completed prior to the Charter School opening for instruction. If the Pre-Opening Checklist is substantially incomplete at the time of inspection, the Chartering Authority may decide to not allow the Charter School to open until the Charter School has completed all pre-opening steps under T.C.A. § 49-13-111, Chartering Authority policies, and the Pre-Opening Checklist.

If the Charter School is allowed to open despite the failure to complete all items required by the Pre-Opening Checklist, the Charter School must provide proof to the Chartering Authority that all items on the Pre-Opening Checklist have been completed by the date specified by the Chartering Authority. The failure of the Charter School to complete all items on the Pre-Opening Checklist by the specified date shall be a material violation of this Agreement and shall subject the Charter School to immediate charter revocation.

1.4. Charter School Performance. The operation of the Charter School shall be subject to the terms and conditions of this Agreement and the Act. Decisions by the Chartering Authority regarding amendment, renewal, or revocation of this Agreement shall be based upon applicable laws, rules, policies, this Agreement, and/or the academic, organizational, and financial Performance Frameworks (the "Performance Frameworks") incorporated into this Agreement as **Exhibit 2**, as well as the Intervention Policy incorporated into this Agreement as **Exhibit 5**.

The Chartering Authority shall have broad oversight authority over the Charter School and may take all reasonable steps necessary to oversee compliance with this Agreement and applicable laws, rules, and policies. This oversight authority includes, but is not limited to, the right to visit, examine, and inspect the Charter School and its records during the pre-opening year, during the annual monitoring visit, and to investigate a complaint (notice including a statement of the complaint shall be given to the Charter School, unless in the judgment of the Chartering Authority such notice would inhibit the Chartering Authority's ability to investigate the complaint. Information that may identify the complainant may be redacted if deemed necessary by the Chartering Authority).

Upon reasonable notice, the Chartering Authority may interview Charter School employees, Board members, students, and families as necessary to resolve complaints and grievances. With respect to complaints and grievances, additional information is contained in Section 8.2.



The Chartering Authority shall provide in writing to the Charter School no later than July 1 of each school year a Master Reporting Calendar which will set out key deadlines for the Charter School to provide certain information and reports. Additionally, at least thirty (30) days prior to any site visit, the District shall provide the Charter School with a written list of any required documentation and/or specified actions for the site visit.

The Parties agree that the most critical performance measures contained in the Performance Frameworks are the academic measures, which may include student achievement, student growth measures (including annual measurable objectives), readiness for successive school levels (middle, high, or post-secondary) and employment, as well as mission-specific academic goals defined in the Performance Frameworks.

For the purposes of accountability, renewal, and/or revocation evaluation, the Performance Frameworks supersede all assessment measures, educational goals and objectives, financial operations metrics, and organizational performance metrics set forth in the Charter School's Application and not explicitly incorporated into the Performance Frameworks. However, this shall not prevent the Chartering Authority from holding the Charter School accountable for any goals contained in the Charter School's Application that do not conflict with Performance Frameworks for purposes of accountability, renewal, and/or revocation evaluation. The specific terms, form and requirements of the Performance Frameworks are maintained and disseminated by the Chartering Authority and shall be binding on the Charter School.

The Chartering Authority shall—at least annually—monitor and report on the Charter School's progress in relation to the indicators, measures, metrics, and targets set out in the Performance Frameworks, as well as compliance with federal and state laws and regulations, and when required by the Performance Frameworks and such laws and regulations. The Chartering Authority will conduct an annual scheduled comprehensive site visit each year, which will be used to inform the interim review done at the end of the fifth year.

The Chartering Authority shall conduct an interim review at the end of the fifth year after the date of opening of the Charter School for instruction, pursuant to T.C.A. § 49-13-121.

Changes to the Performance Frameworks to align with changes to applicable state or federal accountability requirements shall apply to the Charter School. In the event of such changes, the Chartering Authority will use best efforts to apply expectations for school performance in a manner consistent with those set forth in the Performance Frameworks as initially established in the most recent charter agreement.

Changes to the Performance Frameworks that are not required by state or federal law or accountability requirements will not become binding upon the Charter School without the Charter School's consent, except at the time of charter renewal or amendment.

1.5. Location. The Charter School location is to be determined and will be located in the southeast region of Nashville, TN. If the Charter School proposes to change its location, such change shall not require an amendment to this Agreement unless the location change is materially different from the location of the Charter School as discussed in the Charter School's Application

and described in this agreement. Non-material changes in location shall require at least thirty (30) days prior notice to the Chartering Authority. Any change in location that is determined by the Chartering Authority to be materially different from the Charter School's Application shall require an amendment to this Agreement as set forth in Section 10. If the Charter School is located at a site owned or controlled by the local education agency (LEA) in which the Charter School is located or a site owned or controlled by the local government where the Charter School is located, the use of such site shall be subject to and governed by a Facilities Agreement between the parties.

1.6. Employment Status. All teachers and other staff of the Charter School shall be employed by the Charter School, and not the Chartering Authority.

2. Charter School Organizational Responsibilities

2.1. Student Enrollment and Retention. The Charter School shall enroll students according to T.C.A. § 49-13-113. The Charter School shall not discriminate with respect to admissions on the basis of race, color, ethnicity, religion, national origin, English language proficiency, sex, disability, or the need for special education and related services as set forth in the Charter School's Application and the Act.

The Charter School may enroll students up to a total maximum enrollment of 560. Increases in total enrollment numbers greater than 10% or forty (40) students, whichever is less, shall constitute material changes to this Agreement, and are not permitted unless a formal amendment to this Agreement is secured in advance according to the provisions outlined in T.C.A. § 49-13-110(d) and State Board Rule 0520-14-01-.06. Reductions in enrollment greater than 15% or fifty (50) students, whichever is less, must be reported to the Chartering Authority and evaluated to determine if they are material changes to this Agreement. Reductions in enrollment in successive years or changes that affect the financial solvency of the Charter School are considered material and shall require an amendment to this Agreement. Any change in enrollment that is considered to be material to this Agreement shall not be permitted unless a formal amendment to this Agreement is secured in advance according to the provisions outlined in T.C.A. § 49-13-110(d), State Board Rule 0520-14-01-.06, and this Agreement.

If the number of applications for the Charter School exceeds the capacity of a program, class, grade level, or building, enrollment shall occur according to the preferences in T.C.A. § 49-13-113. If enrollment within a group of preference set out in subdivision (d)(4) exceeds the planned capacity of the Charter School, enrollment within that group shall be determined on the basis of a lottery that complies with statute. The Charter School may not "counsel out" or discourage students from attending the Charter School for any reason, including but not limited to failure to comply with letters of commitment or similar proposed contracts between students and parents and the Charter School.

2.2. Academic Program. The Charter School shall operate the academic program in accordance with this Agreement, the Charter School's Application, and applicable state and federal law, including providing at least the same equivalent time of instruction as other public schools and complying with assessment and accountability laws and rules (T.C.A. § 49-13-111). If the Charter School is performing below standards, the Chartering Authority may review the academic program. The Charter School will notify the Chartering Authority of any changes to the

academic program that are a change from the Charter School's Application, and the Chartering Authority will evaluate to determine if they are material changes to this Agreement. Any changes to the school structure shall be considered material to this Agreement and shall not be permitted unless a formal amendment to this Agreement is secured in advance according to the provisions outlined in T.C.A. § 49-13-110(d), State Board Rule 0520-14-01-.06, and this Agreement.

2.2.1. Assessments. The Charter School shall administer all state-mandated assessments to the extent such assessments are required by the Tennessee Department of Education, which currently include but are not limited to TCAP or its successor assessment, writing assessments, and English learner (EL) assessments for the required grades and testing windows. The Charter School shall comply with all Department of Education-required assessment administration, security, and reporting requirements. The Charter School may use additional assessments of its own choosing.

2.3. Special Education. Special education services, related services, and accommodations for students who are eligible under the Individuals with Disabilities Education Act (IDEA), Section 504 of the Rehabilitation Act of 1973 (Section 504), the Americans with Disabilities Act (ADA), or any applicable provisions of state law, shall be provided in accordance with applicable state and federal law, this Agreement and Chartering Authority rules and policy. The Chartering Authority is the LEA for purposes of ensuring compliance with IDEA, Section 504, and all other federal and state laws and regulations concerning accommodation of and education of students with disabilities.

2.3.1. Responsibility of the Charter School. The Charter School assumes responsibility for the provision of services, development and implementation of individualized education programs (IEPs), 504 plans, child find, evaluation and re-evaluation, and all other obligations under IDEA and/or Section 504 for students identified as eligible for special education services and/or disability accommodations. The Charter School shall have a qualified special education coordinator who will be responsible for monitoring individual case management of all special education students and disabled students and for arranging the provision of services required by their IEP and/or 504 plan. The Charter School shall maintain documentation of the Charter School's compliance with IDEA and Section 504 as required by law. No student shall be denied admission nor counseled out of the Charter School due to the nature, extent, or severity of his/her disability or due to the student's request for, or actual need for, exceptional education services or accommodations pursuant to IDEA, Section 504, or the ADA.

The Charter School shall also implement the requirements of Response to Instruction and Intervention ("RTI²"), as set forth by the Tennessee Department of Education.

The Charter School shall report to the Chartering Authority any and all formal complaints, relating to IDEA Due Process for special education and Office of Civil Rights complaints for disability accommodations within ten (10) business days of the Charter School's notification of such occurrences.

The Charter School's indemnity of the Chartering Authority relating to special education and disability accommodations is provided in Section 12.c.

2.3.2. Costs for Special Education. The Charter School is financially responsible for child find including student identification, evaluation and assessment expenses. All costs associated with providing educational services to students with disabilities are the responsibility of the Charter School. The Charter School shall bear the financial responsibility for evaluations and reevaluations and the provision of all services consistent with student IEPs and 504 plans.

The Chartering Authority will pass federal funding to the Charter School based on the per pupil allocation received from the Tennessee Department of Education. Funding is available on a reimbursement basis.

2.4. English Learners. The Charter School shall address the needs of EL students pursuant to applicable federal and state laws and regulations (including Title III of the Every Student Succeeds Act (ESSA) and Title VI of the Civil Rights Act of 1964 (Title VI)). The Charter School agrees to maintain and consistently implement a policy to identify students in need of EL services, to provide services in an equitable manner to ensure meaningful access to the school's educational program (including the provision of appropriate accommodations), and to facilitate obtaining English proficiency and exit from EL services according to individual student capacity. In addition, the Charter School shall ensure that Limited English Proficiency (LEP) parents and guardians have meaningful access to school-related information.

2.5. Student Discipline/Due Process. The Charter School is responsible for administering its discipline policy in a manner consistent with state and federal law and, rules, and the Chartering Authority's policies that ensures students' due process rights are satisfied, including the provision of appropriate informal or formal hearings. The Charter School shall promptly notify the Chartering Authority and the LEA in which the student resides of any student expulsion. If the LEA in which the student resides determines that the expelled student is eligible for its Alternative School program, the Charter School shall work with the LEA in which the student resides to provide an expelled student access to the LEA's alternative school programs.

2.6. Student Information Systems. The Charter School shall adopt the Student Information System selected by the Chartering Authority.

2.6.1. Student Information Reporting. To ensure compliance with federal and state law regarding student records, the Charter School shall report to the Chartering Authority student information enrollment projections for the coming year no later than February 20. Any errors in data reported to the State by the Charter School shall be the sole responsibility of the Charter School to identify and correct.

3. Staffing

3.1. Teachers. The Charter School shall ensure that all teachers are licensed pursuant to state statutes, Chartering Authority policies and rules, and meet applicable federal qualifications including exceptional education certified and ESL certified. The Charter School shall also ensure that all other staff are properly licensed and endorsed pursuant to state statutes.

3.2. Background Checks. All current employees of the Charter School who have or who will have contact with children at the Charter School within the scope of the individuals' employment, and employees of contractors or sub-contractors of the Charter School who have contact with children within the scope of the individuals' employment, shall complete criminal background checks as required by state law using the ORI number of the Charter School.

4. Facilities

The Charter School shall ensure the Charter School's grounds and facilities comply with applicable health and safety laws, including the ADA, state fire marshal codes, and state and local zoning and land use codes.

The Charter School shall not commence instruction prior to completion of applicable inspections and receipt of a completed Pre-Opening Checklist (attached as Exhibit 3) from the Chartering Authority, unless the Chartering Authority permits the Charter School to open and provide later certification of completion of all items on the Pre-Opening Checklist.

5. Food Service

If the Charter School offers food services on its own or through a third-party contract, the Charter School may apply directly to, and if approved, operate school nutrition programs with reimbursement from the United States Department of Agriculture, under supervision of the Tennessee Department of Education.

6. Transportation

The Charter School will provide transportation as set forth in the Charter School's Application. If the Charter School has elected to provide transportation for its students, the Chartering Authority shall provide to the Charter School the funds that would otherwise have been spent to provide transportation as provided in T.C.A. § 49-13-114. In order to receive these funds, the Charter School must comply with state laws and Chartering Authority rules and policies regarding student transportation. Transporting students in buses that have not been approved for operation by the department of safety may be grounds for non-renewal or revocation of this agreement. A change to the Charter School's plan to provide or not provide transportation for its students is considered material and requires an amendment, however, a modification in a plan to provide transportation is not considered material.

7. Insurance

The Charter School shall maintain the following insurance:

- a. **General Liability/Automobile Liability Policy:** must be equal to or greater than \$5,000,000. This insurance shall be primary insurance. Any insurance or self-insurance programs covering the State of Tennessee, its officials, employees, and volunteers shall be in excess of this insurance and shall not contribute to it. The first one million dollars must be with a company licensed to do business in the

- state of Tennessee. The remaining \$4,000,000 can be covered under an excess liability policy (also known as an “umbrella” policy). The policy must name the State of Tennessee as an additional insured. The policy must cover contractual liability. Automobile coverage shall cover vehicles owned, hired, and non-owned.
- b. Professional Liability Policies: Directors and Officers Policy must be equal to or greater than \$5,000,000. Teachers Professional Liability Policy must be equal to or greater than \$1,000,000.
 - c. Workers Compensation and Employers Liability Policy: The amount of coverage required for Workers Compensation is determined by statute. Charter School must comply with state statutes. Employers Liability must be a minimum of \$100,000.
 - d. Property and Boiler Insurance Policy: If the Charter School purchases the property that will be used by the Charter School, it shall purchase “all risks” property and boiler insurance. Insurance shall be for the full replacement cost of the property and contents with no coinsurance penalty provision.
 - e. Sexual Abuse: Must have \$1,000,000 required coverage
 - f. State of Tennessee shall be named as an additional insured on the charter school insurance policy.

Certificates of insurance, in a form satisfactory to the Chartering Authority, evidencing coverage shall be provided to the Chartering Authority prior to commencement of performance of this Charter Agreement. Throughout the term of this Charter Agreement, Charter School shall provide updated certificates of insurance upon renewal of the current certificates.

8. Governance

8.1. General Requirements. The Charter School shall notify the Chartering Authority of any change to its status as a nonprofit federal tax exempt organization under IRC § 501(c)(3).

The Governing Body and/or Charter School shall include parent participation in governance through membership on the Governing Body or establishment of a school advisory council pursuant to T.C.A. § 49-13-109.

The Charter School shall comply with all applicable provisions of the Tennessee Open Meetings Act, including with regard to the scheduling of Governing Body meetings, meeting agendas, public notice of meetings, and records of those meetings. At the start of each school year, the Charter School shall provide to the Chartering Authority the list of names of all board members and a schedule of Governing Body meetings for that school year.

As required by T.C.A. § 49-13-111, the Governing Body shall be subject to the conflict of interest provisions contained in T.C.A §§ 12-4-101 and 102.

8.2. Complaints. The Governing Body shall be the first avenue for formal appeal in case of any complaints or grievances filed against the Charter School or its employees and volunteers. The Governing Body will ensure that the Charter School establishes policies and procedures for receiving and addressing complaints or grievances directed toward the Charter School or its employees and will make those policies available to students, parents/guardians,

employees, and any other persons who request it. If grievances persist following an appeal to the Governing Body, or for complaints regarding alleged violations of law or the Charter Agreement, including any violations that may subject the school to revocation or non-renewal under T.C.A. §§ 49-13-121 or 122 may be investigated by the Chartering Authority. The Chartering Authority shall also have the ability to investigate complaints in compliance with the Chartering Authority's policies and procedures. Grievances that are not resolved by the Charter School or Governing Body, or a pattern of serious grievances, may be considered in any application for renewal of this Agreement or any action to revoke the charter.

The Charter School shall notify the Chartering Authority within 7 business days if the Charter School has been named a party to a lawsuit that has been filed in court.

8.3. Reporting of Corporate Status. The Charter School shall report any change to the Charter School's corporate legal status or any change in its standing with the Tennessee Secretary of State's Office to the Chartering Authority within five business (5) days of the change. Any change to the Charter School's corporate legal status as a not-for-profit organization shall constitute grounds for immediate revocation unless, during the term of this Agreement, the Act is amended to allow Charter Schools to be operated by organizations other than not-for-profit organizations.

9. Finance

9.1. State and Local Funds. The Chartering Authority shall allocate one hundred percent (100%) of state and local Basic Education Program (BEP) funds to the Charter School on a per pupil expenditure as provided in T.C.A. § 49-13-112 and as calculated by the formula provided by the Tennessee Department of Education. The Chartering Authority shall allocate funds to the Charter School after each of the ten (10) attendance-reporting intervals. The Chartering Authority shall allocate and distribute one-tenth of state and local funds to the Charter School by the 15th of the month in August, September, October, November, December, January, February, March, April, and June. Each state and local payment from October through April and the final payment in June is contingent on the Charter School's reporting of the Charter School's Average Daily Membership (ADM) in the Tennessee Department of Education's Education Information System (EIS). Each payment starting in October will be reconciled to the reported ADM for the period before being released. The final (tenth) payment will not be released until the year's ADMs have been reconciled.

If the Charter School is adding a new grade in accordance with the Charter School's Application and this Agreement, the Charter School shall be funded based on anticipated enrollment in this Agreement, as submitted to the Chartering Authority for initial budgeting purposes no later than February 15 of each year. Initial payments will be based on this anticipated enrollment, which must be agreed upon by the Chartering Authority and the Charter School and reflected in the Charter School's approved budget for the upcoming fiscal year by June 1 of each year. Upon completion of the grade expansion period, the Charter School's state and local funds will be allocated based on the prior year's ADM in the Tennessee Department of Education's EIS system, and consistent with T.C.A. § 49-3-351.

9.2. Federal Funds.

- a. **Eligibility:** Each year, the Chartering Authority shall provide to the Charter School the school's proportionate share of applicable federal ESSA funding (e.g. Title I, Title II, Title III, Title IV, or Title V) and other federal grants received by the Chartering Authority for which the Charter School is eligible. Schools are eligible for such funds upon approval of their plans for such funds either by the Chartering Authority or the Tennessee Department of Education (TDOE).
- b. **Fund Collection:** The LEA in which the Charter School operates shall pay to the TDOE one hundred percent (100%) of the per student share of any federal funding in the custody of the LEA that is due to the charter school. The TDOE shall withhold from the LEA one hundred percent (100%) of all federal funding in the custody of the TDOE that is due to the charter school. The TDOE shall then allocate and disburse one hundred percent (100%) of these funds to the Charter School in accordance with procedures developed by the TDOE. The Chartering Authority shall reduce the allocation to charter schools by a percentage allowable under federal rules and regulations for administrative, indirect, or any other category of cost or charges.
- c. **Fund Distribution & Reporting:** Funds shall be distributed on a documented expenditure reimbursement basis with the required documentation. The Charter School shall submit grant reimbursement reports to the Chartering Authority at least quarterly but no more frequently than monthly. The Chartering Authority shall distribute to the Charter School federal reimbursement funds within 30 days approval of expenditure reimbursement requests.
- d. **Use of funds.** The Charter School shall comply with all regulations tied to such federal funds, including 2 C.F.R. 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, ESSA, IDEA, and any other applicable federal or state laws.

9.3. Fee for Services Agreement. Pursuant to T.C.A. § 49-13-142(f), the Charter School may enter into a separate fee for services agreement, for the provision of services (including but not limited to school or student support services such as food services and transportation) to be provided to the Charter School by the LEA in which the Charter School is located. The Charter School may also enter into a separate fee for services agreement with the Chartering Authority for the provision of services. Fees for services provided to the Charter School by the Chartering Authority shall be deducted from the BEP payments provided to the Charter School. Failure of the Charter School to enter such an agreement with the Chartering Authority shall not be grounds for revocation or non-renewal of this Agreement.

Annually, the Charter School shall notify the Chartering Authority of any fee for services agreement(s) entered into with the LEA in which the Charter School is located or with any other vendor or outside contractor specific to the Charter School, including, but not limited to any agreement for the provision of services relating to the service of special populations and shall provide a copy to the Chartering Authority of any agreement(s) entered into. This shall only apply to those contracts or agreements that have a value of more than \$10,000, however, the Charter School shall provide a copy of any fee for services agreement(s) with a value of \$10,000 or less at the Chartering Authority's request.

9.4. Tuition. The Charter School shall not charge tuition unless otherwise permitted by Chartering Authority policy.

9.5. Charter School Debt. The Charter School is solely responsible for all debt it incurs, and the Chartering Authority shall not be contractually bound on the Charter School's account to any third party. The Chartering Authority shall not be liable in any instance for the Charter School's unpaid debts if the Charter School does not have sufficient funds to pay all of its debts.

The Charter School shall notify the Chartering Authority immediately of a default on any obligation owed to the Chartering Authority, which shall include debts for which payments are past due by sixty (60) days or more. If debts are incurred in the provision of employee benefits pursuant to T.C.A. § 49-13-119, the Chartering Authority may withhold the amount owed from the monthly payment until such debts are satisfied. Any other debts owed to the Chartering Authority must be satisfied prior to release of the last annual payment.

9.6. Financial Management. The Charter School shall control and be responsible for financial management and performance of the Charter School including budgeting and expenditures. Before receiving BEP funds through the Chartering Authority, the Charter School must demonstrate (if not already demonstrated in the Charter School's Application) the existence of appropriate governance and managerial procedures and financial controls including:

- a. Accounting methods complying with T.C.A. § 49-13-111(o);
- b. A checking account;
- c. Adequate payroll procedures;
- d. An organizational chart;
- e. Procedures for the creation and review of monthly and quarterly financial reports, including identification of the individual responsible for preparing such financial reports in the following fiscal year;
- f. Internal control procedures for cash receipts, disbursements, and purchases; and
- g. Maintenance of asset inventory lists and financial procedures for federal grants in accordance with applicable federal law.

The Chartering Authority reserves the right to require, consistent with the Act, the submission of financial reports as indicated in Chartering Authority policies.

The Charter School shall comply with T.C.A. §§ 49-13-111 and 120 regarding completion and submission of annual budgets, financial reports, and audits to the Chartering Authority and the State. The Charter School shall undergo an independent financial audit conducted in accordance with T.C.A. §§ 49-13-111(l) and 49-13-127. The audit shall be furnished to the Chartering Authority, the Commissioner of Education, and the Comptroller of the Treasury by December 31 of each year in accordance with the Chartering Authority's reporting calendar. If such audit is not received by the Chartering Authority on or before December 31 of each year, it shall be considered a material breach of this Agreement, which the Charter School shall have 15 business days, or such other time as the Parties may agree, to cure. The audit should express an unqualified opinion on the financial statements. A qualified audit opinion will result in an automatic review and request for explanation from the Charter School. In addition, any material

weaknesses in controls should be disclosed during the audit. A material weakness will result in a potential review and explanation from the Charter School. The Charter School shall also prepare and provide to the Chartering Authority a copy of its final annual budget for the upcoming fiscal year no later than July 1 of each year. In addition, the Charter School shall submit any other financial and/or operational reports pursuant to T.C.A. § 49-13-111(d).

9.7. Financial Records. All financial records of the Charter School pertaining to the management and operation of the School are subject to inspection and production as required for fulfillment of the Chartering Authority's fiduciary responsibilities, upon reasonable notice.

9.8. Authorizer Fee. Pursuant to T.C.A. § 49-13-118, the Charter School agrees to the payment of an annual authorizer fee.

10. Amendments

Pursuant to T.C.A. § 49-13-110, petitions to amend this Agreement shall follow the timelines established in State Board Rule 0520-14-01-.06 for approval or denial by the Chartering Authority. An amendment shall not become effective, and the Charter School shall not take action or implement the change requested in the amendment, until the amendment is approved by the Chartering Authority.

Not all changes to the Charter School's operation constitute material changes to this Agreement that require an amendment. However, the following changes (as well as any other changes mentioned in other sections of this Agreement as being material and requiring an amendment as well as changes outlined in State Board Rule 0520-14-01-.06) are considered material and shall require an amendment:

- a. Material changes in the Charter School's mission;
- b. Changes in the Charter School's calendar that reduce the calendar by 5 or more days in the first year of operation or by more than ten (10) days in subsequent years, in the absence of timely notification of parents or below the requirement to provide at least the same equivalent time of instruction as required in regular public schools in T.C.A. § 49-13-111(r)(12); and
- c. Changes in school location that are materially different from the location of the Charter School as discussed in the Charter School's Application and this Agreement pursuant to Section 1.5.

Educational program matters not specifically identified in this Agreement or the Charter School's Application shall remain within the Charter School's authority and discretion.

The following changes do not require an amendment, however the Charter School shall notify the Chartering Authority of any of the following within thirty (30) days:

- a. Changes to the June 1st budget submitted to the Chartering Authority, subject to the requirements of state and federal law;
- b. Changes in the mailing address of the school, phone or fax number, or web address of the Charter School;

- c. Changes in the members and duties of the Governing Body including names and contact information;
- d. Changes in the school leader or, if applicable, the chief executive of the Charter School or charter management organization including names and contact information;
- e. Changes in any leadership in the Charter School or individuals serving as main contacts with the Chartering Authority, including names and contact information; and
- f. Changes in school location to a location permitted by Section 1.5.

11. Renewal, Revocation, Closure, and Dissolution

11.1. Renewal. Pursuant to T.C.A. § 49-13-121, the Charter School may apply for renewal of this Charter Agreement by application submitted no later than April 1 of the year prior to the year in which this Agreement expires and in accordance with Chartering Authority renewal rules and policies. This Agreement may be renewed without modification, except for the incorporation by attachment of the approved renewal application. The Parties may also amend this Agreement as part of the renewal process.

The Chartering Authority may elect not to renew this Charter Agreement pursuant to the Chartering Authority rules, policies, and T.C.A. § 49-13-121. Any proposed amendments to this Agreement that are rejected by one of the Parties shall constitute denial of the renewal application. Denial of the renewal application by the Chartering Authority shall be final and not subject to appeal.

11.2. Revocation. During the term of this Agreement, in accordance with the Chartering Authority's policies, the Chartering Authority will provide notice to the Charter School of non-compliance with applicable laws, rules, or this Agreement and give the Charter School an opportunity to cure the non-compliance prior to instituting revocation proceedings pursuant to T.C.A. § 49-13-122 and Chartering Authority rules and policies, unless the Chartering Authority determines that the violations are so severe that such notice and an opportunity to cure should be waived. Such notice and opportunity to cure shall not be required for grounds upon which this Agreement or state law calls for immediate revocation of the charter.

At any time during the term of this Agreement, the Chartering Authority may revoke this Agreement for any reason set forth in T.C.A. § 49-13-122, and/or a material violation of any of the conditions, standards, or procedures set forth in this Agreement.

If the Chartering Authority determines that any grounds for revocation exist, it may revoke this Charter Agreement according to the procedures set forth in T.C.A. § 49-13-122 and Chartering Authority policies.

11.3. Closure and Dissolution. In the event that the Charter School is required to cease operation for any reason, including but not limited to closure, non-renewal, revocation, or

voluntary surrender of the charter, the Charter School shall cooperate with the Chartering Authority to ensure orderly closure of the Charter School including, but not limited to:

- a. Timely notification of parents and teachers of the closure decision;
- b. Securing student records and transferring them to the LEA in which the Charter School is located;
- c. Assisting in placing students in appropriate schools;
- d. Managing all financial records consistent with the Chartering Authority's school closure requirements and policies; and
- e. Disposal of school assets in accordance with the Act and this Agreement.

The Charter School shall also comply with any closure policies or protocols established by the Chartering Authority.

Dissolution of the Charter School following revocation, expiration of this Agreement, dissolution or cessation of operations, or non-renewal shall comply with T.C.A. §§ 49-13-110(e) and 49-13-122. The Charter School shall be responsible for winding down operations, including payment of any and all debts, obligations, or liabilities incurred at any time by the Charter School. Under no circumstances shall the Chartering Authority be responsible for such obligations. Charter School personnel and the Governing Body shall cooperate fully with any activity related to school closure or phase out. If assets of the Charter School were funded with funds from the Chartering Authority, other than funds described in Sections 9.1 and 9.2, and such assets remain after paying the Charter School's debts and obligations and not requiring return or transfer to donors or grantors, such assets will become the property of the Chartering Authority.

12. Indemnification and Hold Harmless

The Chartering Authority and Charter School each shall give immediate written notice to the other of the assertion of any claim or the commencement of any litigation for which indemnification is sought and shall cooperate with each other in the defense of the claim or litigation.

The Charter School shall indemnify and hold harmless the Chartering Authority and the State of Tennessee, its officers, agents, and employees from the following:

- a. Any claims, causes of action, liabilities, losses, damages, costs, and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of the Charter School, its officers, employees, and/or agents, including its sub- or independent contractors, in connection with the performance of this Charter Agreement or relating to this Charter Agreement;
- b. Any costs, attorney fees, and/or financial penalties imposed on the Chartering Authority by state and/or federal authorities arising out of actions or omissions of the Charter School relating to special education or disability accommodations; and
- c. Any claims, damages, penalties, costs, and attorney fees arising from any failure of the Charter School, its officers, employees, and/or agents, including its sub- or independent contractors, to observe applicable laws.

In the event of any such suit or claim, the Charter School shall provide all assistance required by the State in the State's defense. Nothing contained herein shall be deemed to afford to the Charter School, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by T.C.A. § 8-6-106.

13. Contract Construction

13.1. Waiver. The failure of either of the Parties to this Agreement to insist on strict performance of any term or condition of this Agreement shall not constitute a waiver of that term or condition, even if the Party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

13.2. Non-assignability. No right or interest in this Agreement shall be assigned by anyone on behalf of the Charter School, and delegation of any contractual duty of the Charter School shall not be made without prior written approval of the Chartering Authority. A violation of this provision shall be grounds for immediate termination of this Agreement and revocation of the Charter.

Should the Charter School propose to enter into a contract with another non-profit entity to manage the School, this constitutes a material change that requires an amendment to this Agreement. The Charter School agrees to submit all information requested by the Chartering Authority regarding the management arrangement, including a copy of the proposed contract and a description of the management company, with identification of its principals and their backgrounds. The Charter School shall not enter a management contract without written approval from the Chartering Authority. Failure to receive approval from the Chartering Authority prior to entering into a contract shall be grounds for immediate revocation.

This Agreement may be assigned by the Chartering Authority to the Tennessee Public Charter School Commission pursuant to T.C.A. § 49-13-142(h).

13.3. Agreement. The Parties intend this Agreement, including all attachments and exhibits hereto, to represent a final and complete expression of their agreement, which shall be considered the Agreement. All prior representations, understandings, and discussions are merged herein, and no course of prior dealings between the Parties shall supplement or explain any terms used in this document. The Parties recognize that amendments to this Agreement may be executed from time to time hereafter.

13.4. Survival of Representations and Warranties. All representations and warranties hereunder shall be deemed to be material and relied upon by the Parties with or to whom the same were made, notwithstanding any investigation or inspection made by or on behalf of such Party or Parties. The representations and warranties covered in this Agreement will survive the termination or expiration of this Agreement.

13.5. Severability. The provisions of this Agreement are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition, and the remainder of the Agreement shall remain in effect unless otherwise terminated by one or both of the Parties.

13.6. Authority. The individual officers, agents, and employees of the Parties hereto who execute this Agreement do hereby individually represent and warrant that they have full power and lawful authority to execute this Agreement.

13.7. Change of Law. If, due to any change in applicable law, regulation, or interpretation thereof by any court of law or other governing body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement or any transaction contemplated hereby shall become impracticable or impossible, the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

13.8 Notice. Any notice required or permitted under this Agreement shall be in writing, sent via electronic or other means, and shall be effective immediately upon personal delivery, subject to verification of service or acknowledgment of receipt, or three (3) days after mailing when sent by certified mail, postage prepaid. Such noticed shall be sent to:

If to the Chartering Authority:

Mailed to:

Tennessee State Board of Education
Attn: Angie Sanders, General Counsel
500 James Robertson Parkway
5th Floor
Nashville, TN 37243

and emailed to:

Angela.C.Sanders@tn.gov

If to the Charter School:

Mailed to:

Rocketship Public Schools
Attn: James Robinson, Nashville Director of Schools
350 Twin Dolphin Drive
Suite 109
Redwood City, CA
94065

and emailed to:

compliance@rsed.org

Either party may change its address for notices under this Agreement by notice to the other party.



THE STATE OF TENNESSEE BY AND THROUGH THE
TENNESSEE STATE BOARD OF EDUCATION:

By: _____

Printed Name: Dr. Sara Morrison

Title: Executive Director

Date: _____

By: _____

Printed Name: Lillian Hartgrove

Title: Chairman, State Board of Education

Date of Board Approval: _____

CHARTER SCHOOL:

By: _____

Printed Name: _____

Title: _____

Date: _____

Sworn to and subscribed to before me, a Notary
Public, this _____ day of
_____, 20____, by
_____, the
_____ of Charter
School and duly authorized to execute this
instrument on Charter School's behalf.

Notary Public

My Commission Expires _____



EXHIBITS

Exhibit 1- Approved Charter Application (“Charter School’s Application”)

Exhibit 2- Current Approved Performance Frameworks

Exhibit 3- Pre-Opening Checklist/ Protocol

Exhibit 4- Waivers

EXHIBIT 1

**ROCKETSHIP
PUBLIC SCHOOLS**

**Rocketship Nashville #3
Elementary School (NSH3)**

(Amended) Replication Application for a Public Charter School

Submitted to Metro Nashville Public School District

July 26, 2019

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GENERAL INFORMATION

Name of proposed school: Rocketship Nashville #3 Elementary School (NSH3)

Projected year of school opening: 2021

Charter authorizer for proposed school: Metro Nashville Public Schools

Sponsor/Sponsoring Agency: Rocketship Education, d/b/a Rocketship Public Schools

The sponsor is a not-for-profit organization with 501(c)(3) status: Yes

Model or focus of proposed school: Personalized Instruction/Blended Learning

Name of primary contact person (this person should serve as the contact for follow-up, interviews, and notices regarding this application): James Robinson

Mailing address: 320 Plus Park Blvd., Nashville , TN 37217

Primary Phone: (585) -957-6278

Alternate Phone: 615-712-7499

Email Address: jrobinson@rsed.org

Names, current employment, and roles of all people on school design team (add lines as needed):

Full name	Current job title and employer	Position with proposed school
James Robinson Jr	Director of Schools , Rocketship Public Schools	Director of Schools and Start Up Coordinator
Stefanie Bundy	Regional Director of Operations, Rocketship Public schools	Start Up Director of Operations

Name of proposed school leader (if any): TBD

Proposed school leader’s current employment: TBD

City or geographic community: Metro Nashville-Davidson County

Does the proposed school intend to contract or partner with a charter management organization (CMO) or not-for-profit education service provider? No

Does this applicant have charter school applications under consideration by any other authorizer(s)? No

If yes, complete the table below, adding lines as needed:

State	Authorizer	Proposed School Name	Application Due Date	Decision Date	Proposed opening year

Indicate Applicant Type:

x Existing Tennessee Operator Proposing Exact Focus/Grade Structure

ASSURANCES

As the authorized representative of the sponsor, I hereby certify that the information submitted in this application for a charter for **Rocketship Nashville #3 Elementary School** is true to the best of my knowledge and belief, realizing that any misrepresentation could result in disqualification from the application process or revocation after award; and if awarded a charter, the school:

1. Will operate as a public, nonsectarian, non-religious public school, with control of instruction vested in the governing body of the school under the general supervision of the chartering authority and in compliance with the charter agreement and the Tennessee Public Charter Schools Act;
2. Will follow all federal, state, and local laws and regulations that pertain to the operation of a public school, unless waived according to T.C.A. § 49-13-105;
3. Will provide special education services for students as provided in Tennessee Code Annotated Title 49, Chapter 10, Part B of the Individuals with Disabilities Education Act; Title II of the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973;
4. Will adhere to all provisions of federal law relating to students who are limited English proficient (LEP), including Title VI of the Civil Rights Act of 1964 and the Equal Educational Opportunities Act of 1974, that are applicable to it;
5. Will follow all federal and state laws and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, national origin, religion, ancestry, or need for special education services;
6. Will utilize this application as a contract with the authorizer, if no other agreement is signed, pursuant to Tennessee Attorney General Opinion No. 10-45;
7. Will comply with all provisions of the Tennessee Public Charter Schools Act, including, but not limited to
 - a. employing individuals to teach who hold a license to teach in a public school in Tennessee;
 - b. complying with Open Meetings and Open Records laws (T.C.A. §§ 8-44-101 et seq.; 10-7-503, 504) (guidance is available from the [Office of Open Records Counsel](#));
 - c. not charging tuition, except for students transferring from another district to the school pursuant to the local board's out-of-district enrollment policy and T.C.A. § 49-6-3003;
 - d. following state financial (budgeting and audit) procedures and reporting requirements according to T.C.A. § 49-13-111, 120, and 127;
 - e. requiring any member of the governing body, employee, officer, or other authorized person who receives funds, has access to funds, or has authority to

make expenditures from funds, to give a surety bond in the form prescribed by T.C.A. § 8-19-101; and

8. Will, at all times, maintain all necessary and appropriate insurance coverage.

Signature

JAMES ROBINSON
Director of Schools, Nashville

EXECUTIVE SUMMARY

MISSION AND VISION

Rocketship Education, d/b/a Rocketship Public Schools (“Rocketship Public Schools” or “Rocketship”) is a nonprofit network of public elementary charter schools. In 2014, we launched our Rocketship Tennessee region with the opening of Rocketship Nashville Northeast Elementary (RNNE), and the following year opened Rocketship United Academy (RUA). Today, we humbly serve nearly 1,000 Rocketeers in Tennessee.

At Rocketship Public Schools (RPS), we believe in the infinite possibility of human potential. We believe that every student deserves the right to dream, to discover, and to develop their unique potential. It is our responsibility and our privilege to unleash the potential inside every Rocketeer we serve. Rocketship operates great schools in diverse communities in partnership with our parents, community-based organizations, local civic partners, non-profits, and foundations. That is what we want to bring to the Antioch and Cane Ridge clusters in South Nashville.

Our mission is to catalyze transformative change in low-income communities through a scalable and sustainable public school model that propels student achievement, develops exceptional educators, and partners with parents who enable high-quality public schools to thrive in their community. At Rocketship Public Schools we are driven by our vision to eliminate the achievement gap in our lifetime.

We are pleased to submit this application for the establishment of a charter for Rocketship Nashville #3 Elementary School (NSH3) in the Metro Nashville Public Schools district.

NEED AND GEOGRAPHIC CONSIDERATIONS

Our vision is to replicate the success of Rocketship United Academy, located in South Nashville, by opening Rocketship NSH3, a K-4 public elementary school, in the summer of 2021. We are driven by three primary considerations:

1. **Demand:** Currently, over 100 RUA families live in the Antioch and Cane Ridge clusters and commute daily through heavy traffic for up to 45 minutes. After receiving comments asking for a school in Antioch on our annual parent survey, we sent a short survey to our Antioch and Cane Ridge families to gauge interest. 97% of the responses we have received so far, have indicated they would like a Rocketship school closer to their homes, representing 57 families. We would like to better accommodate these families and be more geographically accessible by opening a school in their neighborhood.
2. **Expected population growth and overcrowding:** Projected population growth indicates that the Antioch and Cane Ridge clusters, which are currently at 90% capacity, will face serious capacity constraints within 5-7 years. By locating in this area, our hope is that we can help alleviate the risk of overcrowding and ensure students have ample room to learn.

- 3. The opportunity to elevate academic performance for all students:** Rocketship has experience serving the Antioch and Cane Ridge demographic. 41% of students are economically disadvantaged, 39% of English Learners, and 10% are students with disabilities in these clusters, compared to 59%, 40%, and 9%, respectively, at RUA. Our personalized learning model, strong EL programming, and approach to small group instruction and tutoring, uniquely positions us to serve all students as demonstrated by our success at RUA, which was designated as a “Reward School” for 2017-18.

THE ROCKETSHIP MODEL

The Rocketship model is built on three foundational pillars of excellence, which we believe are the key to our continued success as we work to close the achievement gap in Tennessee.

Teachers and Leaders: Elevating and Celebrating Instruction. Teachers and leaders are one of the most important factors in student success. To ensure our students have access to the best teachers and leaders, we provide dedicated coaching, professional development, and leadership programs to help them grow professionally and personally—regardless of their experience level. We help our teachers grow using embedded learning opportunities, personalized coaching and customized training as part of the regular workday. And we grow our leaders from within our schools, providing on-the-job leadership and principal training programs with a clear path towards long-term career goals.

We are already incubating a team of teachers at Rocketship United who are excited to form the founding team at NSH3. In addition, we are developing a strong pipeline of future school leaders in the Rocketship Rising Leaders Program - a year long professional development program in leadership skills, management frameworks, and mindsets that are essential to school leadership.

Rocketeer Students: Personalized Learning and Growth. We all learn in our own unique ways. From the time we're children until long after we leave school, each person has their own way of learning and advancing. Unfortunately, the traditional school system doesn't allow for that. Our students get personalized instruction targeted to their needs and tailored to their unique learning styles. Our blended learning model combines traditional instruction, technology and tutoring, allowing every Rocketeer to learn at their own pace. And best of all, this model works for all students in the Rocketship program, whether they are catching up or racing ahead.

Like all Rocketship Public Schools, NSH3's educational program will be a rotational blended-learning model that focuses on personalized learning and teacher content-specialization. Within each classroom, teachers will leverage small group instruction, cooperative work groups, independent work, and online personalized learning programs to grow every child's potential. Teachers across all spaces will teach Social and Emotional Learning and use Positive Behavioral Interventions and Supports (PBIS) to ensure that students have a positive school experience and develop a growth mindset.

Rocketeer Parents: Leaders in the Home, the School, and the Community. Engaged parents are

essential to eliminating the achievement gap. We work with our parents to help them become powerful advocates for their children and their communities. We work directly with parents, helping them become leaders at home, in the schools, and in the community. This includes helping with homework, managing the household and serving as a positive role model for their children, leading community meetings, planning school-wide events, advocating for their children's needs, assisting in the teacher and leader interview process, being active members in the community, participating in advocacy groups and school boards, and standing up for their students and their schools.

ANTICIPATED CHALLENGES

While we feel confident in our ability to successfully execute on this plan, there are two key challenges that we have identified as focus areas in our planning. The first challenge is ensuring that we do not lose too many students from RUA. By opening in 2021, this enables our Growth and Community Engagement team to engage with communities closer to RUA to more strategically fill seats. Additionally, we plan to expand our outreach to more proximate Head Starts to strategically build our kindergarten classes in 2020 and 2021. When RUA opened in 2015-16, our student recruitment effort was not as strategic as we would have liked as we were a new and unknown school. Our recruitment effort spanned across South Nashville, but was not as anchored to one geographical area of the city. We now have the chance to remedy that.

Another challenge we may face as we look to open NSH3 is facilities acquisition. Nashville is growing aggressively and property is becoming scarcer each day. However, we are confident in our team's ability to open by summer of '21. We successfully opened both RNNE and RUA in under 24-months. We located land and undertook a new construction project to open RNNE in 20 months and we identified a facility and conducted significant renovations to open RUA in 21 months. This gives us confidence in our ability to execute despite the tight timeline.

DEMONSTRATED CAPACITY

Rocketship has demonstrated organizational capacity to open and operate high quality schools in Tennessee as evidenced by the successful launch of our first two schools, Rocketship Nashville Northeast and Rocketship United. In less than two years, Rocketship implemented its model with high fidelity at two schools serving nearly 900 students. After four years of operation, nearly 1,000 students are being served. Both of our schools received a overall TVAAS score of 5 last year, and Rocketship United has been designated a Reward School by the state of Tennessee.

In Nashville, we have established a local regional team consisting of a full-time Director of Schools, Manager of Achievement, Regional Director of Operations, Associate Director of Integrated Special Education, and Manager of Family and Community Engagement. Additionally, we have a talent recruiter dedicated to the region. We are confident that we have the right regional team in place to launch our next school in Nashville.

SECTION 1: ACADEMIC PLAN DESIGN AND CAPACITY

1.2 ENROLLMENT SUMMARY

In this section:

- (a) Describe the community from which the proposed school intends to draw students, including the demographic profile and school zones within the LEA.
- (b) Provide a rationale for selecting the community where the proposed school will locate.
- (c) Discuss the academic performance and enrollment trends of surrounding schools in that community.
- (d) Describe the specific population of students the proposed school intends to serve.
- (e) Summarize what the proposed school would do more effectively than the schools that are now serving the targeted population.
- (f) If you are an existing operator, describe any enrollment practices, processes, and policies that will differ from the existing school.
- (g) Complete the enrollment summary and anticipated demographics charts below.

Rocketship Public Schools seeks to open an elementary option in South Nashville to serve the Antioch and Cane Ridge clusters based upon three primary considerations:

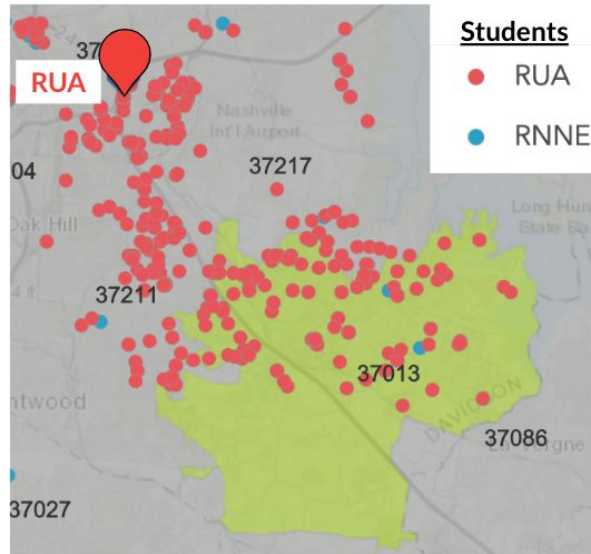
1. **Demand from Current Rocketship Families**
2. **Expected Population Growth and Overcrowding**
3. **Opportunity to Elevate Academic Performance for All Students**

DEMAND FROM CURRENT ROCKETSHIP FAMILIES

Over ¼ of the students at our campus in South Nashville, Rocketship United Academy (RUA), currently travel by bus from the 37013 zip code, which covers the Antioch and Cane Ridge clusters. These students are traveling over 45 minutes each way to attend RUA and are calling for a Rocketship in their neighborhood. To serve these students closer to home, Rocketship seeks to open a third campus in Nashville in either the Antioch or Cane Ridge cluster.

On a recent parent satisfaction survey, an Antioch parent left a comment in the open field section. The parent asked for RPS to open a school in Antioch. Curious about this comment, we drafted a short survey and sent it to our Antioch and Cane Ridge Families to gather a small sample of opinions. **So far, 97% of respondents indicated they would like a Rocketship School closer to their homes, representing 55 families.** These surveys confirm parent feedback we have heard anecdotally.

2018-19: RUA Students Traveling from the 37013 Zip Code



Source: Rocketship Student Data.

EXPECTED POPULATION GROWTH AND OVERCROWDING

Metro Nashville Public School's (MNPS) Cane Ridge and Antioch clusters currently serve 6,837 K-4 students across 11 elementary schools: A.Z. Kelley ES, Cane Ridge ES, Cole ES, Eagle View ES, Henry C. Maxwell ES, Thomas A. Edison ES, J.E. Moss ES, Lakeview ES, Mt. View ES, Smith Springs ES, and Una ES. These schools are large, ranging from 471 K-4 students (Eagle View Elementary School) to 807 K-4 students (A.Z. Kelley Elementary), and, in many cases, are near or over-capacity. A.Z. Kelley, J.E. Moss, and Thomas A. Edison are all currently over 100% capacity and four additional schools within the Cane Ridge and Antioch clusters are over 90% capacity. This past year, MNPS opened Eagle View Elementary (EVES) to help alleviate overcrowding in the Cane Ridge cluster. At full capacity, EVES has the capacity to serve 800 students. However, even with this additional capacity, if enrollment growth keeps pace with population growth (estimated at 1.6% per year in the 37013 zip code), these clusters will still face serious capacity constraints within 5-7 years. As the table below shows, elementary seats in the Antioch Cluster are projected to be over capacity by 2023-24 and total seats across Antioch and Cane Ridge will be over capacity by 2025-26.

Projected Enrollment & Capacity: Antioch and Cane Ridge Elementary Schools									
		18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26
Antioch Cluster	Total Capacity	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387
	Total Enrollment	4,102	4,168	4,234	4,302	4,371	4,441	4,512	4,584
	Population Growth		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
	Capacity Utilization	93%	95%	97%	98%	100%	101%	103%	104%
Cane Ridge Cluster	Total Capacity	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815
	Total Enrollment	3,259	3,311	3,364	3,418	3,473	3,528	3,585	3,642
	Population Growth		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
	Capacity Utilization	85%	87%	88%	90%	91%	92%	94%	95%
Total	Total Capacity	8,202	8,202	8,202	8,202	8,202	8,202	8,202	8,202
	Total Enrollment	7,361	7,479	7,598	7,720	7,844	7,969	8,097	8,226
	Population Growth		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
	Capacity Utilization	90%	91%	93%	94%	96%	97%	99%	100%

Sources: Metropolitan Nashville Public Schools, 2018 and ESRI, 2018.
 2018-19 total enrollment from MNPS Capacity 2018-19 map. Total capacity calculated by Rocketship Public Schools based on this map. Accessed in March 2019 at:
https://static1.squarespace.com/static/57752cbcd1758e541bdeef6b/t/5c112964b8a045162a0ad209/1544628626385/MNPS_Capacity1819_day40.pdf.
 Projected enrollment then calculated by Rocketship Public Schools from ESRI's 2018 Updated Demographic estimates using Census 2010 geographies for the 37013 zip code. Accessed in March 2019 at
https://demographics8.arcgis.com/arcgis/rest/services/USA_Demographics_and_Boundaries_2018/MapServer

Rocketship hopes to collaborate with MNPS to help solve these capacity issues by targeting areas within the Antioch and Cane Ridge clusters that are expected to face the most significant overcrowding pressures.

OPPORTUNITY TO ELEVATE ACADEMIC PERFORMANCE FOR ALL STUDENTS

Rocketship’s program is designed to serve students who are or may be at-risk of achieving below grade level. The average Rocketship student is between one and two years behind grade level upon entry. Although all Rocketship schools are open to all students, and we do not discriminate on the basis of race, ethnicity, or any other actual or perceived characteristic, we do target students from predominantly low-income neighborhoods where access to high-quality, high-performing schools is limited. We believe that these students will derive the most benefit from our model, which is further described in our application.

Each year, South Nashville is enriched by the number of immigrant families who move there. Rocketship has a proven track record of success serving similar communities with a high population of economically disadvantaged students and English Learners. Unsurprisingly, given the number of students commuting to RUA from the Antioch and Cane Ridge clusters, the

demographic profile of the schools located within these clusters is very similar to that of the students we currently serve at RUA.

2018-19: Demographic Subgroups

	Black, Hispanic, or Native American	Economically Disadvantaged	English Learners	Students with Disabilities
Elementaries in the Antioch and Cane Ridge	68%	41%	39%	10%
Rocketship United	87%	59%	40%	9%

Source: Metro Nashville Public Schools, December 2018. Percentages for elementaries in the Antioch and Cane Ridge clusters calculated by Rocketship Public Schools from enrollment and demographic data downloaded from the Data.Nashville.gov website (<https://data.nashville.gov/>).

Given the similarities in demographics, we can see how RUA performs compared to Antioch and Cane Ridge elementaries. The table below is a roll up of student performance and demographic data from the 2017-18 school year. Included is the overall achievement score, a score for student performance on the WiDa Access test for EL students (listed as “Progress on Language Proficiency”), and a growth score. As seen in the table below, Rocketship United Academy is achieving stronger results while serving a higher percentage of students of color and/or economically disadvantaged students—two student subgroups that suffer from historic and chronic achievement gaps in public education.

2017-18 TN Report Card: Key Indicators of Success & Student Demographics

Cluster	School Name	TN Report Card			Demographic Data			
		Achievement	Progress on Language Proficiency	Student Growth	Black, Hispanic, and Native Am.	Econ. Disadvantaged	English Learners	Students with Disabilities
Antioch	J.E. Moss	0.6	3.8	0.4	81%	57%	48%	12%
	Lakeview	0	3.5	0	68%	50%	36%	16%
	Mt. View	2.1	3.8	2.7	65%	40%	29%	12%
	Smith Springs	1.1	1.9	2.2	70%	40%	20%	14%
	Thomas Edison	1	3.8	0	63%	47%	32%	9%
	UNA	1.1	3.8	3.6	64%	52%	39%	11%
Cane Ridge	A.Z. Kelley	1.1	3.6	0	63%	35%	30%	12%
	Cane Ridge Elementary	1.4	2.8	2	74%	49%	33%	8%
	Cole Elementary	2	3.9	2.2	73%	64%	50%	12%
	Henry C Maxwell	1.1	3.6	0.2	66%	43%	41%	11%
Glenclyff	RUA	4	4	3.8	87%	59%	40%	9%

Source: TN Department of Education, December 2018. TN Report Card data downloaded from the TN Department of Education website (<https://www.tn.gov/education/data/report-card.html>).

Given the high percentage of Black, Hispanic, and Native American Students, economically disadvantaged students (EDs), and English Learners across the Antioch and Cane Ridge clusters, it is important to pay close attention to the performance of these student groups.

BLACK, HISPANIC, AND NATIVE AMERICAN STUDENTS

Rocketship has a track record of successfully serving Black, Hispanic, and Native American students in South Nashville. The vast majority of students at RUA are Black, Hispanic and African American (87%), compared to 68% of elementary students across Antioch and Cane Ridge. We are proud that in 2017-18, RUA scored a 4 for both academic achievement and student academic growth for this student group. We want to replicate our success serving this student group in Antioch and Cane Ridge.

2017-18 TN Report Card: Key Indicators of Success for Black, Hispanic, and Native American Student Group

Cluster	School Name	TN Report Card		Demo.
		Achievement	Student Growth	Black, Hispanic, and Native Am.
Antioch	J.E. Moss	1	0	81%
	Lakeview	0	0	68%
	Mt. View	3	3	65%
	Smith Springs	2	2	70%
	Thomas Edison	0	0	63%
	UNA	1	3	64%
Cane Ridge	A.Z. Kelley	1	0	63%
	Cane Ridge Elementary	1	2	74%
	Cole Elementary	2	2	73%
	Henry C Maxwell	1	0	66%
Glencliff	RUA	4	4	87%

Source: TN Department of Education, December 2018. TN Report Card data downloaded from the TN Department of Education website (<https://www.tn.gov/education/data/report-card.html>).

ECONOMICALLY DISADVANTAGED STUDENTS

Similarly, RUA has a track record of successfully serving economically disadvantaged students. 59% of students at RUA are economically disadvantaged, compared to 41% of elementary students across the Antioch and Cane Ridge clusters. Only one elementary school in these clusters serves more socioeconomically disadvantaged (SED) students than RUA, Cole Elementary at 64%.

RUA is outperforming Antioch and Cane Ridge elementaries for economically disadvantaged students.

2017-18 TN Report Card: Key Indicators of Success for Economically Disadvantaged Student Group

Cluster	School Name	TN Report Card		Demo.
		Achievement	Student Growth	SED
Antioch	J.E. Moss	1	0	57%
	Lakeview	0	0	50%
	Mt. View	2	2	40%
	Smith Springs	0	2	40%
	Thomas Edison	2	0	47%
	UNA	1	3	52%
Cane Ridge	A.Z. Kelley	1	0	35%
	Cane Ridge Elementary	2	1	49%
	Cole Elementary	2	2	64%
	Henry C Maxwell	1	0	43%
Glenclyff	RUA	4	4	59%

Source: TN Department of Education, December 2018. TN Report Card data downloaded from the TN Department of Education website (<https://www.tn.gov/education/data/report-card.html>).

We are particularly proud of the growth that our SED students are achieving at RUA. According to the state rankings, RUA ranks in the **top 25% of all schools** for serving SED students.

2017-18: RUA School Percentile Ranking on TNReady, ED Student Group, Grades 3-5

Grade Group	Subgroup	Math	ELA	Success Rate (Math and ELA)	Success Rate (Math and ELA and Science (5th-8th grades))
3rd-5th	ED	84	76	82	75

Source: TN Department of Education, August 2018. Data downloaded from the TN Department of Education website (<https://www.tn.gov/education/assessment/tnready.html>).

We believe this is evidence that Rocketship offers an effective academic program that ensures student growth and overall proficiency for SED students. And we want to bring this program to families in Antioch and Cane Ridge.

ENGLISH LEARNERS

Finally, Rocketship has a strong track record of serving English Learners. Similar to Antioch and Cane Ridge elementaries, Rocketship serves ~40% ELs.

Elementaries within the Cane Ridge and Antioch Clusters demonstrate strong performance in serving their English Learners. According to the State Report Card, 8 of 10 elementary schools in the Cane Ridge and Antioch clusters scored above a 3.0 for the measure of progress on English Language proficiency in the 2017-18 school year. With a rating of 3.9, Cole is performing exceptionally well in this area, especially when considering 50.4% of its students qualify as ELs.

When it comes to EL students, this indicator is even higher with the vast majority of elementaries scoring a 4 on progress on language proficiency and 50% of schools in the two clusters receiving a 3 for student growth. Due to South Nashville’s growing EL demographic, Language Acquisition Programming is essential not just for communication, but also as a building block for education. South Nashville is moving in the right direction and we are excited by the prospect of partnering to serve ELs.

This strong performance demonstrates MNPS’s commitment to serving our high-need students, a commitment which Rocketship shares. RUA not only achieved a 4 across achievement, progress on language proficiency, and student growth for English Learners, but also outperformed the state in language proficiency in a meaningful manner.

2017-18 TN Report Card: Key Indicators of Success for English Learner Student Group

Cluster	School Name	TN Report Card			Demo.
		Achievement	Progress on Language Proficiency	Student Growth	ELs
Antioch	J.E. Moss	1	4	1	48%
	Lakeview	0	4	0	36%
	Mt. View	2	4	3	29%
	Smith Springs	2	2	3	20%
	Thomas Edison	1	4	0	32%
	UNA	2	4	3	39%
Cane Ridge	A.Z. Kelly	0	4	0	30%
	Cane Ridge Elementary	3	3	3	33%
	Cole Elementary	2	4	3	50%
	Henry C Maxwell	2	4	0	41%
Glenclyff	RUA	4	4	4	40%

Source: TN Department of Education, December 2018. TN Report Card data downloaded from the TN Department of Education website (<https://www.tn.gov/education/data/report-card.html>).

RUA’s English proficiency rate in 2017-18 was 66.4%, well above the state average of 50.4%. In addition to EL programming, RPS infuses its entire program with language in hopes that all

students become great communicators who can share their diverse and creative solutions with the world. By emphasizing this in our program, we know we are preparing our students to have impact on their communities and the world at large.

Rocketship’s service to ELs is not isolated to language acquisition and language proficiency. Our service to EL students can also be seen in academics. RUA’s service to ELs is in the top 20th percentile for **all** schools, not just MNPS.

**2017-18: RUA School Percentile Ranking on TNReady,
EL Student Group, Grades 3-5**

Grade Group	Subgroup	Math	ELA	Success Rate (Math and ELA)	Success Rate (Math and ELA and Science (5th-8th grades))
3rd-5th	EL	87	82	87	86

Source: TN Department of Education, August 2018. Data downloaded from the TN Department of Education website (<https://www.tn.gov/education/assessment/tnready.html>).

This is an important distinction. When we consider this data, it becomes apparent that Rocketship is a school choice for EL students that focuses on both language proficiency **and** academic proficiency. It is not one or the other.

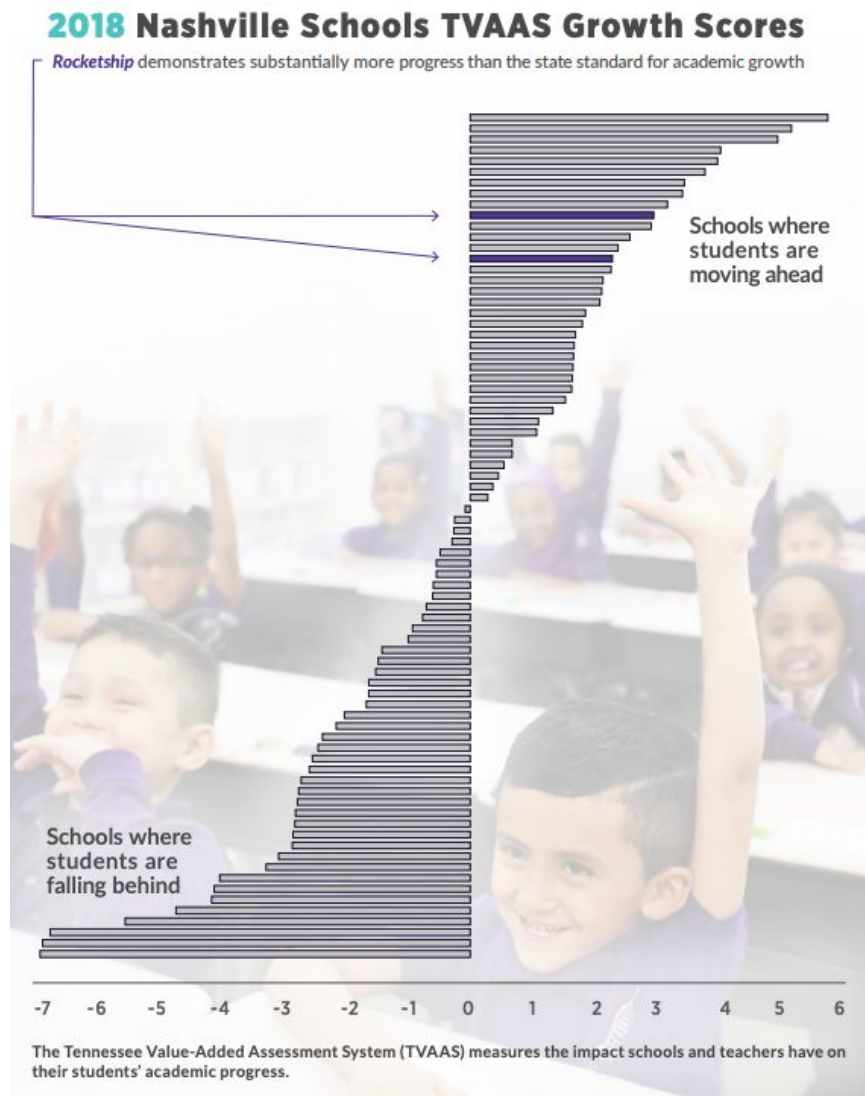
CONCLUSION

While Antioch and Cane Ridge elementaries are successfully serving specific subgroups like English Learners, their performance is not as high as measured by overall achievement and student growth for **all students**. No school within the two clusters scored a 3.0 or higher for **overall achievement** and only one of the 10 schools scored a 3.0 or higher for student growth in 2017-18 (UNA).

Rocketship wants to bring its success in serving the unique needs of **all** student groups through personalized learning and small group instruction to Antioch and Cane Ridge. In 2017-18, RUA received a score of 4 out of 4 for each student group on overall achievement, earning the designation of “**Reward School.**” For the student growth measure, students in all demographics received a 4 with the exception of students with disabilities who scored a 2 (average performance). In 2018-19, RUA has dedicated itself to improving the outcomes for students with disabilities. It has invested in even more research-based intervention curricula, most notably LLI from Fountas and Pinnell. Furthermore, the school is working closely with the Regional Associate

Director of Special Education to ensure teachers are receiving the resources and development necessary for success. While the 2 that RUA received for student growth with SWD is average, average is not acceptable. We can and will do better.

It's also noteworthy that on the 2018 state assessment, Rocketship United Academy students had the best year-over-year improvement in reading of any elementary school in Nashville by more than doubling the percentage of students on-track or mastered. Students in our schools grow substantially and will continue to do so.



Source: TN Department of Education, August 2018. Data downloaded from the TN Department of Education website (<https://www.tn.gov/education/data/tvaas.html>).

Our Rocketeers' remarkable progress is a testament to the strength of our school communities. Since opening in Nashville in 2014, Rocketship continues to demonstrate that **all** students have the potential to achieve excellence.

DIFFERENCES IN ENROLLMENT PRACTICES, PROCESSES, AND POLICIES

Currently, 94 K-2 students at Rocketship United travel by bus from Antioch and Cane Ridge to attend school. This number includes only the students who are 3 or 4 miles away from the campus. If we add in students who are only 2 miles away, 118 K-2 students from these clusters attend our campus in South Nashville. This shows that families are willing to travel great distances to receive a high quality education, but we also know that this is a pain point. Given the the challenging traffic patterns, some families spend 45 minutes commuting to school. Families should be afforded a good school near their home.

When we open NSH3 in 2021, 63 students living 3 or 4 miles away from our current campus in Cane Ridge or Antioch will be in either the 3rd or 4th grade. We anticipate 33% to 66% of these students will choose to attend the new school.

Rocketship Public Schools has previously opened new campuses in response to demand from existing families. Where we have done so in the past we have seen that increased proximity helps strong family engagement become even stronger. In our schools in CA, we have found that families who have more geographical access to the school are even more involved in volunteering and attending school meetings and conferences. While the average attendance over two parent teacher conference events at RUA is 85%, our intention is to have 100% at all campuses. This partnership is key in academics.

Additionally, there is often a positive effect on starting a new school with returning families. Returning Rocketship families have a clear understanding on how our schools operate. Thus, they are able to speak to new families and lead them. Additionally, returning founding families are instrumental in holding leadership teams accountable for results and fidelity to the model.

ENROLLMENT GROWTH PLAN

Our proposed enrollment growth plan is detailed in the table below:

Number of Students

Grade Level	Year 1, 2021	Year 2	Year 3	Year 4, 2024 At Capacity	Year 5
K	112	112	112	112	112
1	112	112	112	112	112
2	112	112	112	112	112
3	60	100	100	112	112
4	60	60	100	112	112
Totals	456	496	536	560	560

Anticipated Demographics	% of Economically Disadvantaged students	% of Students with disabilities	% of English language learners
75% Black, Hispanic, and Native Am.	>60%	10%	>40%

In 14-15, RPS opened its first school in Nashville, Tennessee. To this day, it was the largest opening of any K-4 elementary charter school in the city, opening with 466 students. The second largest opening was Rocketship United with 370 students. RUA began recruiting students in South Nashville in November of 2014, which is an abbreviated window for us. When RPS opens new schools and has a runway of 1+ years, we have shown very good success.

Currently, our recruitment team spends less than 20% of their time cultivating and engaging families in South Nashville as positive word of mouth about the strong results and joyful community of Rocketship United Academy is spreading. As of 3/24/19, 113 students have applied for Kindergarten at RUA. In the coming weeks, there are four Head Start Centers coming to tour our campus. We anticipate a substantial wait list. By ensuring our current schools are self-sustaining for enrollment, our recruitment team gains the capacity to focus on NSH3. Importantly, as the planned opening is for the summer of 2021, we will have more time for community outreach in Antioch and Cane Ridge prior to school opening. Furthermore, by leveraging the positive experience of the 150+ K-4 Rocketship families who already live in these clusters, we have a network to collaborate with in regards to enrolling students at the new school. Recruitment focus is as follows:

	18-19: South NSH Recruitment Focus	19-20: South NSH Recruitment	20-21
RUA	<ul style="list-style-type: none"> 80%-100% 	<ul style="list-style-type: none"> Evaluate current bus lines 	<ul style="list-style-type: none"> RUA is 100%

	<p>Self-sustaining</p> <ul style="list-style-type: none"> • Significantly decrease time spent on RUA recruitment 	<p>to identify opportunities for new recruitment in other communities for RUA</p> <ul style="list-style-type: none"> • Continue engaging, Susan Gray, Dudley and Berry Head Starts for RUA 	<p>independent</p> <ul style="list-style-type: none"> • Dudley and Berry Head Starts are dedicated to RUA
NSH3		<ul style="list-style-type: none"> • Engage Antioch Kindercare • Pre-plan with Susan Gray on NSH 3 • Bus Routes created in Late 2019-20 	<ul style="list-style-type: none"> • Susan Gray Head start Prioritized for NSH 3 • Engage Kindercare • 100% of family recruitment time dedicated to NSH 3 • Weekly goals created and backwards planned from • Identify Current families at RUA who will go to NSH 3 • Begin recruiting off bus lines

1.12 COMMUNITY INVOLVEMENT AND PARENT ENGAGEMENT (AFTER SCHOOL OPENS)

In this section:

- (a) Describe student recruitment after the school has opened. How will it differ from pre-opening recruitment?
- (b) Outline how the school will engage parents and community members in the life of the school (in addition to any proposed governance roles). Explain the plan for building family-school partnerships that strengthen support for learning and encourage parent involvement.
- (c) Describe how parents will be informed and educated on all school policies and any commitments or volunteer opportunities the school will seek from, offer to, or require of, parents.
- (d) If already identified, describe any programs you will offer to parents and/or the community and how they may benefit students and support the school mission and vision.

STUDENT RECRUITMENT AFTER SCHOOL OPENS

Rocketship Public Schools operates with a robust, community-focused approach to ongoing student recruitment. We earnestly believe that all parents should have the right to choose an excellent school, and our Growth & Community Engagement team (GCE) is dedicated to year-round outreach to families of potential Rocketship students.

We generate general awareness for our campus and the ability families have to apply through the MNPS Optional Schools Application Process with a cohesive marketing plan that is reflective of the community. We utilize social media advertising on platforms commonly used by parents such as Facebook and Instagram to drive interest to our website or enrollment hotline, and ensure that all advertising includes photography and language of students and parents that match the demographics of the areas from which our students enroll. These ongoing social media campaigns are released alongside community flyering in businesses, community centers, faith-based organizations, and after school programs. The images on these flyers and language used is, again, reflective of the families we seek to serve and ensures that parents are aware of the location of our campus and the best method for contacting our staff with questions.

In addition to the aforementioned methods of general awareness, our Growth & Community team also consists of part-time staff who serve as part of our families sub-team. These individuals, many of whom are parents of current Rocketship students themselves, respond to enrollment inquiries from families, support interested families through ongoing school tours, and conduct in-home enrollment sessions for parents who are unable to visit the campus due to work hours or a lack of access to transportation. These part-time staff members also set out tables at local community events (such as the MNPS School Choice Fair and Head Start partners facilities) where we are able to interact with parents and guardians, piquing their interest in the campus and serving as that parent or guardian's point person throughout the application and enrollment process. Part-time staff also canvas door-to-door in densely-populated neighborhoods and apartment complexes where we work with property managers to ensure that residents are made aware of what happens at Rocketship, but also at the strategically located bus stops nearby that would make our campus particularly accessible for those families. Additionally, we have begun holding community breakfasts on our current campuses, inviting Head Start Directors and apartment managers to introduce them to our schools. While these methods have proven successful for the large scale openings at both our Nashville Northeast Elementary and United Academy, they are also an ongoing function of our community work and are the foundation for our ability to continue meeting parents where they are both in their understanding of school choice and also of the options they have to apply for a seat at Rocketship (or other schools, should that be of interest to them). By identifying our families in Antioch and Cane Ridge, we have the opportunity to engage with some founding families prior to opening.

Post-opening, Rocketship Public School's primary strategy for maintaining enrollment is to ensure that current families remain engaged, committed, and satisfied with their school. In addition to all of the different touch points that families receive throughout the year (such as a Home Visit, three conferences, and ongoing invitations to school events and principal coffees), RPS collects Student Intent to Return Surveys in conjunction with Parent Satisfaction Surveys in February of each year.

By administering both surveys at the same time, we are better able to assess if there are any areas of concern that may hinder parents from enrolling their students the following year. The survey results are shared with families, then action planning commences. Principals at RPS make plans for

reacting to survey feedback by working with a voluntary group of families who want to contribute to shaping our school environment. The principal includes the leadership team as well. In past years, this has included a workshop for the annual events calendar in which parents identify what events they would like to see and partner with the school to make it happen.

In cases where families have indicated they may not return the following year, school leaders and school staff make calls and appointments with families to learn how we can better serve them. Currently, 90+% of families in Nashville state they intend to return to a Rocketship school in 2019-20. In the cases where a grade level has room to back fill, the principal and Growth and Community team immediately begins to set strategy, including collaborative canvassing efforts in some cases. Through this dual response to family feedback, we are able to mitigate day one enrollment risks and predict with high likelihood the number of students who will be in attendance as each academic year begins.

For Kindergarten recruitment, our Growth and Community Engagement team fosters and maintains strong relationships with local Head Starts and other partners. Our key Head Start partners are Susan Gray, Berry and Dudley Head Starts in South Nashville. In North Nashville, we have strong partnerships with Tom Joy, Frederick Douglass, and North Head Start. These engagements include field trips to our campus that give parents and students access to RPS school leaders and teachers. During these tours, Head Start students participate in a “mini launch” with the principal—which replicates the school-wide morning “launch” that starts our Rocketeers’ day, they tour and visit the classrooms while participating in lessons, then enjoy a snack while the parents and Head Start staff engage in a Q&A. The Growth and Community team, Head Starts, and School teams begin identifying dates for these visits as early as January. During February, all schools meet during an “Internalization” meeting to confirm the dates and to draft the agenda for the Head Start visits, as well as the follow up plan for the visits, which often includes tabling at the Head Starts as well as a visit to each Head Start from the Principal. Because we have strong relationships with these Head Starts, we are very present on their campuses. Head Start staff members and our Growth and Community team work together to inform families of the visit through flyers. The Head Start tour season starts in March and ends in early May.

PARENT PARTNERSHIP

At Rocketship Public Schools, we recognize that parents are the first teachers of their children. Consequently, a strong partnership between families and schools is essential to our Rocketeers’ success, and to our collective ultimate goal of eliminating the achievement gap in our lifetime. This partnership ensures that our Rocketeers thrive at school and beyond, while also ensuring that their parents can then advocate for their Rocketeers in the years to come and ensure they remain on track for college while also further transforming their home communities.

Therefore, we engage families all year long, from summer through the end of school.

Building strong relationships with our parents starts with the founding of each school. In the

months prior to opening, the founding Principal and the founding leadership team engages in a series of community meetings with families to discuss the vision of the new school and to learn of the hopes and dreams of families for their children. Additionally, there are several welcome parties for new families to celebrate their choice. Importantly, the founding leadership team also participates in home visits with founding families during pre-opening. The intent of the home visits is to build a relationship and to listen to families tell their stories about education and their own lives. By doing these home visits, the power dynamic is reversed and the dialogue becomes open, authentic, and relational. Furthermore, it is an opportunity for school leaders to learn more about the community. One of the final community meetings concludes with our parents naming the school in a manner aligned with a shared vision. Families work together in collaborative groups to create name choices, then vote. The news of the school name is then shared.

During summer and fall, our teachers conduct family home visits. By changing the dynamic from parent in a teacher's classroom, to teacher in a parent's house, we are able to develop much deeper ties with our parents that carry through the school year and beyond. During the 2018-19 school year, 93% of families received a home visit by 11/30/18. Parent engagement persists throughout the school year, including at monthly coffees, community meetings, in the classroom as volunteers, at our three parent-teacher conferences, and college field trips. Many parents become leaders within the school by serving on our Parent Leadership Teams. At our California schools, parents serve on School Site Councils, which consists of a small group of voluntary families who meet with the Principal to discuss concerns and to collaborate on major decisions. A similar and more formal structure will be implemented at both Rocketship schools in Nashville in the 2019-20 school year and when we launch NSH3 in 2021-22.

In the classroom, parents volunteer with tutoring and also work with teachers to provide a variety of important supports for our schools. This past year, parents at RUA created a homework tutoring group that meets on Saturdays. The aim of this event is for parents to help other parents coach their students with homework. The idea originated from a parent at a parent coffee meeting with the school principal. This is parent power on a small, but powerful scale. Parents have also worked hard to fundraise to purchase two cupolas for the courtyard at RUA. At Rocketship, we encourage families to visit the school to enjoy lunch with their students. The cupolas make it possible for more families to do so in all weather.

PARENT PARTNERSHIP IN THE SUMMER

Summer is the time to make great impressions on families. We provide families with pertinent information, build relationships, and provide them with a sense of belonging on each campus. Additionally, this is the time of year when parents sign the Parent Compact. The Parent Compact is a document that parents sign to acknowledge that they dedicate themselves to encouraging their students to work hard, to get their students to school on time, to enforce that their children respect all people, and to ensure there is a space at home set aside for homework and study.

The following table illustrates some of our other summer experiences.

Summer Engagements with Families

Engagement	Why?	Obligations
Launch Experience and Welcome Party for New Students	Joining a new school community or attending Kindergarten for the first time can be daunting. The launch experience is to welcome families into the school community in a non-intimidating way. Less about logistics, more about building relationships.	<input type="checkbox"/> Available to new Rocketship Families <input type="checkbox"/> Attended by teachers and school leaders.
Orientation	Orientation happens in July. The intent is to build relationships while providing key information.	All families expected to attend. Key sessions and info shared: <ul style="list-style-type: none"> <input type="checkbox"/> Parent handbook <input type="checkbox"/> Attendance and truancy expectations <input type="checkbox"/> Parent engagement expectations <input type="checkbox"/> Parent volunteers and the Parent role in academics <input type="checkbox"/> Operations <input type="checkbox"/> Parent/ teacher partnership in school culture <input type="checkbox"/> Sign the parent compact
Beginning of the Year BBQ	This event generally happens on a Saturday in July and is intended to build relationships amongst staff and families.	<input type="checkbox"/> All Teachers and staff attend <input type="checkbox"/> Teachers lead grade level activities
Home Visits <July through November>		Goal: 100% of families receive a home visit by December

PARENT PARTNERSHIP DURING THE YEAR

While the theme of summer structures is to inform, welcome, and initiate relationships, the theme of the meetings during the school year emphasizes parent partnership and parent power. We highly encourage all families to partner with their school and to participate in 20 hours of school events or partnership opportunities. Furthermore, as Parent Power and Parent Partnership is one of our core pillars, our teachers are evaluated on their relationships with families. Teachers are

expected to have all home visits completed by December. Additionally, teachers are accountable for creating partnership opportunities and for encouraging families to participate in school-wide partnership opportunities, such as parent-teacher conferences or community meetings. The table below illustrates “During the School” events.

During the School Year		
Engagement	Frequency	Topics
Community Meetings	At Least 4x a year	<ul style="list-style-type: none"> • Title I Meeting • Literacy • Attendance • Science Night • College Trips • Parent Survey Results • 4th Grade Middle School Fair
Home Visits	From July-December, each parent receives at least one home visit.	<ul style="list-style-type: none"> • The aim of this visit is for teachers and families to build a strong relationship with each other. The intent is for both stakeholders to understand each other as people, then to build a partnership from there. • Identify volunteer opportunities
Parent Conferences	3x a year	<ul style="list-style-type: none"> • 3x a year, each RPS school closes down classes for two days to have parent teacher conferences. • Parents come to the school to receive a report card and to collectively set goals for the student.
Parent Coffee	Monthly	<ul style="list-style-type: none"> • 1x a month, school leaders host a Parent Coffee to report school progress to families, to discuss initiatives and to field questions, feedback and concerns. • Identify parent volunteer opportunities

<p>Sports and Enrichment Assemblies</p>	<p>Throughout the year and as available.</p>	<ul style="list-style-type: none"> ● RPS tries to provide families with a variety of enrichment assemblies, including the Arts and Athletics (we have talent shows, plays, choir performances, art shows, basketball games, dances, soccer games) ● RPS recognizes that these experiences are required so that our Rocketeers can acquire important vocabulary and knowledge, gain robust teamwork experiences and to experience enrichment that peers in more affluent communities experience.
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COMMUNITY ENGAGEMENT

Currently, Rocketship Nashville partners with Fiftyforward. The mission of Fiftyforward is to **“support, champion and enhance life for those 50 and older.”** Currently, both of our schools have adopted classroom “grandparents” who work with classroom teachers to tutor and mentor students while providing additional support.

In 2018-19, we began a new program with Vanderbilt titled ROKET (Reaching Out to Kids with Emotional Trauma). Currently, the program is available at Rocketship Nashville Northeast Elementary. It's an intensive, multi-week training for families on how to address the impact of trauma. We are hopeful that we will expand its outreach to our other schools.

Rocketship Nashville Northeast also recently hosted a day-long shoe donation event by Journeys corporate office for area community members. Rocketship firmly believes in the “community school” model, where our schools should serve to provide resources and support for our families and community-at-large.

Additionally, we partner with Tom Joy, North, Frederick Thomas, Susan Gray, Dudley and Berry Head Starts. For all Head Starts, we open our doors for field trips and offer our school to be used for a collaborative graduation ceremonies if ever they are short on space.

We are also partners with the National Alliance on Mental Illness, NAMI. We volunteer our buildings to be used for meetings while also providing a resource for families.

1.13 EXISTING ACADEMIC PLAN (FOR EXISTING OPERATORS)

In this section:

- (a) Describe any key academic plan features for the replication school that will differ from the operator's existing schools.
- (b) Explain why you would implement these different features, any new resources they would require, and the rationale for the variation in approach.

EXISTING ACADEMIC PLAN

Rocketship Public Schools' education program is based on a rotational model. Students rotate between three content blocks every day: Humanities, STEM, and Learning Lab. During the Learning Lab block, Rocketeers access enrichments, tutoring, project-based learning, and adaptive online learning programs. Key features of Rocketship's education program are as follows:

Content Specialization. Rocketship teachers are subject experts who specialize in either Humanities or STEM. Content specialization allows teachers to develop deeper expertise that improves student understanding of core subjects. Teachers form collaborative grade level teams that work together to develop classroom management strategies, create lesson plans, and engage parents.

Personalized Learning. Rocketship teachers lead the learning process for every child we serve, meeting students at their individual level. Independent learning, small group tutoring, project-based learning and adaptive online learning programs augment teacher-led instruction and provide valuable time for students to develop more ownership of their learning and achieve the mastery they need to advance.

Data Driven Instruction. Our carefully orchestrated combination of instructional methods is made possible through a robust assessment suite that maps precisely where students need support. This is how we ensure we are optimizing our teachers' talent and instructional time. During "Data Days", which happen once every 8-10 weeks, teachers and school leaders gather for an entire day to internalize student data and develop actionable next steps for every Rocketeer.

Social-Emotional Learning and Behavior Support. Many of our students have experienced some form of trauma. That is why our schools feature robust support systems (e.g., Kimochis, Ruler, PBIS) to promote social-emotional learning and create positive school cultures that make every effort to *keep kids in class at all times*.

Meaningful Inclusion. Rocketship is proud to serve all students in our classrooms, including a full continuum of students with special needs (mild, moderate, and severe). Students with disabilities spend up to 80% of their day in general education classrooms, while our Integrated Special Educators (ISEs) parallel teach alongside our general education teachers. Not only are students

with disabilities integrated into general education classrooms, they are consistently highlighted for their strengths and progress.

Project GLAD. Given our large population of EL students, all Rocketship teachers are trained to use Project GLAD (Guided Language Acquisition Design) strategies in addition to other best practices for EL learners. Project GLAD was developed and tested by the US department of education and supports our teachers and our school leaders in understanding the different language acquisition strategies that they infuse into their units.

Parent Engagement. Rocketship families are deeply engaged in their students' academic life and our school community. Every fall, our teachers and leaders visit the home of every student we serve to learn more about their family, life, and experiences outside of school. By changing the dynamic from parent in a teacher's classroom, to teacher in a parent's house, we are able to develop much deeper ties with our parents that carry through the school year and beyond. This engagement persists throughout the school year, including at monthly coffees, community meetings, in the classroom as volunteers, regular parent-teacher communication, on college field trips, and more.

The current academic model will change to accommodate the new school in the following ways:

1. **Grades 2-4:** For our students in grades 2-4, we anticipate that many new to Rocketship students may come to us academically behind. In order to close achievement gaps, we will do the following:
 - a. *Incorporate 15-20% of 3rd and 4th Grade Rocketeer Students and Families from our South Campus into the new school.* While relocating to the new campus will be solely based on parents' decisions to do so, we anticipate this occurring due to the number of families commuting from Antioch/Cane Ridge currently. By doing this, we will be better able to use peer-to-peer mixed ability groupings and accelerate learning through discussion. Additionally, experienced Rocketship parents will support new parents to help them learn how to best partner with teachers in order to accelerate student learning and build a strong school community.
 - b. *Teacher Residencies:* NSH3 will partner with area universities to develop resident teachers from Nashville. Importantly, we want to work with local talent for our schools AND we want to leverage even more adults for more small group instruction in grades 2-4 for gap closing. By training teacher-residents in scripted research-based curriculum and by staying true to our coaching model, grades 2-4 students will receive even more small group instruction. We are currently in early discussions with the Relay Graduate School of Education to partner on this project.
2. **Experienced Staff:** RPS will have the opportunity to send current or incubated Nashville RPS staff to the new school. Our academic program is even stronger when implemented by teachers and school leaders who have a high level of expertise in its implementation. Additionally, new staff are able to accelerate their execution of our core program as there will be strong exemplars to learn from.

3. **Changes in English Language Learner (EL) Programming:** In 2017-18, RPS in Nashville made significant changes in its approach to EL instruction. The change was in response to an understanding that we had to do better for our EL students. We hired a Director of EL education for our Nashville schools. In addition to this hiring, each school hired EL instructors who explicitly pull students for services. Additionally, RPS began hiring one Humanities teacher per grade level who is EL certified. Different from our original application, RPS Nashville does not use the CELDT assessment for screening and assessing EL students. Like other schools in MNPS, we use the WiDa Access Assessment and our students are screened through the MNPS Office of English Language Learners.

1.14 PERFORMANCE MANAGEMENT (FOR EXISTING OPERATORS)

In this section:

- (a) *If different than the original application, describe any mission-specific educational goals and targets that the organization will have. State goals clearly in terms of the measures or assessments you plan to use.*
- (b) *Explain how the organization will measure and evaluate academic progress of individual schools within your network throughout the school year.*
- (c) *Describe the organization's approach to academic underperformance for schools that fall short of student academic achievement expectations or goals at the school-wide, classroom, or individual student level.*
- (d) *Describe the organization's plans to monitor performance of the portfolio as a whole. What actions will you take if the network as a whole fails to meet goals?*
- (e) *Discuss how the organization assesses its readiness to grow and under what circumstances the organization will delay or modify its growth plan.*

EDUCATIONAL GOALS

Our goals remain consistent with our original application. To summarize, in accordance with Rocketship's mission, our long-term academic achievement goal is for all students to graduate from Rocketship at or above grade level. Our achievement goals include the following:

- Rocketship will meet or exceed the average achievement for schools in the same geographic area on the state mandated achievement assessments (i.e. TCAP) and the TVAAS.
- All Rocketship students, including all subpopulations (i.e. English Learners, students with special needs) will demonstrate at least 1.5 years of growth towards grade-level proficiency in reading and language arts, as measured by the Northwest Evaluation Association (NWEA) benchmark assessments (administered three times per year).
- All Rocketship students, including all subpopulations, will demonstrate at least 1.5 years of

growth towards grade-level proficiency in mathematics, as measured by the NWEA benchmark assessments.

MEASURING ACADEMIC PROGRESS

Rocketship has developed a series of academic metrics, which include annual and interim goals, by creating network health dashboards to push us toward greater internal accountability and ensure that each individual school within the network is on track to meet our mission. These dashboards are reviewed by our centralized Achievement and Analytics teams in conjunction with school leaders and teachers. The data reviewed includes state standardized tests, national tests, and internal benchmark assessments. In addition to the National Dashboard, both the Director of Schools and the Manager of Achievement of RPS in Tennessee create additional dashboards that are specific to the region.

RESPONSE TO UNDERPERFORMANCE

As described in our original application (see pp. 12-14), Rocketship has a robust Response to Intervention (RTI) program to serve individual students who fall short of achievement expectations. RTI is a data-based instruction and intervention model designed to efficiently identify at-risk and academically low-achieving students, match them with appropriate, evidence-based interventions, and guide teams in engaging in a clear problem-solving process to ensure that every student receives the support they need in order to achieve grade level expectations. Consistent with TN state requirements and our other existing schools, we will employ RTI at Rocketship to assist students at the individual level. There are seven essential components:

1. Universal Screening: a systematic process for identifying a subset of students from the entire student population who are struggling academically and/or behaviorally, and are at-risk of negative short-or long-term outcomes.
2. Multiple Tiers of Support: the service delivery model of providing a graduate sequence of intensifying interventions in order to match services to student need.
3. Evidence-Based Interventions: the implementation of interventions and supports which are supported by empirical evidence to have positive academic and/or behavioral outcomes for the student population with which they are being implemented.
4. Ongoing Progress Monitoring: the continual monitoring (using research-based assessment methods) of the ongoing progress of students participating in intervention, in order to assess the effectiveness of interventions for specific students and overall.
5. Data-Based Decision Making: the utilization of student progress monitoring data to make decisions whether to intensify, modify, keep in place, or remove particular interventions or supports.
6. Treatment Integrity: the systematic monitoring of the implementation of interventions in

order to ensure that they are implemented as intended to enable appropriate and legally defensible decision-making.

7. **Problem Solving:** the dynamic and systematic process that guides the school team's behavior in: identifying the problem, analyzing the problem, developing a plan of action, implementing the plan, and evaluating the outcomes of the plan.

If a classroom falls below student achievement expectations over the course of a data-cycle (8 weeks for Reading, 4-5 weeks for Math, by Trimester for NWEA MAP), RPS School Leaders immediately work with teachers to identify the sources of the gaps, co-create a data-action plan, and a coaching plan with academic and teacher execution goals. Following the planning phase, Assistant Principals and Principals prioritize coaching in that particular classroom while also monitoring student outcomes on a weekly basis. Additionally, there is an increase in the frequency of student work review meetings. In the case that a teacher does not execute on the Coaching and Data Action Plan, we create a discussion log that may lead to a PIP.

If our school falls below student achievement expectations, we would take immediate corrective action, including working with the district and state where possible. Technical measures that we would take would include, but not be limited to:

- Perform a gap analysis to identify specific areas of deficiency;
- Consult with Rocketship staff members, parents, and the Rocketship Board of Directors to develop a targeted corrective action plan;
- Reserve funds for additional professional development;
- Consider implementing new or revised academic curricula to address specific deficiencies;
- Consider restructuring or replacing certain Rocketship staff.

MONITORING PERFORMANCE

Rocketship monitors portfolio performance using a network health dashboard. This dashboard monitors the health of our schools across a number of dimensions, including: student achievement, staff satisfaction, and staff retention. We also have quarterly data reviews to review in detail the performance of each school, recommend next steps for each school, and determine the appropriate network-level support for each campus. If the network fails to reach our goals, we would reevaluate our organizational resources and priorities to ensure our schools have the direction and staffing needed to accomplish our goals. We would also re-evaluate our growth plans.

DECISION TO GROW

We assess our readiness to grow through our greenlighting process. To greenlight a new school, we apply rigorous standards to evaluate network-wide readiness, which includes the overall health of the network as measured by our existing schools' performance and the network support

team's capacity to support growth, community support, financial commitments, affordable and safe facilities, and an identified school leader capable of founding a new school. If these conditions are not satisfied, our Senior Leadership Team and Board of Directors will not greenlight a new school or region. We have demonstrated through our past greenlighting decisions that we are willing to modify our growth plans to ensure quality consistent with quantity.

SECTION 2: OPERATIONS PLAN AND CAPACITY

2.11 NETWORK VISION, GROWTH PLAN, & CAPACITY (FOR EXISTING OPERATORS)

In this section:

- (a) *Describe the network's strategic vision, desired impact, and five-year growth plan for developing new schools in Tennessee. Include the following information: proposed years of opening; number and types of schools; any pending applications; all currently targeted markets/communities and criteria for selecting them; and projected enrollments.*
- (b) *If the existing portfolio or growth plan includes schools in other states, explain specifically how Tennessee fits into the overall growth plan.*
- (c) *Provide evidence of organizational capacity to open and operate high quality schools in Tennessee and elsewhere in accordance with the overall growth plan. Outline specific timelines for building or deploying organizational capacity to support the proposed schools.*
- (d) *If applicable, list any schools that were previously approved by this or another authorizer but which failed to open or did not open on time, and explain the reasons for the failure or delay.*
- (e) *Discuss the results of past replication efforts and lessons learned – including particular challenges or troubles encountered and how you have addressed them.*
- (f) *Discuss the greatest anticipated risks and challenges to achieving the organization's desired outcomes in Tennessee over the next five years and how the organization will meet these challenges and mitigate risks.*
- (g) *If you have already identified a charter school facility, indicate the location (including street address and school zone). Describe the facility, including whether it is new construction or part of an existing public or private school building. If a facility has not been identified, indicate any existing possibilities and the process that will be used to find a suitable facility. Include a timeline for facility selection and acquisition.*
- (h) *Provide, as **Attachment L**, the organization's most recent annual report.*

There is a significant and growing gap in student achievement in our country. It's a gap between ethnic groups, between income levels, even between neighboring communities in the same city. Ultimately, the achievement gap affects us all.

The achievement gap is bigger than grades and standardized tests. It affects dropout rates, college graduation, employment, lifetime earnings, and quality of living. And it's a perpetual cycle, persisting for generation after generation in the same community.

At Rocketship Public Schools we are driven by our vision to eliminate the achievement gap in our lifetime, which requires scaling our model.

5 YEAR GROWTH PLAN

When we entered Nashville, it had few elementary charter schools despite being located in a state that is one of the leading states in education reform. While the overall performance of the elementary tier in Nashville has not historically been a huge community concern (like the performance of the other tier levels), the reality is that high-quality elementary schools in Nashville are primarily concentrated in more affluent neighborhoods and not consistently available to all families, especially those living in low-income communities. Over the next five years, we will grow Nashville and our other existing regions to catalyze change and look toward new regions to serve where there is need for high-quality public elementary school options in high-need communities.

Our impact strategy is not just about the number of Rocketship schools we open and high-quality seats we offer. We aim to catalyze parent-led movements for education equity and excellence in historically underserved communities. Communities like South Nashville. By engaging parents from the moment their child begins their formal education in elementary school, we build lifelong parent advocates who become champions for their child's education, hold leaders accountable, and enable high-quality public schools (both district and charter) to thrive.

In every community we enter, we have identified need and demand for high-quality public school options. We start by examining the size and severity of the achievement gap. Specifically, we look at the overall size and growth of economically disadvantaged students, minority populations, English Learners, and students with disabilities. We then evaluate local elementary school performance in ELA and math overall and for these subgroups to identify where there is a need for high-quality school choice. We also examine tailored metrics that reflect issues with which local communities are grappling like overcrowding in certain geographic pockets of Nashville schools. Key to this process is our focus on family and community engagement to ensure that we are entering areas where there is a demand for high-quality school choice and that we are meeting the unique needs of each community that we serve.

Over the past five years, Rocketship has opened new schools each year, often across multiple regions. This most recent year, Rocketship opened its thirteenth school in California and its second school in Milwaukee. The growth plan shown below is consistent with our track record of opening new schools each year.

For Nashville and Tennessee, Rocketship Public Schools distinguishes itself from other charter operators in the region. We open our schools large, typically with all or nearly all grade levels in Year 1. We unapologetically believe that high-quality school options must exist for **all** elementary students on the day of a school's initial opening -- that the school does not exist just for Kinder and 1st grade students. In many ways, charter operators that open with only K-1 are in the business of "achievement gap prevention." At Rocketship, we are in the business of closing the achievement gap, which means we accept second, third and fourth graders knowing that there are academic deficits. It is our moral obligation to do so. To the credit of our teachers, parents and school leaders, both of our TN schools receive scores of TVAAS 5— evidence that we are closing the achievement gap. What's more, we work with families to identify high-quality middle-schools for

their students to ensure that the gaps keep being closed until the student is college ready. Below is a table of our 5-year Growth Plan for TN:

	2020-21	2021-22	2022-23	2023-24	2024-25
Nashville: Number of Schools	2	3	4	4	4
Nashville: Number of Students Enrolled	1,100	1,556	2,142	2,196	2,220
TBD TN City: Number Of Schools				1	1
TBD TN City: Number of Enrolled Students				456	506

In addition to growing our impact in Tennessee from two schools to five schools by the 2024-25 school year, Rocketship Public Schools will be opening two new high-performing elementary schools in underserved communities in Washington D.C. where we already operate two schools. While there is considerable need and demand for high-quality public school options in Washington D.C., the availability of school facilities is a key constraint to our growth plan in the nation’s capital. Rocketship’s expansion in D.C. is led by our D.C. Regional Team and does not interfere with the work of our Tennessee Regional Team. In fact, our D.C. network has been an important incubator for talent in both sharing best practices as well transferring top talent to Tennessee. In addition to continuing to support academic excellence across all schools in current Rocketship regions, we are working to launch a fifth region in 2021. This new region will be supported by a new regional leadership team that is independent from the team leading our network of schools in Tennessee.

ORGANIZATIONAL CAPACITY

Rocketship has demonstrated organizational capacity to open and operate high-quality schools in Tennessee as evidenced by the successful launch of our first two schools, Rocketship Nashville Northeast Elementary and Rocketship United Academy. In less than two years Rocketship implemented its model with high fidelity at two schools serving nearly 900 students. After four years of operation, nearly 1,000 students are being served. Both of our schools received an overall

TVAAS score of 5 last year, and RUA has been designated a “Reward School” by the state of Tennessee.

In Nashville, we have established a local regional team consisting of a full-time Director of Schools, Manager of Achievement, Regional Director of Operations, Associate Director of Integrated Special Education, and Associate of Family and Community Engagement. Additionally, we have a talent recruiter dedicated to the region. We are confident that we have the right regional team in place to launch our next school in Nashville. **Descriptions below:**

<p>Director of Schools: In addition to managing the Regional Team, the Director of Schools of Tennessee manages and develops the Principals at all RPS schools in Tennessee. The director is responsible for ensuring the RPS model is working with fidelity at our campuses and for ensuring the schools are functioning at a high-level.</p>
<p>Regional Director of Operations (RDO): The Regional Director of Operations is responsible for organizing and managing region-wide systems, services and business relationships, such as transportation. The RDO oversees that all schools meet their safety requirements via weekly and quarterly walkthroughs, provides PD and consulting to building level Business Operations Managers, co-plans opening and closing procedures, and works with MNPS on compliance.</p>
<p>Family and Community Engagement Associate: The Family and Community Engagement Associate is responsible for leading new family recruitment and community mobilizing efforts for new Rocketship schools; managing and coaching a team of family recruiters and interns in results-driven campaigns; developing key relationships and mobilizing community efforts in targeted areas of growth; and coordinating with school leaders in the recruitment, retention, engagement, and support of our students and families.</p>
<p>Manager of Achievement: The Manager of Achievement builds instructional staff capacity and elevates students achievement in the region balancing consistency across Rocketship Public Schools with the unique needs of each school and region. Additionally, the TN Manager of Achievement oversees all ELL PD, the coaching of ELL coaches, and ELL compliance.</p>

Over the next few years, we will continue to invest in organizational systems, processes, and sustainability to further our regional capacity. This will enable Rocketship to efficiently and cost-effectively scale our operations within and across regions while maintaining the high level of academic achievement and operational efficiency that defines our schools and our network.

.....
LESSONS LEARNED

GREENLIGHTING NEW REGIONS

Six years ago, we launched our first school outside of California in Milwaukee. Although we were successful in replicating the academic success and culture of our California schools in Milwaukee, we learned that there are unique challenges in each new region. In Milwaukee, we learned that a comprehensive understanding of unwritten community expectations and norms along with funding and regulatory structures is essential to open and sustain an excellent school. In addition, while our initial research of the Milwaukee expansion was sufficient to allow us to open a successful school, we realized in retrospect that there were many questions we didn't know enough about to ask before we made the decision to expand to Milwaukee. We immediately applied these lessons to our regional greenlighting process and have built the team, tools and systems to ensure that we are ready for the specific requirements and challenges of every region we open.

SYSTEMS & PROCESSES

We continue to build on this momentum, creating innovative solutions to drive efficiency throughout the organization. Key initiatives in this area include building robust playbooks for school and regional startup, further integrating tech systems to drive efficient, meaningful application of data and clearly articulating roles and decision rights across the organization. In addition, each individual function continues to automate, optimize and codify its practices as we grow, becoming increasingly efficient and effective at opening and operating high quality schools. To reap the benefits of being a network, Rocketship must create common systems and processes that can be leveraged across schools and regions. We initially underinvested in this area, attempting to simultaneously execute and optimize while running extremely lean operations. In recent years, however, we have more clearly recognized the need for upfront investment to create the systems and processes that will serve our network for years to come and have begun to put these in place.

TALENT

We have learned that the most significant barrier to opening new schools is the availability to cultivate high-quality talent for leadership positions at our schools. In order to mitigate this issue, Rocketship has created the Rising Leaders Program, which is a multi-year pathway for promising teachers to learn, practice, and refine leadership skills, all while internalizing the Rocketship Public School Model.

Organizationally, we also learned that consistent leaders and teachers are a bare requirement if a school is going to be successful. RPS invested heavily in moving a full-time talent recruiter to Tennessee to work with Principals. Because the talent recruiter has close ties and personal relationships with the principal, he is able to understand their needs and vision. This allows for creating the right match. We are happy to note that as of 3/29, all School Leadership teams are returning for 2019-20. Additionally, there are only two- teachers across Rocketship Nashville that are leaving. One of them is staying in the organization while the other teacher is exploring other options.

Another lesson learned concerns the importance of having leadership and faculty members that have local context. A pre-existing relationship working with a local authorizer and other stakeholders in a city or district is hugely valuable when opening new schools or replicating the model within a city.

LESSONS LEARNED IN TENNESSEE

For a detailed discussion of lessons learned at RUA, our existing school in south Nashville, please see “Consistently High Performing Schools” in Section 4.1.

At our North Campus, Rocketship Nashville Northeast, we have learned additional lessons in regards to operating in Tennessee that are different than the ones described in Section 4.1. The first lesson was for us to realize how important it is to work with the Charter Office of MNPS. There were two situations that could have been avoided if we just partnered and were more communicative with the office . One situation involved a student receiving Exceptional Education Services. If we had reached out to discuss the situation and context, many misunderstandings could have been avoided. This is covered more in Section K.

Another situation that could have been avoided with stronger communication with MNPS involved ELL scheduling and services. The state conducted a walkthrough of one of our campuses and found a few concerns with our scheduling of ELL services. If we had been more proactive and understanding of the requirements, we could have avoided some missteps. On our side, our students would have been better served if we had partnered with the Charter Office and the Office of English Language Learning. Since then, we have hired a Manager of Achievement who has 20% of her time dedicated to ELL. She maintains great communications to MNPS and always asks questions.

SUMMARY

Since 2006, Rocketship has grown to open new schools serving thousands of students with multiple authorizers. Students at our schools consistently show greater academic readiness than their peers at local and state schools. As of the writing of this application Rocketship operates 19 schools in four states. Nevertheless, replication is not without its challenges and our team has learned important lessons that will inform practices during the opening of this school.

KEY RISKS

Two of the greatest anticipated risks and challenges to achieving our desired outcomes are talent and facilities.

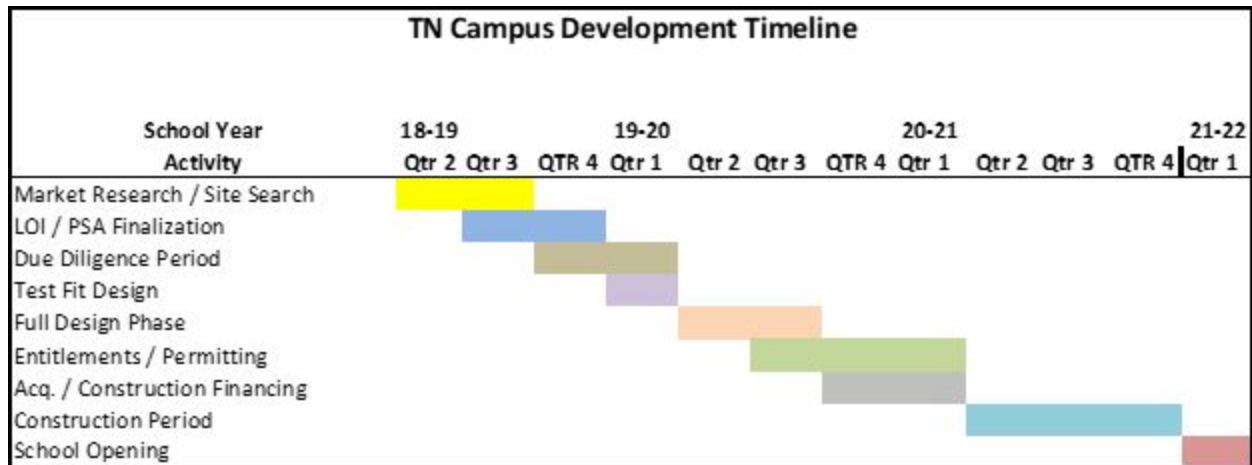
With teacher shortages across the country, identifying high-quality teachers and school leaders is a challenge most school systems are currently grappling with. To fill these positions, we have needed to recruit heavily from out-of-state. . We would like to change this. Recruiting teachers from out-of-state not only poses challenges related to navigating certification issues and reciprocity, but also means that our teacher tenure is shorter as many ultimately leave to return to their home states. We want to invest more deeply in identifying and developing local talent by creating a Teacher Internship Program. It is our hope that by acquiring talent from Tennessee and committing to Tennessee talent development, our teachers will stay with us longer and have even deeper connections to the communities we serve.

The second challenge we face is identifying and acquiring suitable facilities. This is, understandably, one of the most significant challenges that all charter schools face across the country. Not only is there high demand for a small number of existing school facilities, but local zoning and development processes can make new construction or major renovations highly complicated with a long timeline. Rocketship is poised to successfully address the facilities challenge due to our collective experience and a deliberate new region startup timeline.

As we continue our national growth, we will build on our experience through the successful development of fourteen construction projects for schools in California, Milwaukee, Washington, D.C., plus two facilities in Nashville. This experience will be useful as we begin to analyze the real estate market in our target neighborhoods in Nashville and identify whether we will acquire existing facilities or begin the new-construction process. Additionally, Rocketship has developed a relationship with the Turner Impact Capital (formerly known as the Canyon-Agassi Charter School Facilities Fund), and may work with them again to develop facilities for this proposed charter school.

FACILITIES PLAN

Rocketship intends to open its campus in or near the targeted communities noted herein. Below are additional details about the site search, development partnerships and financing experience of Rocketship and its partners and affiliates, along with a typical timeline of activities over a 19 month period. The chart includes the timeline for typical new construction as well as entitlements, use permits and building permits; targeting school opening for the 21-22 school year.



Site Search and Development Plan. Rocketship conducts a rigorous facilities acquisition process to open its campuses. Historically, this process has resulted in working with Launchpad Development Company (Launchpad), or other highly qualified partner developers. Launchpad has a solid track record of opening campuses in Nashville for Rocketship with the Turner Agassi Charter School Facilities Fund and Turner Impact Capital (TIC) to acquire land and build / finance Rocketship’s campuses. Launchpad and TIC have developed and delivered two (2) campuses for Rocketship schools in Nashville, Northeast Nashville Elementary School in 2014, and United Academy in 2015, with a highly qualified team of local architects and contractors.

Rocketship budgets Facility Expenses based on lease payments determined by its real estate development partners based on the cost of each project. Both the Project Budget and the resulting Facility Expense are finalized and agreed to by all parties prior to project financing, and memorialized by an industry-standard lease document. The Facility Expense is comprised of normal and customary components of market rents including; project costs, property management fees, taxes, insurance, and reserves for replacement of capital items. This methodology results in market-based rents for Rocketship.

Financing Plan. Launchpad’s and TIC’s financing plans for the development of the new schools and sites is typically one of three main options listed below. With the financing options listed below, Launchpad has been able to complete all of its projects for Rocketship on time and within the approved project budget.

- New Market Tax Credits,
- Bridge financing during the development and construction periods that will be taken out by tax exempt bond financing once the project is complete and has opened, or
- Tax Exempt Bond financing.

Launchpad successfully financed four of the twelve permanent Rocketship campus projects in the Bay Area with New Market Tax Credits, followed by refinance using long term tax exempt bonds. One project financed with short term private bank financing that was ultimately refinanced with bonds, and seven with long term bonds in the pre-construction phase of the campuses. These transactions have resulted in the increased interest of local and national lenders as well as capital markets investors, providing confidence in the ability to finance the construction of new Rocketship schools moving forward.

2.12 NETWORK MANAGEMENT (FOR EXISTING OPERATORS)

In this section:

- (a) Identify the organization's leadership team and their specific roles and responsibilities.
- (b) Provide, as Attachment M, the organization charts for Year 1 network as a whole (including both network management and schools within the network), Year 3 network as a whole and Year 5 network as a whole. The network organization charts should clearly delineate the roles and responsibilities of – and lines of authority and reporting among – the governing board, staff, any related bodies (such as advisory bodies or parent/teacher councils), and any external organizations that will play a role in managing the schools. If the school intends to contract with a charter management organization clearly show the provider's role in the organizational structure of the school.
- (c) Explain any shared or centralized support services the network organization will provide to schools in Tennessee. Describe the structure, specific services to be provided, the cost of those services, how costs will be allocated among schools, and specific service goals. How will the organization measure successful delivery of these services? (In the case of a governing board proposing to contract with a management organization, service goals should be outlined in the term sheet and draft contract).

All Rocketship Education Tennessee schools authorized by MNPS will be governed by Rocketship Education's (RSED) Board of Directors and will benefit from the support of the Rocketship Education Network Support Team (NEST), as further described below. The NEST is overseen by a Senior Leadership Team (SLT), as described below:

SENIOR LEADERSHIP TEAM

Preston Smith: Preston Smith co-founded Rocketship in 2006. He has held numerous roles at Rocketship, including teacher, principal, Director of Schools, and Chief Achievement Officer. He has led Rocketship's professional development, leadership development, integrated special education, and student and teacher recruitment. In 2013, he was named CEO. Prior to Rocketship, Preston was founder and Principal of L.U.C.H.A. Elementary School, part of the Alum Rock Unified School District in San Jose, CA. After its first three years of operation, L.U.C.H.A. was the fourth highest performing low-income elementary school in California. Preston began his career in education as a Teach for America Corps (TFA) member at Clyde Arbuckle Elementary School (CA). In 2003, Preston was named "Teacher of the Year" at Arbuckle and was also nominated as one of six finalists for TFA's Sue Lehmann award, given to TFA corps members with the highest classroom academic gains in the nation. Preston is also an Aspen New Schools Fellow.

Preston is a proud Rocketeer parent of Zeke and Phoenix who attend Rocketship Fuerza Community Prep. He earned his Master in Educational Leadership from San Jose State University and graduated from University of North Carolina at Chapel Hill with a degree in Latin American Studies, Phi Beta Kappa.

Keysha Bailey: Chief Financial Officer. Ms. Bailey joined Rocketship on January 23, 2017 as its Chief Financial Officer, managing the Business teams - Accounting, Financial Planning, Real Estate,

HR/Benefits Management and Legal divisions of the organization. Ms. Bailey was most recently a Consultant focused on advising corporations on strategic finance and real estate matters. Additionally, Ms. Bailey has served as a Board Member and Secretary/Treasurer for Envision Schools in California, a network of charter schools currently operating 4 schools in San Francisco, Oakland and Hayward, CA.

Prior to Envision Schools, Ms. Bailey was Vice President, Asset Management with Prudential Real Estate Investors. In this capacity, Ms. Bailey led the strategy for over \$2 billion in commercial real estate investments including operations, development and joint ventures. Prior to Prudential, Ms. Bailey was the President of a Colorado-based construction enterprise, with a focus on resort based development. Ms. Bailey was also Vice President in Investment Banking with J.P. Morgan in New York. During this time, Ms. Bailey raised over \$10 billion in the public debt markets for real estate, energy, and diversified corporate clients. While at J.P. Morgan, her experience included derivative structuring and mergers and acquisitions. Ms. Bailey earned her BA in economics from Princeton University and an MBA in Finance from the Wharton School, University of Pennsylvania.

Lynn Liao: Chief Programs Officer. Ms. Liao is responsible for educational model design, curriculum development, talent management (including HR responsibilities for talent searches at all levels of the organization), leadership development, and recruitment and selection. Ms. Liao has led Rocketship's flexible model pilot program and the successful roll-out in school year 2013-14.

Ms. Liao joined Rocketship from The Broad Center for the Management of School Systems where she co-founded and led the growth of The Broad Residency, a national program to attract and support emerging business leaders to join urban school systems. Under her leadership, the program graduated over 200 Broad Residents, 90% who remain in K-12 education. She most recently served as managing director of network services. The goal of network services is to strengthen and leverage the power of the Broad Center's network of participants and graduates through career services and connecting network members to facilitate knowledge sharing and advance reforms.

Prior to joining The Broad Center, Ms. Liao served as a director at The Broad Foundation and was responsible for the Foundation's portfolio of investments in district and national principal leadership programs. She also served as the Foundation's liaison with districts including New York City, San Diego and Philadelphia supporting their work on district redesign and restructuring. Ms. Liao has a bachelor's degree in political economy from the University of California, Berkeley and an M.B.A. and master's degree in education from Stanford University.

Cheye Calvo: Chief Growth and Community Engagement Officer (formerly known as Growth & Policy). Mr. Calvo leads Rocketship's growth and community engagement team that partners with communities, stakeholders, parents, and families to grow and support Rocketship's network of highly successful public elementary charter schools. Mr. Calvo joins Rocketship after seven years with The SEED Foundation where, as chief expansion officer, he worked with communities across the country to explore innovative educational options for underserved students and opened and sustained urban, public college-preparatory boarding schools. Prior to SEED, Mr. Calvo worked for multiple state associations, most notably the National Conference of State Legislatures, where he served as a policy expert and directed federal affairs on a diverse array of issues impacting

states and communities. Early in his career, Mr. Calvo worked for the County Council in his native Prince George's County, Maryland.

From 2004 to 2015, Mr. Calvo served as the six-time elected mayor of the town of Berwyn Heights, Maryland, just outside of Washington, D.C. Mr. Calvo has a B.A. History and M.A History from the University of Wyoming.

Carolyn Davies Lynch: Vice President, Operations. Ms. Lynch leads Rocketship's work defining organizational strategy and building scalable systems supporting growth. She previously ran Rocketship's Operations function. Ms. Lynch came to Rocketship from The Boston Consulting Group, where she led strategic work for organizations ranging from school districts to multinational corporations. Her family drives her passion for education reform, as her mother comes from a long line of educators and her father was first in his family to attend college. Ms. Lynch has a Master of Education and a Master of Business Administration from Stanford University.

Christopher Murphy: Vice President, Marketing and Communications. Mr. Murphy is responsible for overseeing strategic communications, media relations, public information, fundraising and marketing at Rocketship. He spent the first decade of his career as a Strategic Planner for the world's top creative advertising agencies, building marketing strategies for blue-chip brands, national nonprofits, and global foundations. His work was recognized with five EFFIEs - the industry's top honor for marketing effectiveness. In 2009, Mr. Murphy left the advertising world, moved to Kenya, and built a strategic communications capacity for Sub-Saharan Africa's largest HIV control program. He went on to lead marketing and development for the East Africa based pioneering social enterprise Living Goods. He later headed up brand marketing at Common Sense Media, where he spearheaded a national campaign with Univision to help close the broadband internet access gap and directed a \$30 million national PSA campaign. Mr. Murphy holds a B.S. in Marketing and Cultural Studies from the University of Minnesota and attended graduate school at the Newhouse School of Public Communications at Syracuse University.

REGIONAL LEADERSHIP TEAM

James Robinson: James Robinson is the Director of Schools for Rocketship Public Schools in Tennessee. Prior to becoming the Director of Schools, James Robinson founded Rocketship United Academy in Nashville in 2015. Under his leadership, Rocketship United consistently made double-digit leaps in proficiency on the Nationally Normed NWEA MAP Assessment. United also became the first new Rocketship region school to join the top quartile of all Rocketship schools in 2018 for its MAP performance. In a short amount of time, United has made double-digit gains in proficiency on TN READY for ELA and scored high on TVAAS, averaging 1.4 years of growth in a single school year.

Prior to serving as a Founding Principal in Nashville, James was an Assistant Principal at Rocketship Mosaic in San Jose, California. While at Mosaic, Robinson managed, coached and led the Special Education team, the Learning Lab and the 2nd and 3rd grade teams. Additionally, Mr. Robinson co-led professional development for guided reading, school culture and reading comprehension.

Before joining Rocketship, Mr. Robinson was selected for the CSP Leadership Fellowship in Minneapolis, MN. As a Leadership Fellow, James designed a school, conducted market research to identify a neighborhood to build a school and also consulted for the Harvest Network of Schools. Prior to being a fellow, James was a founding teacher at Uncommon Schools Rochester Prep.

Kat Powers: Nashville Manager of Achievement. Kat Powers started her career in education in 2008 teaching elementary school. After teaching for five years, Kat coached and designed the scope and sequence of programming for beginning teachers with Teacher For America Nashville. Kat came to Rocketship Nashville in 2017, joining the team as our ELL Program Manager and this year has taken on the role of Regional Achievement Manager, supporting school leaders in EL and academic support. Kat Powers earned her Bachelors of Science in Elementary Education from Montana State University - Billings and her Masters in Educational Leadership from Lipscomb.

Stefanie Bundy is the Regional Director of Operations. Mrs. Bundy started her career in education in 2013 with Success Academy Charter Schools in New York City. After working as the Business Operations Manager for one of their schools in Brooklyn for two years, Stefanie joined Rocketship as the founding Business Operations Manager at Rocketship United Academy. In 2017, Stefanie joined the regional team, and is now the Regional Director of Operations. She is a coach for the Operations teams at our two Nashville campuses, as well as a network wide partner in advancing operational excellence across all of our 19 schools nationwide. Stefanie Bundy earned her Bachelors of Science in Human and Organizational Development- with a focus in International Leadership & Development- from Vanderbilt University.

SUPPORT SERVICES

As we continue to expand our network and reach nationwide, Rocketship has focused on building organizational capacity to maintain high-quality schools while also fueling growth. We have worked to develop and consistently apply functional expertise in each of the areas that comprise the complexity of school management.

Rocketship is focused on easing the administrative burden of our schools so they can focus exclusively on instruction and student achievement. We do this by centralizing a full range of school services (see list below). To cover the cost of these services each school pays a 15% network support fee, much like a District supports the operations of the schools it supports. In addition, our Achievement Team and our Schools Team are part of Rocketship's centralized Network Support Team. Those teams are charged with developing the instructional vision, supports, mentoring, and professional development of our school leaders and teachers across all schools.

The current support that the Rocketship network support team provides includes the following:

- High-quality support via centralized Schools Team and Achievement Team to increase student achievement (i.e. planning and designing instructional materials and resources; creating academic visions and goals; coaching of school leaders and teachers; guiding the data analysis process; facilitating professional development for teachers and school leaders)
- Talent management (i.e. recruitment; teacher and school leader pipeline development)

- Growth/policy (i.e. government relations; supervising community outreach and parent involvement)
- Finance (i.e. financial analysis and monitoring; budgeting; accounting, payroll, billing)
- Strategy (i.e. project management; cross-functional facilitation; devising systems for operational issues;)
- Facilities (i.e. site location, design, permitting, entitlements)
- Legal (i.e. compliance; completion of required filings; support with education and governance laws and policies)
- Human Resources (i.e. hiring, infrastructure, employment issues, benefits, compliance)
- Operations (i.e. coordinating with service providers; developing and managing systems)
- Communications (i.e. marketing and public relations)

These critical support services are comprehensive and support many academic and most non-academic obligations under state law, charter petitions, and memorandum of understandings established with authorizers.

To replicate our regional model and grow our impact as a network, we must also be financially sustainable as an organization. We believe that high quality, financially sustainable public schools are not just possible, but are necessary to close the achievement gap. A reliance on philanthropy that supports ongoing operations would limit the number of students and families that could be served. The first region Rocketship launched in San Jose achieved regional sustainability in 2013 -- meaning our eight schools in San Jose operated solely on public revenue. As Rocketship builds toward network-wide sustainability, our sustainable operating model already relies on financially sustainable individual schools. Of these funds for centralized effort, one-third supports the localized, on-the-ground, region-specific work of each functional team, such as managing and coaching school leaders, building local relationships and supporting school compliance and operations.

While each region requires startup philanthropy to cover upfront costs, after about five years and eight schools, this regional work can be completely sustained by public funds. The Bay Area region reached this point of regional sustainability in 2013-14 and we expect other regions to follow suit as they grow. The other two-thirds of centralized funding supports our national work of innovating on our instructional and operational models, supporting network growth and providing schools with intensive back-office support ranging from talent recruiting and development to finance and legal work.

DECISION-MAKING

Using the table below, summarize school- and organization-level decision-making responsibilities as they relate to key functions.

Function	Network Decision-Making	Regional and School Decision-Making
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Performance Goals	Goals are set at Regional Network level and reflect RPS goals	Provide input into goal planning
Curriculum	Curriculum is Common Core-aligned	Regional and School leaders may adopt content for local standards. They provide feedback and refinement.
Professional Development	Creates PD programming for schools	Executes PD and plans additional school-level PD
Data Management and Interim Assessments	RPS systems are provided to school, NEST helps consolidate data and assessments	Participates in data cycles and actively manages data
Promotion Criteria	Set by national team	Makes determination for individual students
Culture	Some network-wide cultural elements exist	Schools responsible for creating and fostering a positive school culture
Budgeting, Finance, and Accounting	Generated by national office	School leaders manage school budget with guidance from national office
Student Recruitment	Provides strategy guidance, collateral, personnel resources	Hosts events for prospective students and families
School Staff Recruitment and Hiring	Shared between national office and individual schools	Shared between national office and individual schools
H/R Services (payroll, benefits, etc.)	National office provides all services	Communicates H/R changes to national office and MNPS

Development/ Fundraising	Conducted by national and regional staff	
Community Relations	Regional staff primarily responsible	Schools responsible for connecting with parents and nearest stakeholders
I/T	National office primarily responsible	

Function	Network Decision-Making	School Decision-Making
Facilities Management	National office provides support	Schools are equipped with a Business Operations Manager
Vendor Management / Procurement	National office provides most support	Schools provide input and some selection criteria
Other operational services, if applicable	National office provides personalized learning model, data management, and supports implementation	Executes RPS model, contributes to ongoing refinement process

2.13 NETWORK GOVERNANCE (FOR EXISTING OPERATORS)

- a) *As applicable, describe the governance structure at the network level and how that relates to the individual school.*
 - o *Will each school/campus have an independent governing board, or will there be a single network level board governing multiple schools? If there will be a network-level board, discuss the plan for satisfying the statutory requirement of either: having a parent from one of the network's Tennessee schools serve on the governing body, or having advisory councils at each school.*
- b) *Describe the size and composition (current and desired) for the board. Explain how the proposed governance structure and composition will help ensure that there will be active and effective representation of key stakeholders.*
- c) *Discuss the powers and duties of the governing board(s). Identify key skills, areas of expertise, and constituencies that will be represented on the governing board(s).*

- d) *Explain how this governance structure and composition will help ensure that a) the school will be an educational and operational success; and b) the board will evaluate the success of the school and leader.*
- e) *Explain how the interests of individual schools will be balanced with network interests and how key stakeholders will be represented.*
- f) *Will the charter be held by the same existing non-profit board or will a new board be formed?*
 - *If the existing board will also govern the new school:*
 - *Include a copy of the by-laws and organizational chart, with emphasis on what changes, if any, will need to take place at the board level for it to be effective (i.e., add members, redistribute roles, responsibilities, etc.).*
 - *Discuss any plans to transform the board's membership, mission, and by-laws to support the charter school expansion/replication plan. Describe the plan and timeline for completing the transition and orienting the board to its new duties.*

GOVERNANCE

Rocketship Education, Inc. has a single, network-level governing board that governs all schools in Tennessee. Additionally, the Rocketship Education Board of Directors has created Rocketship Education Tennessee LLC ("Rocketship TN"), a non-profit limited liability corporation formed under Tennessee law. Rocketship Education, Inc. is the sole member of Rocketship TN. Rocketship TN is comprised of a Board of Managers that is authorized to conduct certain specified actions on behalf of Rocketship TN. These actions include the following:

- Approve the annual Tennessee regional budget, fundraising events, and grant writing for Tennessee schools.
- Approve the enrollment and grade-level configuration for schools operating in Tennessee.
- Approve strategic growth plans, expansion, and greenlighting of new schools in Tennessee.
- Participate in dispute resolution resulting from legal actions.
- Monitor Rocketship schools in Tennessee to ensure each school is meeting the expectations and mission of the charter.
- Monitor the fiscal solvency of the Rocketship schools operating in Tennessee.
- Participate in the trainings on governance, leadership, strategic planning, and other corporate matters.
- Increase public awareness of and fundraising on behalf of Rocketship TN.

BOARD

Rocketship's Bylaws state that the Board must consist of at least three (3) and up to twenty-five (25) members. Board members serve for staggered terms of two years. This staggering of terms will create a natural flow for future elections and ensure that the Board does not experience full turnover at once.

The Board will be comprised of the following individual officers:

- Chairman of the Board, responsible for presiding over Board meetings and performing various duties as assigned by the Board.
- Secretary, responsible for keeping account of Board minutes, Articles and Bylaws, and notice of Board and committee meetings.
- Treasurer, responsible for overseeing and validating audits, federal and state annual information return filings, and corporate filings.

The Bylaws also authorize the Board to appoint one or more Vice Presidents, one or more assistant secretaries, one or more assistant treasurers, and other officers as deemed necessary.

The Board will meet on a regular basis in accordance with the Bylaws. The Board may initiate and carry out any program or activity that is not in conflict with or inconsistent with any law and which is not in conflict with the purposes for which charter schools are established.

New directors will be elected as defined in the Bylaws.

The Board will be responsible for Rocketship's operation and fiscal affairs, including but not limited to:

- Adopting policies that offer guidance and interpretation of the charter policies.
- Setting Rocketship's enrollment and grade-level configuration;
- Approval of annual school budget plans;
- Approval of all financial policies that set the processes and controls for contracts, expenditures, and internal controls;
- Hiring and firing of the CEO and oversight over other personnel actions
- Approval of bylaws, resolutions, and policies and procedures of school operation;
- Monitoring overall student performance;
- Monitoring Rocketship's performance and taking necessary action to ensure that the school remains true to its mission and charter;
- Monitoring Rocketship's fiscal solvency;
- Participation in Rocketship's annual independent fiscal audit;
- Increasing public awareness of Rocketship.

Qualifications of current and future board members include:

- Academic expertise, including subject and professional development knowledge in Literacy and Math
- Significant involvement in the communities served by Rocketship
- Operation of charter schools
- Real estate, legal, and financial expertise
- Fundraising ability

The Rocketship Education Board of Directors is comprised of members with expertise in various operational areas, including corporate governance, academics, and financial management. The addition of the Rocketship TN board adds a layer of expertise about, and connection to, the

Tennessee community. Furthermore, this structure ensures that all Rocketship schools in Tennessee operate under the oversight of two governing entities.

As described above, individual schools are vested with a number of decision-making responsibilities to ensure that the schools maintain ownership of their particular interests in certain operational areas. The Rocketship Education board provides higher-level oversight and decision-making. The Rocketship TN board provides valuable insights into the needs of the local communities that we serve.

The charter will be held by the existing Rocketship Education Board of Directors.

As the Board of Directors has governed the Rocketship schools in Nashville since 2014, Rocketship does not believe that any changes at the Board level are necessary. However, as described above, our Nashville schools now benefit from additional oversight and guidance from the local Rocketship TN board. The Bylaws of both our national and local board are included.

2.14 CHARTER SCHOOL MANAGEMENT CONTRACTS (FOR EXISTING OPERATORS, IF APPLICABLE)

If the proposed school intends to contract with a charter management organization (CMO) or other education service provider (ESP) for school management, provide the following information as Attachment N:

- (a) An explanation of how and why the CMO was selected;*
- (b) A term sheet setting forth the proposed duration of the contract; roles and responsibilities of the school governing board, the school staff, and the service provider; scope of services and resources to be provided by the CMO; performance evaluation measures and mechanisms; detailed explanation of compensation to be paid to the provider; financial controls and oversight; methods of contract oversight and enforcement; investment disclosure; and conditions for renewal and termination of the contract;*
- (c) A draft of the proposed management contract;*
- (d) Disclosure and explanation of any existing or potential conflicts of interest between the school governing board and proposed service provider or any affiliated business entities; and*
- (e) Documentation of the service provider's non-profit status and evidence that it is authorized to do business in Tennessee.*

Not applicable.

2.15 PERSONNEL/HUMAN CAPITAL - NETWORK-WIDE STAFFING PROJECTIONS (FOR EXISTING OPERATORS)

Complete the following table indicating projected staffing needs for the entire network over the next five years. Include full-time staff and contract support that serve the network 50% or more. Change or add

functions and titles as needed to reflect organizational plans. If the proposed school plans to use a staffing model that diverges from the school staffing model in the original application, please explain.

Rocketship TN	Year 1 (2021-22)	Year 2	Year 3	Year 4	Year 5
Number of elementary schools	3	4	5	6	6
Number of middle schools	-	-	-	-	-
Number of high schools	-	-	-	-	-
Total schools	3	4	5	6	6
Student enrollment	1,556	2,142	2652	2726	2726

Management Organization Positions - Rocketship TN	Year 1 (2021-22)	Year 2	Year 3	Year 4	Year 5
Director of Schools	1	1	1	1	1
Director of Development	-	-	1	1	1
Director of Operations	1	1	1	1	1
Manager of Regional Achievement	1	1	2	2	2
Associate Director of ISE	1	1	1	1	1
Community Engagement Associate	1	1	1	1	1
Data Specialist / Registrar	1	1	1	1	1
Manager, Psychological and Social Emotional Services	1	1	1	1	1
Speech-Language Pathologist	2	2	3	3	3
Total back-office FTEs	9	9	12	12	12

Elementary School Staff - Rocketship TN	Year 1 (2021-22)	Year 2	Year 3	Year 4	Year 5
Principals	3.5	4.5	5.5	6	6
Assistant Principals	6	8	10	12	12
Business Operations Manager	3.5	4.5	5.5	6	6
Office Manager	3.5	4.5	5.5	6	6
Classroom Teachers (Core Subjects)	44	58	73	88	90
Classroom Teachers (Specials) - EL					

Para-professionals	4	5	6	7	6
Tutors	15	20	25	30	31
Integrated Special Education Teachers	5	7	9	11	11
Enrichment Coordinators	6	8	10	12	12
Teacher Aides and Assistants	5	8	11	14	15
School Operations Support Staff	15.5	20.3	25.4	30.8	31.8
Total FTEs at elementary schools	111	147.8	185.9	222.8	226.8

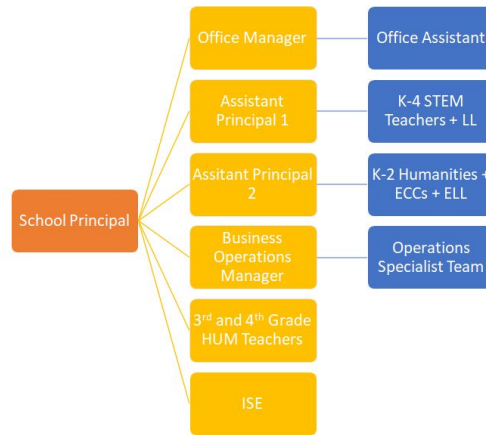
2.16 PERSONNEL/HUMAN CAPITAL - STAFFING PLANS, HIRING, MANAGEMENT, AND EVALUATION (FOR EXISTING OPERATORS)

In this section complete the following, if not previously addressed (in 2.4):

- (a) Describe the organizational structure of the proposed school.
- (b) Provide the school organizational chart as **Attachment G**.
- (c) Delineate the relationship of the school organization to the network organization as a whole.
- (d) Describe the operator's current or planned process for sourcing and training potential school leaders. Explain how you have developed or plan to establish a pipeline of potential leaders for the network as a whole. If known, identify candidates already in the pipeline for future positions.
- (e) Describe your organization's strategy and plans for recruiting and hiring teaching staff, including the plan for hiring highly qualified staff. Explain other key selection criteria and any special considerations relevant to your school design.
- (f) Explain how the organization intends to handle unsatisfactory leadership or teacher performance, as well as leadership/teacher changes and turnover.

SCHOOL STRUCTURE

The organizational structure for the proposed school will not differ from existing Rocketship schools. The Principal of NSH3 will work with two Assistant Principals to support and coach all instructional faculty members. The Business Operations Manager (BOM) will manage daily operational functions including transportation, food service, and business maintenance. The BOM will provide leadership support to part-time support staff members. Rocketship will continue to work with outside service providers for some student supports such as physical and occupational therapy.



Please see Section 2.12 above for a detailed discussion of the relationship between our schools and our network.

LEADERSHIP OPPORTUNITIES AND CAREER PATHWAYS

Rocketship has a comprehensive development system for its Principals and Assistant Principals. School leaders receive ongoing professional development centered on key levers, which include data-driven instruction; coaching and observation; school culture; staff culture; and (for principals) school leader team management. School leaders who manage special education teachers also receive a special strand of professional development.

Our school leaders all spend approximately two hours each month receiving professional development from Rocketship’s centralized Schools Team. Members of the Schools and Achievement Teams also attend meetings between school leaders and teachers to provide feedback on meeting facilitation and coaching. School leaders also do monthly school walk-throughs with the Schools and Achievement Teams.

Furthermore, as part of an effort to cultivate strong internal teacher-leader pipelines, Rocketship hires teachers to serve as Grade Level Leads (GLLs). The GLL partners with a school leader to set and drive the instructional and cultural visions for the grade level team. Specifically, GLLs are responsible for steering data-driven instruction, facilitating grade-level meetings on culture and operations, project management of grade-level events, and serving as a staff liaison within the school.

We look for candidates who have instructional expertise in the grade level and content area, a history of strong classroom culture and student results, and strong data analysis skills. GLLs are able to gain experience and development as an instructional leader of other adults through monthly centralized after-school professional development sessions, role-specific coaching from their school leader, joint observations, and periodic peer feedback. Our GLLs are able to authentically consider and prepare themselves for potential future roles as school leaders.

TEACHER RECRUITMENT

Effective recruitment and rigorous selection are the first components to ensuring that our teachers and school leaders are well-equipped to drive student achievement.

We develop a broad pipeline of educators and principals by cultivating candidates through diverse channels such as local college career fairs, Teach for America, referral programs for our current teachers, and use of social media and webinars. We hold open houses for candidates to visit our schools and get to know us. We aim to hire exceptionally well-qualified candidates, with a focus on those who have connections to our students' experiences and communities. Throughout our recruitment process, we build excitement for the meaningful work that we are doing to transform education and eliminate the achievement gap.

Additionally, we are committed to building capacity from within. In recent years, we have increased our support for instructional hourly staff members who have potential and interest in moving into full-time teaching roles. We believe in providing opportunities for all staff to develop and advance. To that end, all hourly staff receive 1:1 coaching with an Assistant Principal or Business Operations Manager while also participating in weekly PD and all other PD experiences. Furthermore, staff members in these positions have accumulated deep knowledge of Rocketship culture and practices that can translate into success in the classroom. This source of teacher talent also brings great diversity to our staff body, as candidates are often from our local school communities.

Once we develop a strong teacher candidate pool, the recruitment team screens resumes and passes teaching candidates to principals for hiring. As often as possible, we create group interview days that consist of live lesson demonstrations, leadership interviews, tours of the schools, data interviews, instructional interviews and, oftentimes, an interview with a parent panel. This process enables the principals to have pre-screened, high-quality candidates for their schools with the support of Rocketship's central office. At the same time, principals are empowered to select and staff their own schools, ensuring that they hire candidates that are a good match for their school.

Rocketship also has a Rising Leaders program that prepares teachers for the next steps in their leadership pathways through professional development in personal leadership skills, effective management frameworks, and essential mindsets. The program is ideal for educators who are interested in developing as a GLL and/or school leader within the next several years, and who are considering other centralized network roles. Members of the program engage in monthly workshops, which includes preparation work (i.e. short readings, videos, etc.) and occasional off-campus development sessions. The program also provides opportunities for teachers to practice and build their leadership skills in their work as classroom teachers and to build strong and collaborative relationships among teacher leaders across Rocketship campuses. Teacher Applicants must have a willingness to learn and reflect in group settings, a track record of high

student achievement, at least two years of teaching experience, demonstrated leadership in a formal or informal role, and exhibition of the Rocketship core characteristics by focusing on commitment to and ownership of their own development and investment in the community.

TEACHER PERFORMANCE AND RETENTION

Rocketship is committed to addressing and continually improving teacher retention in all of our schools. We have implemented a variety of programs, initiatives and support systems to make teaching a more viable and desirable career that the most talented individuals in our communities pursue. We provide support and counseling for principals, especially those new to the role, on teacher retention. To support all of our Principals, our HR department distributes an Intent to Return Survey to teachers at the end of January. Our HR team shares the results with Principals, then thought-partners with RPS Principals to engage teachers who are on the fence about returning to our schools. School Leaders work with the teacher and HR to assess what the School Leaders can do differently for the teacher. Principals also work with HR and the teacher in order to invest the teacher in development that leads to different positions within the organization. As an additional step, we share this Intent to Return Data with our Talent Recruitment team so that they can plan accordingly in their recruitment efforts.

Our Achievement Team focuses on teacher curricular tools and resources to provide teachers with high quality resources and supports. We have also introduced professional development funding that becomes available to teachers as they hit milestones of multiple years at Rocketship. In the past, we have sent teachers to NYC for Literacy PDs, as well as to the Ron Clark Academy to observe and learn from other joyous practitioners. Some teachers have even participated in total language immersion programs in South America. Rocketship has also structured compensation to reward high performance and bolster teacher retention. We have a performance-based pay system in which first and second year teachers earn a set salary but teachers with three or more years of experience are eligible for yearly increases based on their overall evaluation.

UNSATISFACTORY TEACHER PERFORMANCE

Teachers at RPS undergo countless hours of development each year. In addition, to regular professional development, each teacher engages in 1:1 meetings with their manager (a Principal or Assistant Principal) and In the Moment coaching sessions on a weekly basis in order to work on individual needs. Additionally, teachers engage in weekly data meetings and quarterly data days for more in depth development. Each month, school leadership teams engage in meeting with the RPS HR team for their People Partnership Meetings. During these meetings, school leaders discuss teacher and staff progress and flag any unsatisfactory teacher or staff performance. During these meetings, the team discusses plans for more intensive coaching and follow up. In cases that the intensive coaching does not work, School Leaders work with HR and create a discussion log that the school leaders and staff member will utilize for performance matters. If

little progress is made, HR and the School Leader collaborate to design a Professional Improvement Plan for the staff member, including a timeline.

UNSATISFACTORY SCHOOL LEADER PERFORMANCE

At RPS, prevention always comes first. RPS School leaders undergo countless hours of development. During the 2018-19 school year, RPS created additional ongoing School Leadership development programs.

In addition to School Leader Launch and Principal Team Meetings, School Leaders engage in Monthly Skill Labs and three Leadership Labs per year. The Skill Labs consist of in-day and live workshops at the school- level wherein School Leaders are coached on a variety of execution topics from the DoS and Manager of Achievement. For example, School Leaders hone their skills on In the Moment Coaching, Guided Reading and Questioning by being coached on their execution by Achievement Team members and consultants. Regular Leadership Labs are delivered by members of the RPS HR team. The topics of these labs are about managing people, accountability, difficult conversations and honing people skills. Because RPS new regions now have Directors of Schools who live in the same region as principals, SLs now benefit from having a coach and manager on the ground to help them thought-partner towards correct actions and solutions.

In the rare event that School Leader performance does not improve, RPS may bring in executive coaches from outside of RPS. In this case, HR, the Director of Schools and the Senior Leadership team monitor progress carefully and may reach the decision to implement a Professional Improvement Plan. A culmination of unsatisfactory student results, unsatisfactory manager effectiveness survey results, as well as unsatisfactory staff satisfaction results could prompt a PIP. The DoS and HR team work together to set clear goals and timelines for improvement plan, then meet collaboratively with the School Leader to see the plan implemented. In the case of termination, we are able to transition an Assistant Principal to the Principal role.

SECTION 3: FINANCIAL PLAN AND CAPACITY

3.4 FINANCIAL PLAN (FOR EXISTING OPERATORS NOT REQUIRED TO COMPLETE SECTIONS 3.1 AND 3.2)

- (a) *Describe the systems and processes by which the organization will manage accounting, purchasing, payroll, and audits. Specify any administrative services expected to be contracted; and describe the criteria and procedures for the selection of contractors.*
- (b) *If applicable, describe the fiscal health of other schools in your network. Are any of the schools on fiscal probation or in bankruptcy? No*
- (c) *Present, as **Attachment P**, a detailed budget narrative describing assumptions and revenue estimates. (attachment)*
- (d) *Include any committed contributions or in-kind donations of goods or services to be received by the charter school that will assist in evaluating the financial viability of the school. You should clearly indicate between those grants or in-kind donations which have already been firmly committed and those you are planning to pursue. For grants or donations that you are planning to pursue provide the source, estimated amount of contribution, and expected date of receipt if known.*
- (e) *Provide 24-month cash flow projections. (attached)*
- (f) *Detail the contingency plan to meet financial needs if anticipated revenues are not received or are lower than estimated.*
- (g) *Describe Year 1 cash flow contingency, in the event that revenue projections are not met in advance of opening. (section f)*
- (h) *Explain how the organization will reach its fundraising goals over the next five years. Provide a development plan that includes staffing needs.*
- (i) *Provide, as **Attachment O**, a detailed budget for the proposed school, and as **Attachment Q**, the network budget as a whole. You may reference school-level budgets provided in the original application, as appropriate.*

ACCOUNTING, PURCHASING, PAYROLL, AND AUDITS

Rocketship is focused on easing the administrative burden of our schools so they can focus exclusively on instruction and student achievement. We do this by centralizing a full range of school services that directly supports the operations of our schools, much like a school district supports the operations of the schools it supports. Rocketship will support with a centralized

team of accounting, payroll and procurement staffing. Audit services will be procured from an experienced external auditing firm, which will be reviewed by a Board audit committee.

FISCAL HEALTH

None of our schools are in fiscal probation or bankruptcy.

FINANCIAL SUPPORT

Rocketship provides financial support to our schools in their startup years as they grow enrollment to achieve sustainability. RPS NSH3 will be financially supported with a combination of philanthropy, federal charter school replication grants, and network grants. The federal charter school replication grant will provide \$750,000. Philanthropy and network grants are projected at \$1.2M.

CONTINGENCY

In the event that a contingency is required, RPS NSH3 will be able to rely on the RPS network to provide internal financial support through internal grants, internal loans, or the deferral of network service costs.

MEETING OUR FUNDRAISING GOALS

Fundraising is core to Rocketship's ability to grow to serve more students. Our fundraising need is determined by rigorous strategic and financial analyses. The process involves the Rocketship Board of Directors, the local Tennessee Board, our Senior Leadership Team, and the network support team, including Rocketship's Director of Development.

Rocketship's Director of Development works with the Tennessee Director of Schools and Rocketship's Chief Growth & Community Engagement Officer to develop a fundraising strategy and plan, identify key funder targets, create fundraising materials, manage prospect pipeline, and analyze and report on our fundraising progress and commitments. Most of Rocketship's Senior Leadership Team is also involved in the fundraising process. They provide inputs on new programmatic areas that Rocketship should pursue, meet with funders to share organizational knowledge and impact data about Rocketship, and work with the development team to set milestones for grant agreements. From a financial diligence and accountability standpoint, the Director of Development coordinates with the Finance and Accounting teams to ensure financial alignment. Fundraising reports are produced for Rocketship's CEO twice per month and quarterly to the Board of Directors.

Rocketship has focused on building community support for our schools in Nashville. We are working to establish authentic relationships with the leading education funders and foundations in the city.

SECTION 4: PORTFOLIO REVIEW/PERFORMANCE RECORD (FOR EXISTING OPERATORS)

4.1 PAST PERFORMANCE

In this section:

- (a) Describe your existing educational program and whether or not it is a success.
- (b) Provide detailed student achievement and growth results for each school in the network as **Attachment R**.
- (c) Have the schools in the network demonstrated success in raising student achievement levels by meeting/exceeding state and national standards for most students?
- (d) If applicable, provide the graduation rates for each school in the network.
- (e) Using the Portfolio Summary Template, provide a detailed summary of all of the schools in the operator's portfolio as **Attachment S**.
- (f) Select one or more of the consistently high-performing schools that the organization operates, and discuss the school's performance.
 - o Be specific about the results on which you base your judgment that the school is high-performing.
 - o Discuss the primary causes to which you attribute the school's distinctive performance.
 - o Discuss any notable challenges that the school has overcome in achieving its results.
 - o Identify any ways in which the school's success has informed or affected how other schools in the network operate. Explain how the effective practice or structure or strategy was identified and how it was implemented elsewhere in the network.
- (g) Select one or more of the organization's schools whose performance is relatively low or not satisfactory and discuss the school's performance. Be specific about the results on which you base your judgment that performance is unsatisfactory.
 - o Describe the primary causes to which you attribute the school's problems.
 - o Explain the specific strategies that you are employing to improve performance.
 - o How will you know when performance is satisfactory? What are your expectations for satisfactory performance in terms of performance levels and timing?
- (h) For all schools operating under another authorizer: provide, as **Attachment T**, the most recent performance/evaluation/renewal reports produced by the authorizer(s) (or by a third- party evaluator, if applicable).
- (i) For all schools operating in the state of Tennessee: provide the following in **Attachment U**: (a) the last two years of audited financial statements for each school or school(s); and (b) the most recent internal financial statements, including balance sheets and income statements.
- (j) List any contracts with charter schools that have been terminated by either the organization or the school, including the reason(s) for such termination and whether the termination was for "material breach."

- (k) *List any and all charter revocations, non-renewals, shortened or conditional renewals, or withdrawals/non-openings of schools operated by the organization, and explain what caused these actions.*
- (l) *Explain any performance deficiencies or compliance violations that have led to formal authorizer intervention with any school operated by the organization in the last three years and how such deficiencies or violations were resolved.*
- (m) *Identify any current or past litigation, including arbitration proceedings, by school, that has involved the organization or any charter schools it operates. If applicable, provide in Attachment V: (1) the demand, (2) any response to the demand, and (3) the results of the arbitration or litigation.*

EDUCATIONAL PROGRAM AND RESULTS

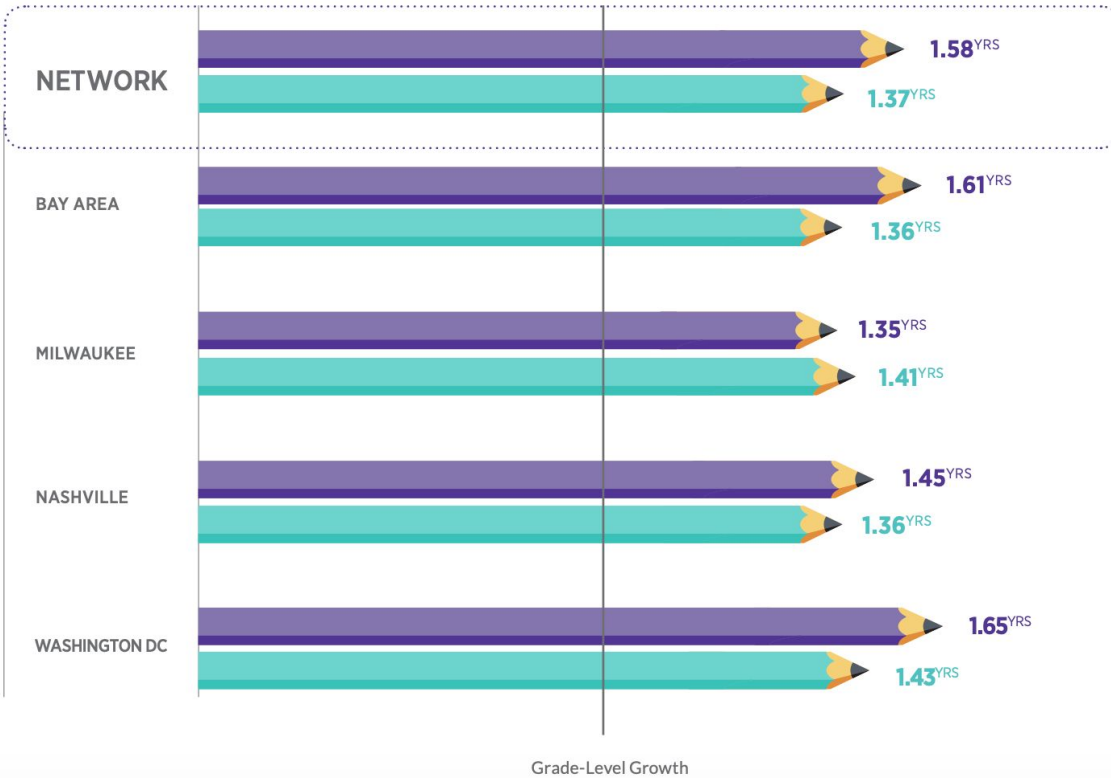
The Rocketship model has increased academic achievement for our students, across all regions in which we operate. To get every student on the college and career-ready path, our students must grow more than a grade level every single school year. Last year, our national student growth average was 1.3 years of growth in math and 1.2 years of growth in reading. For students with disabilities, the Rocketship national average was 1.37 years of growth in math and 1.27 years of growth in reading. And for students new to Rocketship – those who often come in many grade levels behind – our national network averaged 1.58 years of growth in math and 1.37 years of growth in reading.

2017-2018

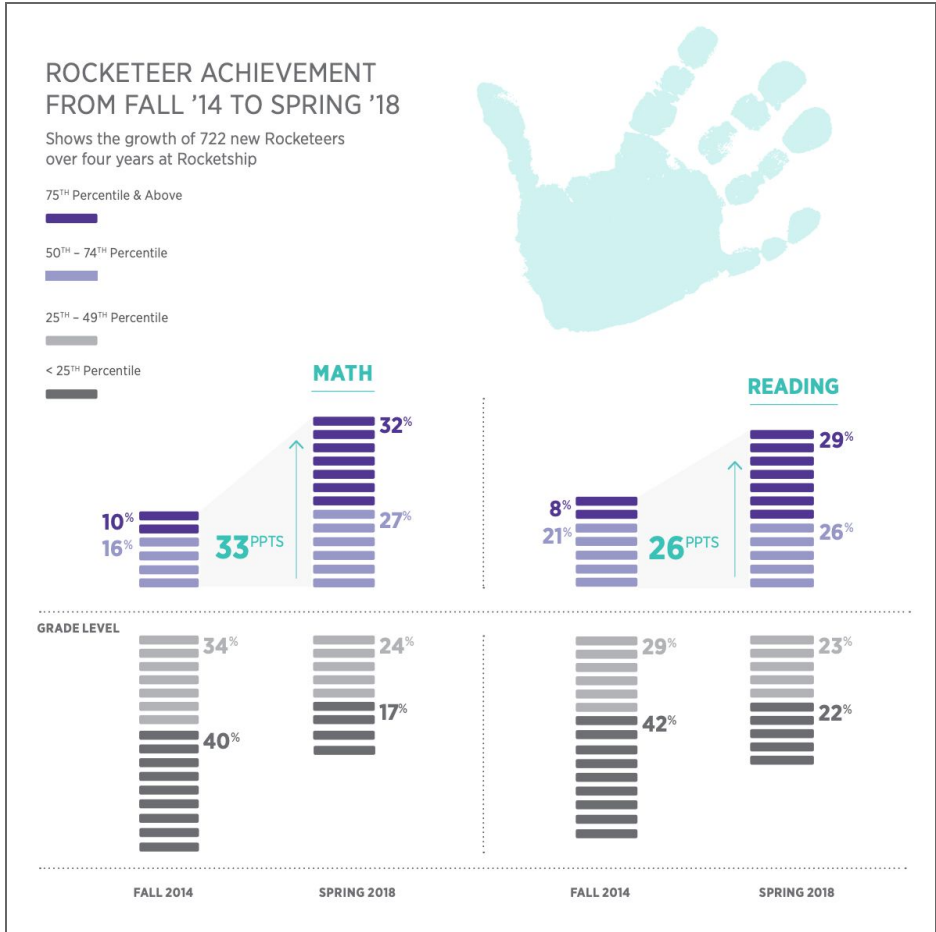
NWEA MAP Growth Years of New Rocketship Students

NWEA MAP is a nationally normed assessment used by more than 8,000 schools and districts throughout the world. Rocketship students take the MAP assessment in the fall, winter, and spring.

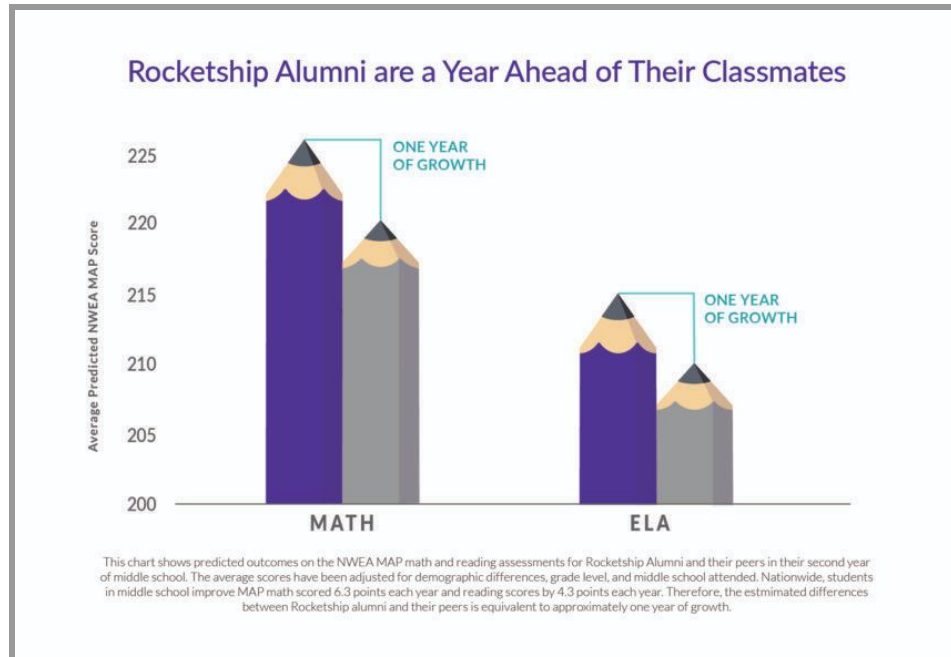
Math 
Reading 



Of course, if we hope to eliminate the achievement gap that separate our students from their more affluent peers, we need to stack our success - year after year. One good year of academic growth isn't good enough to ensure our students are on the college and career ready path. When we evaluate student achievement over four years at Rocketship, we see that a strong majority of our students are achieving at or above grade level by the time they graduate from Rocketship. The chart below shows the growth of 702 Rocketeers who began with us in Fall 2014 and were still with us in Spring 2018. In Fall 2014, just 26% of Rocketship students were at or above grade level in math. By Spring 2018, 59% of that same cohort of students were at or above grade level. In reading, only 29% of our students started 2014 on grade level. By Spring 2018, 55% were on the college-bound path. We still have to work harder to ensure all students are on the college bound path but the progress we are making gives us great confidence that we are on the right path.



In addition, the gains our Rocketeers make in elementary school extend into middle school. SRI International, an independent nonprofit research center, conducted a three-year study on the performance of our graduates in middle school. The study followed nearly 2,000 students and shows that Rocketship graduates are a year ahead of their middle school classmates in both math and reading and continue to demonstrate high-levels of key character skills associated with long-term success including self-efficacy, motivation and grit.



In every state Rocketship serves, our schools rank among the top performing public schools for serving disadvantaged communities. In California, Rocketship ranks in the top 10% in both math and English Language Arts performance among all California elementary school districts and charter networks serving a similar student population. In Washington D.C., both Rocketship schools achieved Tier 1 status – the highest ranking for DC Public Charter Schools – in their very first year of operation. In Wisconsin, Rocketship was one of just five elementary schools in Milwaukee to earn the state’s 2018 "Beating the Odds" award for academic excellence in serving high-poverty student populations. And in Tennessee, both Rocketship schools in Nashville achieved the highest possible score on the state assessment for student growth (TVAAS).

Both RNNE and RUA are Title I schools, and 86% of our Rocketeers are African American and Hispanic. These students come to us with deep academic deficiencies. Yet through a combination of highly differentiated classroom instruction, targeted tutoring and strong partnerships with families, our Rocketeers are achieving academic growth that ranks among the highest across Metro Nashville. In 2017-18, both Rocketship United Academy and Rocketship Nashville Northeast Elementary scored the highest possible growth score – Level 5 – on the Tennessee Value-Added Assessment System (TVAAS).

Rocketship United Academy was named a “Reward School” by the Tennessee Department of Education for the 2017-18 school year. Only 11 of Nashville’s 139 Title 1 schools earned this honor. On the 2018 state assessment, Rocketship United Academy students had the best year-over-year improvement in reading of any elementary school in Nashville by more than doubling the percentage of students on-track or mastered. RUA also serves one of the largest populations of English Learners in Nashville. English Learners at RUA are three times more likely to be proficient in reading than their peers throughout Nashville and the state.

For Rocketship Nashville Northeast Elementary, our students’ growth rate in math was above the 80th percentile, meaning our students gained more math knowledge in one school year than 80

percent of their peers statewide. Furthermore, under Principal Gassaway's leadership from winter to spring last year, RNNE Rocketeers were on track to grow 1.6 years in math and 1.73 years in reading on the nationally normed NWEA MAP assessment.

Our Rocketeers' remarkable progress is a testament to the strength of our school communities. Since opening in Nashville in 2014, Rocketship continues to demonstrate that all students have the potential to achieve excellence, no matter where they were born or how much money their parents earn. In fact, economically disadvantaged students, English learners and students of color at Rocketship are outperforming the achievement of similar students across Metro Nashville.

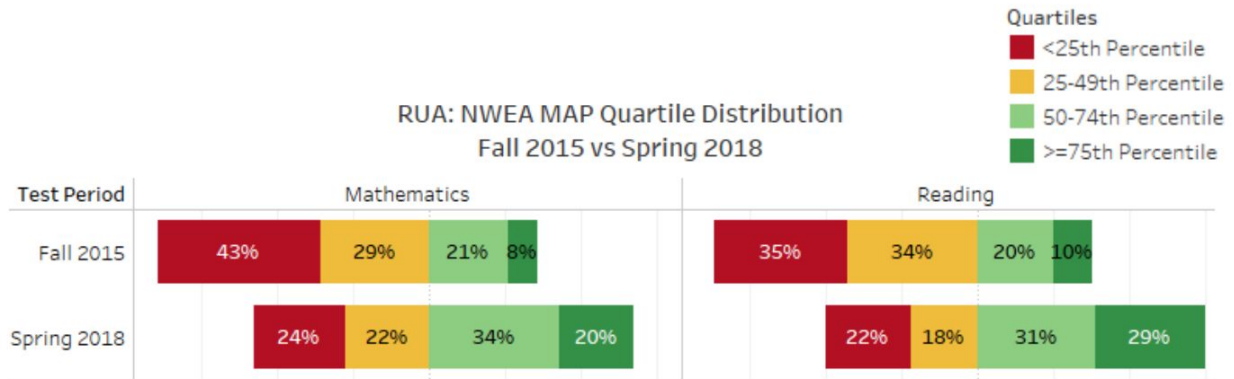
INTERNAL PERFORMANCE

Rocketship Public Schools administers multiple assessments to measure student success and program effectiveness. Internally, RPS uses the nationally normed MAP assessment by NWEA to compare our schools across the network. Additionally, RPS uses the MAP assessment to measure student growth. Because our students often arrive to our schools with an academic deficit, we set individual goals for students. Students who are far behind and who are new to Rocketship have a 1.5 year tiered growth goal. The school's job is to then develop a learning plan that helps the student attain their individual goal. The reason for this is that if a student arrives to us and is performing at the 23rd percentile, we have the obligation to grow the student to the 50th percentile, which equates to 1.6 years of growth. The following year, we set a similar goal until the student is in the 67th percentile or higher.

CONSISTENTLY HIGH-PERFORMING SCHOOLS

Although there are a few schools that are more established in CA performing higher than Rocketship United Academy (RUA), which is our school located in South Nashville, we believe that for the purpose of this application it is best to focus on a New Region success story that is based in Tennessee.

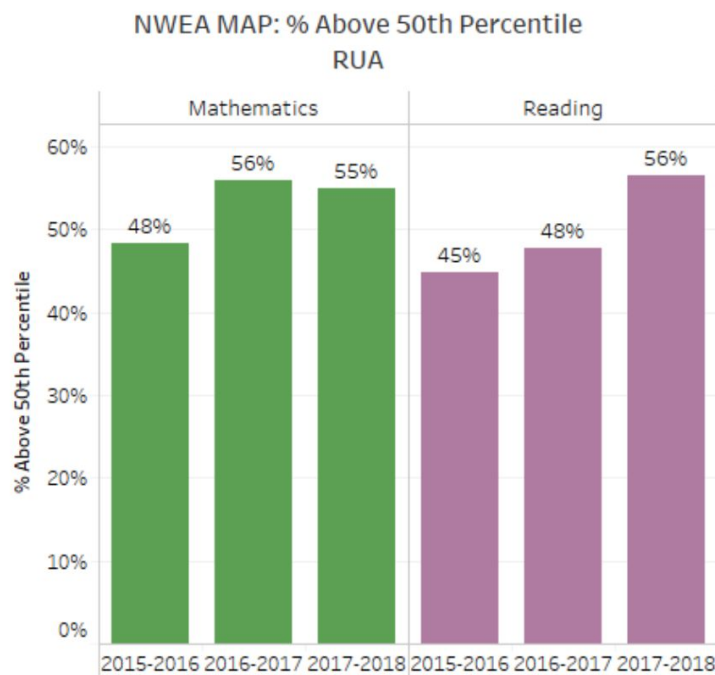
The illustration below shows the quartile growth for students who started school at RUA in 2015.



Source: NWEA MAP Quartiles, Fall 2015 and Spring 2018

The 50th percentile on NWEA MAP is considered the national norm. For Math, the percentage of students above the 50th percentile increased from 29% to 54%, while the bottom quartile was reduced by 19 percentage points. For Reading, the percentage of students above the 50th percentile increased from 30% to 60%. There was a reduction in the bottom quartile by 13 percentage points.

Based on this criteria, Rocketship United Academy has been successful in both subjects. The school has more work to do, but progress has been strong.



Source: NWEA MAP

Looking within the RPS Network, Rocketship United Academy was the first full-size RPS school in a new region to be in the top third of all Rocketship Public Schools for absolute achievement.

This serves as a proofpoint that the RPS model, when executed well and with fidelity, is effective in all states, not just California.

In California, our highest and most consistent performing school is Rocketship Mosaic. As an organization, one of our goals is to ensure that all SED students are performing in the top 10% of the state for both Math and Reading across all schools. This is an ambitious goal. Currently, Mosaic Elementary is meeting the benchmark across both subjects. **Please see the table below.**

2017-18 RPS Percentile Rankings for all CA schools with 3-5 grade results				
School	ELA		Math	
	All Students	SED	All students	SED
Mosaic Elementary	74	90	88	98

Importantly, we've seen consistent growth over the course of years, particularly in ELA.

ROMO Change in % of Students Proficient		
	Math	Reading
14.15	59%	42%
15-16	64%	49%
16.17	61%	50%
17-18	69%	61%

From 14.15-17.18, the % of students proficient in math increased by 10%. In reading, the % of students proficient increased by 19%.

ROMO's distinctive performance can be attributed to a number of different factors, including:

- **Strong and consistent School Leadership.** ROMO's Principal and Assistant Principals are experienced educators with diverse backgrounds; effective and open-minded leaders who strive to stay familiar with issues affecting students, staff, and ROMO families; and passionate individuals who are dedicated to Rocketship's mission. In fact, the outgoing superintendent of the school district in which ROMO sits sent an email to Rocketship in which he personally thanked ROMO's Principal for being such a strong, innovative and talented leader in the local community. It's also important to note that the same principal has been at ROMO throughout this period.
- **Dedicated families and strong community support.** ROMO's involvement with the local

community have made the school a central piece of the daily lives of many families. Some of ROMO’s staff members, including its Office Managers, are parents of ROMO students. ROMO regularly hosts events at the school, including cultural celebrations, health and wellness resource fairs, gardening and clean-up days, and charity walks, that are open to all families in an effort to cultivate school and community spirit.

- **Commitment to professional development.** In addition to participating in professional development offered by Rocketship, ROMO teachers and school leaders have attended trainings through a Charter School Compact with the local school district that have ranged on a wide array of topics including special education, science, and integrated mathematics instruction.

EXTERNAL MEASURES OF SUCCESS

External measures of success for RPS are state assessments. For the strength of its student performance and progress in the 2017-18 school year, Rocketship United Academy was designated a “Reward School” by the State of Tennessee in its third year of operation. RUA also earned a Level 5 TVAAS score last year, its first TVAAS score . While RUA still has work to do, it is performing close to the state average on TN Ready for ELA and is performing equally as well as the state for math. Furthermore, it improved from the previous year in both subjects. As a public charter school, we have the responsibility to improve student results quickly. That RUA is able to improve student achievement year-over-year in a short amount of time is what our program is designed to do. Please see the table below for progress:

TNReady: % On-track/Mastered All students, Grades 3-5				
	Math		ELA	
Entity	2016-17	2017-18	2016-17	2017-18
RUA	36%	40%	13%	32%
MNPS	29%	28%	25%	27%
TN State	40%	40%	34%	36%

Source: TN Department of Education, August 2018. Data downloaded from the TN Department of Education website (<https://www.tn.gov/education/assessment/tntready.html>).

It should be noted that when RUA’s performance is compared to MNPS, the school outperformed more established schools.

ECONOMICALLY DISADVANTAGED STUDENTS

Rocketship Public Schools believes in the infinite possibility of human potential. As an organization, we work hard to ensure that we personalize each child's education in order for them to reach their potential and become their personal best. This is true for all children we serve. When it comes to serving Economically Disadvantaged (ED) students, RUA is outperforming the State and District average. For Math, RUA performed 22 percentage points above the local district average and 14 % pts above the TN state average for Economically Disadvantaged students. For ELA, students designated as ED at RUA performed 14 percentage points above local district average and 9 percentage points above TN state average.

TN Ready: % On-track/Mastered Economically Disadvantaged students, Grades 3-5				
	Math		ELA	
Entity	2016-17	2017-18	2016-17	2017-18
RUA	33%	38%	12%	29%
MNPS	18%	16%	14%	15%
TN State	24%	24%	19%	20%

Source: TN Department of Education, August 2018. Data downloaded from the TN Department of Education website (<https://www.tn.gov/education/assessment/tready.html>).

RPS has a strong track record of serving Economically Disadvantaged students. For NSH3, we anticipate a similar ED population and we plan to serve them well.

ENGLISH LEARNERS

Antioch and South Nashville is becoming the home to many New Americans. When it comes to serving EL Students, RUA is outperforming the State and District average. For Math, RUA performed 17 percentage points above the local district average and 14 percentage points above the TN state average for EL. For ELA, ELs at RUA performed 11 percentage points above local district average and 10 percentage points above TN state average.

TNReady: % On-track/Mastered English Learners, Grades 3-5				
	Math		ELA	
Entity	2016-17	2017-18	2016-17	2017-18
RUA	27%	27%	8%	15%
MNPS	12%	10%	4%	4%
TN State	15%	13%	5%	5%

Source: TN Department of Education, August 2018. Data downloaded from the TN Department of Education website (<https://www.tn.gov/education/assessment/tnready.html>).

EL/ED STATE RANKINGS

Below is a table that illustrates how RUA's students perform compared to the rest of the state after its third year of operation. Included are the percentile ranking for All Students, EL and ED.

2017-18 RUA School Percentile Ranking on TNReady					
Grade Group	Subgroup	Math	ELA	Success Rate (Math and ELA)	Success Rate (Math and ELA and Science (5th-8th grades))
3rd-5th	All Students	59	52	56	48
3rd-5th	ED	84	76	82	75
3rd-5th	EL	87	82	87	86
3rd-8th	All Students	61	53	59	45
3rd-8th	ED	87	80	85	71
3rd-8th	EL	90	82	87	84

Source: TN Department of Education, August 2018. Data downloaded from the TN Department of Education website (<https://www.tn.gov/education/assessment/tnready.html>).

While the school has much work to do when considering its ranking for the all students category, RUA ranks very well in regards to its work with ED and EL students in the core subjects of Math and Reading. Having a success rate of 82 for ED students has the potential of being transformative.

RUA has demonstrated that it is not just a good choice for ED and EL students in Nashville, but it is also a good choice no matter where we are in Tennessee. We anticipate similar success at NSH3.

Note: The numbers for EL students are skewed as much of the EL data was not reported for many schools.

CLUSTER RANKINGS

RUA is located in South Nashville in the Glencliff cluster. The table below illustrates how it compares to other schools within the cluster.

2017-18 Glencliff Cluster: All Students, Grades 3-5							
	Math			ELA			
School Name	% On-Track/ Mastered	Rank	TVASS	% On-Track/ Mastered	Rank	TVASS	Overall TVASS
Rocketship United	40%	1	5	32%	1	5	5
Fall-Hamilton Elementary	24%	4	3	24%	2	1	1
Glencliff Elementary	29%	2	2	20%	3	5	4
Glengarry Elementary	25%	3	3	19%	5	3	3
Glenview Elementary	15%	6	1	9%	7	3	1
John B. Whitsitt Elementary	19%	5	3	20%	3	5	4
Paragon Mills Elementary	12%	7	5	18%	6	5	5

Source: TN Department of Education, August 2018. Data downloaded from the TN Department of Education website (<https://www.tn.gov/education/data/tvaas.html>).

For On-track and Mastery, RUA leads its cluster. It is also one of only two schools to receive a TVASS score of 5 for both subjects.

WiDa/ACCESS

As noted, South Nashville is becoming the home of many immigrants. To accommodate and welcome our New American populations, schools need to ensure they are providing an EL and language rich program that helps students acquire a new language and enhance overall academics. In order to assess students and program performance, the State of Tennessee requires all schools who are serving EL students to administer the WiDa Access assessment. The table below illustrates RUA’s performance.

2017-18 ACCESS Results: RUA		
Entity	% Students Exited	% Students Met Expected Growth
RUA	20%	66%
MNPS	15%	47%
TN State	18%	*Nearly 50%

Source: TN Department of Education, October 2018.

*State results from 2018 ACCESS release note:

<https://www.tn.gov/education/news/2018/10/3/tdoe-releases-2018-english-learner-assessment-results.html>.

Importantly, RPS EL students are learning to communicate at fast rate. On the 2017-18 Access Tests, students at RUA outperformed the state and MNPS for the percentage of students who exited EL. Additionally, RUA outperformed the State and MNPS for the percentage of students meeting their expected growth. At Rocketship, we understand that strong progress on language proficiency and language acquisition at the elementary levels paves the way for success in middle school and high school. Furthermore, our program fosters rigorous discourse for all learners. Our aim is to engage ALL students in conversations similar to what they will participate in during college.

LESSONS LEARNED

RPS learned many lessons between 2016-17 and 2017-18 in regards to working in Tennessee. In 2016-17, RUA was performing significantly behind the local district and the state for ELA and it was performing slightly behind the state in math. In 2017-18, we realized we needed to change our approach. ***The results were not good.***

As an organization, we hired a regional Manager of Achievement and EL Programming who was local to Nashville. The Manager of Achievement and EL Programming had a strong understanding of best practices for EL teaching and learning within the state of Tennessee and was instrumental in launching our incrementally more robust EL program. As a result, we saw the performance of our EL students increase. In addition to helping us with compliance, the Manager of Achievement and EL Programming provided coaching and direct management of EL teachers while conducting PD with the whole staff at RUA. Additionally, the Manager of Achievement and EL Programming conducted walkthroughs with building principals to identify opportunities for all students.

Importantly, the RPS Achievement team partnered with the Principal at Rocketship United Academy in order to understand and internalize Tennessee State Standards. As a result of this partnership, there was robust collaboration between the Principal and Achievement Team, which led us to adjusting our National Standards and our curricular materials to meet the needs of our Rocketeers being served at Rocketship United Academy in Nashville. **We realized that California based state standards are not what define success in Tennessee. It was because of this realization and the changes mentioned above that we saw success.**

To transfer this learning, we invested in moving the Principal from RUA into the Director of Schools (DoS) position in order to oversee similar success across both of our schools in Nashville for the long term. The DoS manages the principals and works with the Manager of Achievement to ensure the RPS program is effective in Tennessee.

ROCKETSHIP NASHVILLE NORTHEAST ELEMENTARY SCHOOL

OUTSTANDING TVAAS PERFORMANCE

TDOE developed TVAAS in recognition of the importance of student growth from year to year regardless of where they start. In fact, on Tennessee's TEAM teacher evaluation TVAAS receives **over twice** the weight that absolute achievement does (35% compared to 15%). This is a clear signal of the importance the state places on growth in assessing school and teacher efficacy. Here is an excerpt from the state website titled "TVAAS only measures what a school can control":

TVAAS only measures what a school can control

Educators are only held accountable for the things that they can control, such as their students' progress during the school year. Teachers are not held accountable for the things they cannot change, such as their students' previous achievement.

Teachers serving very high-achieving students can score highly effective on TVAAS. Student expectations are not built on a single score but on a progression of scores, so even the highest achievers are only expected to score in line with their own history of achievement. When teachers are effective, their students will not lose ground, even if their students are initially high achieving. For example, in 2013 Williamson County had the highest achieving students in the state based on the TCAP. Williamson County also had the highest TVAAS scores in the state.

Teachers serving low-achieving students can also score highly effective on TVAAS. TVAAS does not compare a student's performance to a set standard, but compares the student's performance to his or her own prior performance. For example, a school can have low achievement scores based on the TCAP, but have very high TVAAS scores.

1

Based on this state measure of “what a school can control,” RNNE’s performance is exceptional. As a Title 1 school, the vast majority of our students are economically disadvantaged and therefore most of them begin school behind their national peers. We believe this makes growth an even more important measure, since the only way to close the achievement gap for these students is to help them reach above average academic growth consistently over multiple years. RNNE has consistently earned a TVAAS composite score of 5 for its TNReady results--the highest possible score--every year that TVAAS data has been available since the inception of the school. Of all 81 elementary schools in MNPS, only 18 received a TVAAS composite score of 5. RNNE was one of those schools. In 2017-18, RNNE’s growth in math was in the top 20% of all elementary schools in Nashville.

In contrast, as a district, MNPS has a composite score of 1 and 38% of elementary schools received an overall TVAAS composite of 1 or 2 , which indicates less than average growth (a score of 3 would indicate average growth).

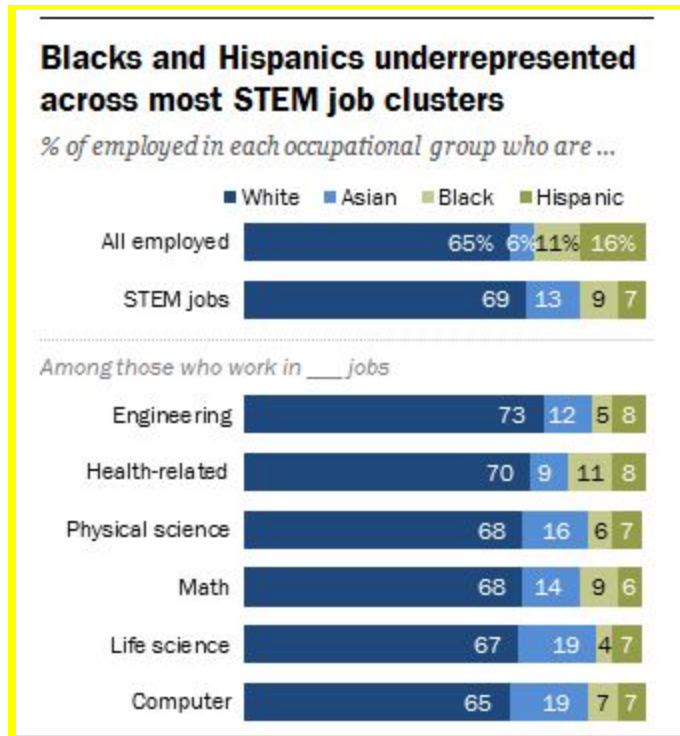
¹ Information Source: <https://team-tn.org/data/tvaas/>

Overall TVAAS Composite Score for All MNPS Schools					
Elementary Schools					
	% at 5	% at 4	% at 3	% at 2	% at 1
Composite	22%	14%	24%	7%	30%
Literacy	25%	15%	30%	16%	13%
Math	19%	7%	27%	11%	35%

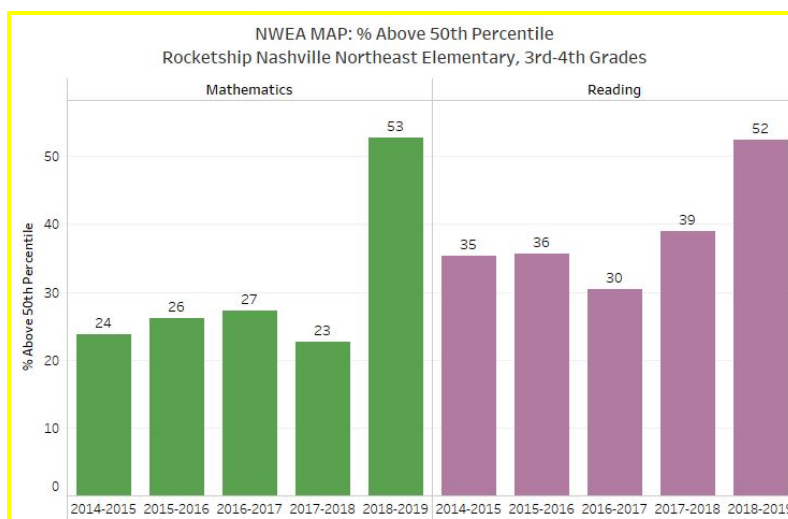
We are proud of RNNE’s strong growth in math and look forward to doing even better in terms of growth and achievement in the coming years. While we are unable to disclose the embargoed data from 2018-19, we are confident RNNE will impress stakeholders with its progress and results, especially in the area of math.

CONNECTION TO THE MISSION

As an organization, we recognize that the achievement gap is not only about academics. There is also an achievement gap in adult earnings for people of color. According to one recent report by the Pew Research Center, African Americans and Latinos are severely underrepresented in math and STEM jobs:



The future of high value earnings is in STEM. Therefore, it is crucial that we ensure our Rocketeers excel in math and science. RNNE has established a record of strong performance in mathematics based on NWEA-MAP scores, and we anticipate similar growth this year on TNReady. As seen in the data provided below, more than half of the Rocketeers at RNNE completed the 2018-19 school year above the 50th percentile in math.



² Data Source: <https://www.pewsocialtrends.org/2018/01/09/diversity-in-the-stem-workforce-varies-widely-across-jobs/>

CLOSING THE GAP ON MAP

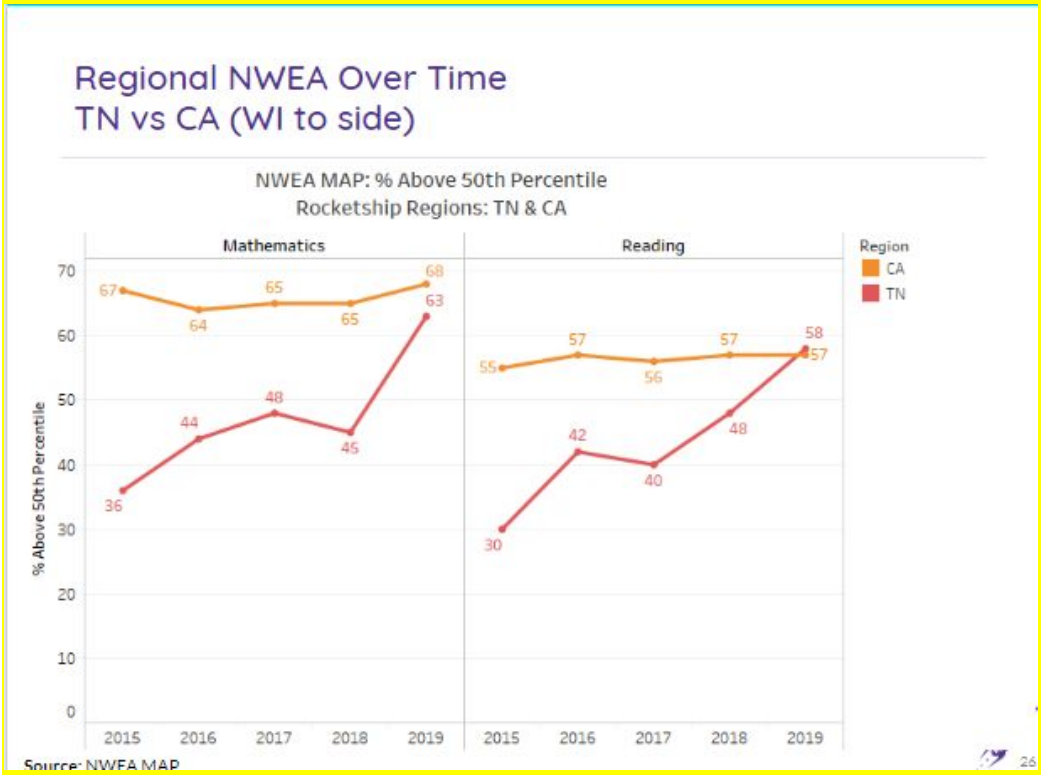
NWEA-MAP is a nationally normed assessment that both Rocketship and MNPS utilize. In fact, over the past two academic years, MNPS has recognized the validity of MAP by selecting it as one of the criteria for acceptance into the district's highly-competitive academic magnet schools. This decision was spurred by the unavailability of TNReady data following the 2015-16 school year when state testing was canceled. At Rocketship, we commend this decision. MAP is a well-researched and nationally-normed assessment recognized across the nation as a high-quality and valid assessment. Just as the district has used MAP data as a proxy when TNReady data was unavailable, we are making the case for the district to consider our 2018-19 MAP data since this past year's TNReady data is still under the state's embargo at the time of this resubmission.

RPS uses NWEA-MAP results to plan coaching supports for teachers and personalized instruction strategies and interventions for all students. Therefore, the validity of our MAP results is instilled in all staff as being of the utmost importance. RPS has strict policies for the administration of all assessments. An excerpt from our educator code of ethics is provided below:

The educator maintains a commitment to the profession by providing valid and reliable assessments within a controlled environment that does not include:

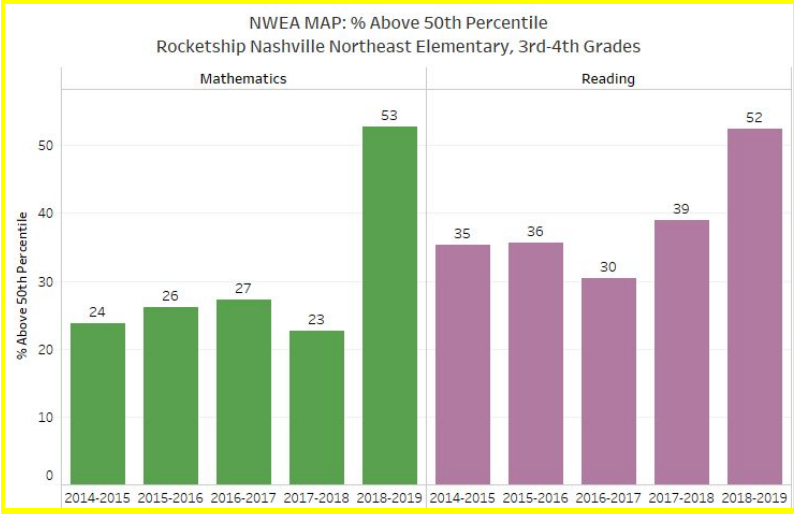
- *Cheating of any kind (including verbal or non-verbal indications to the student that a question is correct/incorrect during testing; providing any accommodations or modifications that are not both outlined in a student's individual IEP or 504 plan and allowable within the rules of that specific assessment; and allowing students to assist each other to answer questions);*
- *Leaving students unattended during an assessment;*
- *Accessing secure testing materials, including creating invalid student accounts or using fake/incorrect information to access assessment materials virtually;*
- *Retesting students without valid reason in accordance with this policy.*

Over the past four years, Rocketship Tennessee has made impactful gains on the NWEA-MAP benchmark assessment.



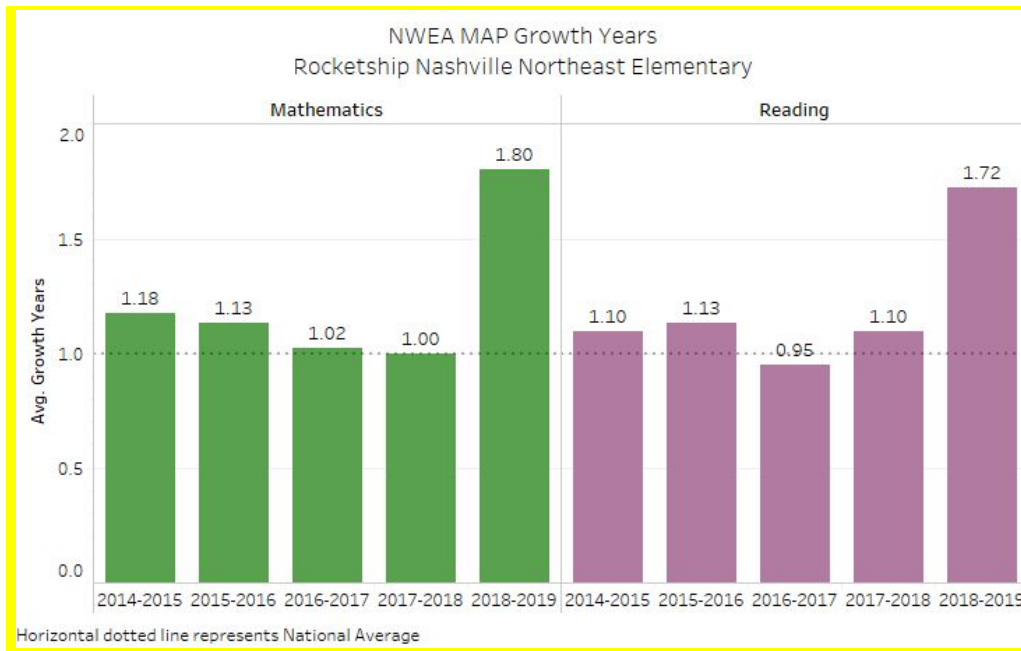
The above graph illustrates how RPS Tennessee schools compare to the results in our most mature region, California. Within 5 years, RPS Nashville is closing the gap with our other high-performing schools in CA. Currently, 63% of Rocketship Tennessee’s students are performing at the 50th Percentile or higher in math. When it comes to reading, Rocketship Tennessee has surpassed our California schools by one percentage point with 58% of Rocketship Tennessee’s students performing at the 50th percentile or higher.

RNNE has been a big driver in this movement as can be seen in the data provided below:



In 2018-19, the percentage of students at the 50th percentile in math jumped 30 percentage points at RNNE, growing from 23% to 53%. In reading, the percentage of students at the 50th percentile increased by 13 percentage points, rising from 39% to 52%.

Part of the reason for this gain can be seen in the average years growth visual below:



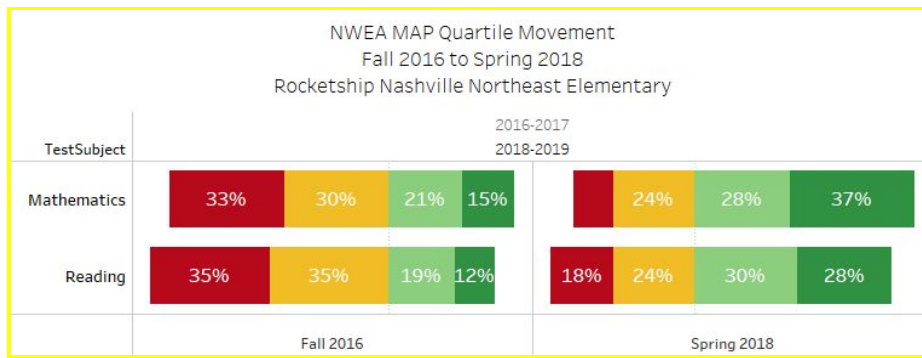
Because the vast majority of our students come to our schools behind their national peers, we set rigorous tiered growth goals for all students. If a student is going to move from performing in the 22nd percentile to the 40th percentile, it takes more than a single year of growth. That is why our goal is for our students to achieve 1.4 years of growth every year.

RNNE Network MAP Fall to Spring Reading Growth Summary Over Time All Students		
		2018-2019
Spring	Growth Yrs	Reading 1.72
	Met 1 Yrs Growth	Reading 85%
	Met Tiered Growth Goal	Reading 74%

In 2018-19, 77% of students met the tiered growth goal in math and 74% of students met the goal in ELA. Moreover, RNNE students led the network in growth, growing an astonishing 1.8 years in math and 1.72 years in ELA overall.

RNNE Network MAP Fall to Spring Mathematics Growth Summary Over Time All Students		
		2018-2019
Spring	Growth Yrs	Mathematics 1.80
	Met 1 Yrs Growth	Mathematics 89%
	Met Tiered Growth Goal	Mathematics 77%

By meeting these rigorous tiered growth targets year after year, we see achievement gaps start to close in an impactful way.



The above graphic follows a cohort of students at RNNE longitudinally over the course of 3 years. In math, 33% of students entered the school performing in the 25th percentile or below, while only 36% entered performing in the 50th percentile or higher. After 3 years, the percentage of students performing at the 25th percentile or below dropped to 12%, while the percentage of students at the 50th percentile increased to 55%. Similar gains were seen in reading.

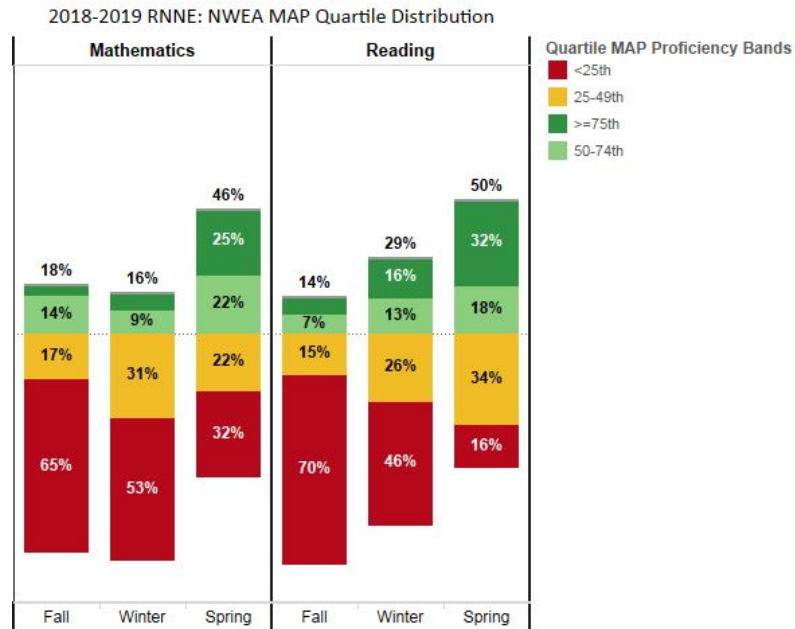
Quartiles
■ <25th Percentile
■ 25-49th Percentile
■ 50-74th Percentile
■ >=75th Percentile

While the state did not have consistent tests during this time period to measure growth year-over-year, we did. According to MAP data, students at RNNE are making consistent growth year after year. As such, students and families who were early adopters are seeing results now. We are confident that we will see this progress live out in our state testing results.

SUBGROUP GAINS IN MAP

When it comes to subgroups, RNNE is showing much promise with its students who have IEPs. Below is a graph showing changes in reading and math proficiency for students with IEPs based on the three NWEA-MAP benchmark assessments administered in 2018-19. Impressively, there was an increase in proficiency at the 50th percentile and higher by 28 percentage points in just one year in math and 36 percentage points in reading proficiency at the 50th percentile or higher..

Proficiency Gains for Students with IEPs



COMPARISONS

MNPS vs. RPS in Reading Proficiency on 2018-19 NWEA-MAP			
<i>(based on percentage of students above the 60th percentile, also known as Quintile 4 and 5)</i>			
	MNPS <Quintile 4 and 5> February 2019	RPS <Quintile 4 and 5> Winter (December 2018)	RPS <Quintile 4 and 5> Spring (May 2019)
2nd	35.9	38.1	49.3
3rd	34.8	40.0	42.1
4th	33.9	28.6	38.8

(Source of MNPS data: March 13, 2019 memo from the MNPS Department of Research, Assessment & Evaluation to the Director of Schools with February MAP results)

MNPS and RPS both administer the NWEA-MAP benchmark assessment three times a year. The third benchmark for MNPS is administered in February while RPS's second benchmark takes place closest to that date in December. In the above table, RNNE is outperforming all MNPS 2nd and 3rd grade students two months before MNPS students take the February benchmark. By the end of the year, RNNE outperformed MNPS in all grades 2-4 in reading.

What is missing from the MNPS data-set is a subgroup breakdown and an analysis of Title 1 schools vs. more affluent schools. The reported numbers include **all students**. To be clear, RNNE is a Title 1 school. The above results are further evidence as to why RNNE and Rocketship Public Schools are a strong choice for families. The table below demonstrates similar trends in math.

MNPS vs. RPS in Math Proficiency on 2018-19 NWEA-MAP (based on percentage of students above the 60th percentile, also known as Quintile 4 and 5)			
	MNPS < Quintile 4 and 5> February 2019	RPS< Quintile 4 and 5> Winter (December 2018)	RPS< Quintile 4 and 5> Spring (May 2019)
2nd	28.9	34.0	50.7
3rd	29.6	41.0	47.7
4th	27.4	30.2	39.6

(Source of MNPS data: March 13, 2019 memo from the MNPS Department of Research, Assessment & Evaluation to the Director of Schools with February MAP results)

PROFICIENCY IN READING BY SUBGROUPS <% IN QUINTILE 4 AND 5>

RPS is a charter school option for all families. However, our main mission is to eliminate the achievement gaps for historically disadvantaged students in our lifetime. Over the course of a year, we are getting that work done, one day and one student at a time.

MNPS vs. RPS Reading Proficiency for Students of Color on 2018-19 NWEA-MAP (based on percentage of students above the 60th percentile, also known as Quintile 4 and 5)			
	Hispanic	Black	White
MNPS<Feb- 3rd Benchmark>	21.9%	24.4%	55%
RNNE < December-2nd Benchmark>	26.9%	31.8%	41.7%
RNNE < May-3rd benchmark>	45.6%	46.6%	45.5%
RPS <December-2nd Benchmark>	31.9%	36.4%	43.3%
RPS <May-3rd Benchmark>	44.1%	49.1%	60.3%

As demonstrated in the data provided above, compared to MNPS, RNNE is making great gains in closing the achievement gaps for Hispanic and Black students. In February, 55% of MNPS white students were proficient based on MAP results compared to 21.9% Hispanic and 24.4% of Black Students.

By the end of the year at RNNE, we see that gap significantly close. We still have more work to do, but it is evident that RNNE is making a difference with its Hispanic and Black students by incrementally closing the achievement gap one day at a time.

The same is true in math. In fact, by the end of the year, students of color at RNNE did close the gap with white students in MNPS: 45.7% of white students were considered proficient at MNPS compared to 50.9% of Hispanic students and 56.2% of black students. See below.

MNPS vs. RPS Math Proficiency for Students of Color on 2018-19 NWEA-MAP <i>(based on percentage of students above the 50th percentile, also known as Quintile 4 and 5)</i>			
	Hispanic	Black	White
MNPS < February-3rd Benchmark >	16%	15.5%	45.7%
RNNE < December-2nd Benchmark >	26.9%	21.5%	41.7%
RNNE < May-3rd Benchmark >	50.9%	56.2%	41.7%
RPS < December-2nd Benchmark >	36.2%	33.2%	50.7%
RPS < May-3rd Benchmark >	49.7%	56.0%	56.3%

CONCLUSION

The TVAAS and NWEA-MAP data we have provided in this revised application demonstrate that RNNE has both a history of exceptional student growth and a record of increasing proficiency. Based on the above evidence of we are confident that RNNE, RUA and the Rocketship Public Schools network are all great options for all families, especially our students of color. We have a strong record of progress that is consistent with the TDOE's declaration that growth matters and TVAAS measures "what a school can control". Of the two years that TVAAS scores have been available, RNNE has received the highest score of 5. When it comes to comparing performance on MAP, both Nashville schools are outperforming the district in proficiency.

The evaluation report from the Office of Charter Schools noted that RPS partially meets standard on past performance due to RNNE’s track record. Based on this additional data analysis we have provided, we think otherwise. It meets the standard.

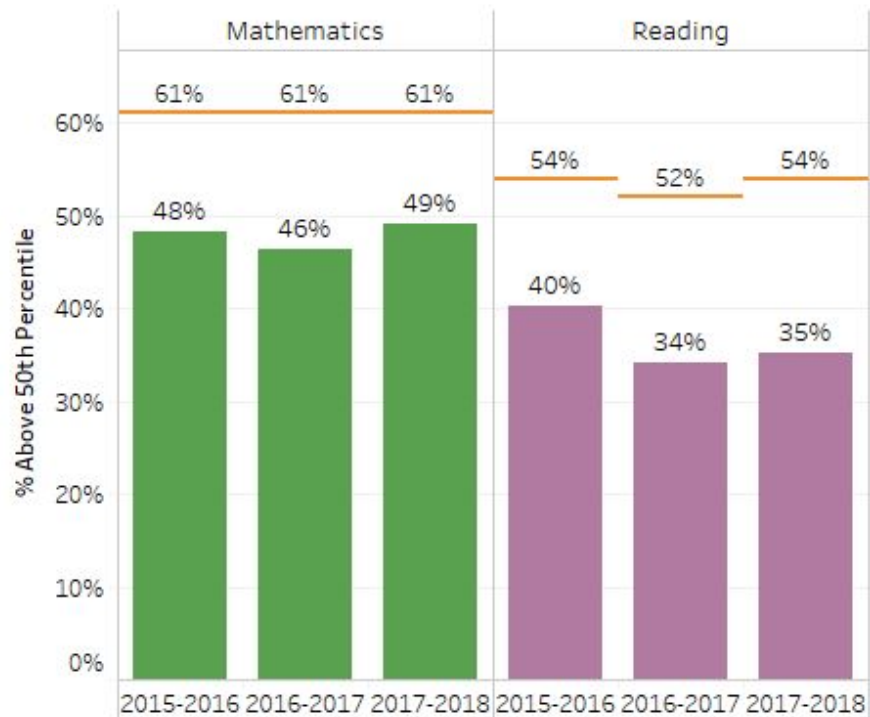
LOW PERFORMANCE

In the 2013-14 school year, Rocketship opened its first school outside of California in Milwaukee, Wisconsin. Milwaukee is home to the nation’s largest racial achievement gap. There are few cities that require more urgent attention than Milwaukee. Rocketship opened its first Milwaukee school, Rocketship Southside Community Prep, with 300 students in year one - larger than any other charter school opening in Milwaukee history.

Since year one, more than 80% of students enrolled at Rocketship Southside Community Prep are classified as socio-economically disadvantaged. The school has consistently outperformed the local average for Milwaukee Public Schools for all students and ranks among the top performing schools in the state for serving disadvantaged students. In 2016 and again in 2018 the school was recognized with the “Beating the Odds” award for excellence in serving high-poverty student populations by the Wisconsin Department of Public Instruction. However, Rocketship Southside Community Prep has consistently ranked among the bottom of performance across Rocketship Public Schools network of schools.

Rocketship Southside Community Prep has consistently trailed our network average for students performing at grade level in reading and math. Over the last three years, Southside Community Prep averages 15-20 points behind the network average in reading. In math, the three year gap average is between 12-15 points.

NWEA MAP: % Above 50th Percentile RSCP



Gold line represents Network Average

Source: NWEA MAP results, 2015-16 through 2017-18.

Public funding for education in Wisconsin has made it more challenging for Rocketship to operate its model with fidelity. In particular, certain subgroups are severely under-funded. K4 pupils are only funded at a 60% per pupil rate compared to grades K-5. Although not required, operating a K4 grade was almost mandatory to recruit students, as every other elementary school offered K4. RSCP opened with 120 K4 students in year one, three times as many as any other grade level but with 40% less funding support.

Special education funding in Wisconsin is also insufficient. In each of the past six years, approximately 15% of RSCP's student population receives special education services. However, Wisconsin's complex funding formula for special education services is set at 26% of prior year spending. To provide our Milwaukee special education students with the same quality of support as we provide in all Rocketship schools, we needed to fill a significant funding gap.

The Rocketship national network has had to increase its service and support levels in Milwaukee to ensure RSCP would meet the needs of the students and families it serves. As noted above, RSCP is one of the top performing schools in the state for serving disadvantaged students. Special education students at RSCP are outperforming their peers across Milwaukee Public Schools as well, establishing a reputation that RSCP serves all students with excellence. But the revenue

model in Milwaukee has constrained Rocketship’s ability to invest in important regional supports that are needed to elevate the quality of instruction and academic outcomes Rocketship schools realize in other regions. We are working to solve this challenge through a combination of strategies including raising more philanthropic support. In addition, Wisconsin’s new governor recently proposed a major overhaul of the state’s school funding formula that accounts for the higher costs associated with educating students living in low-income households as well as a massive increase in the reimbursement provided for serving students with disabilities. Increased investment in public education for all schools, charter and district, will enable Rocketship to sustainably operate schools in Milwaukee that achieve the same level of excellence as all Rocketship schools.

CONTRACT TERMINATIONS

Not applicable.

CHARTER WITHDRAWALS, DELAYS, AND CONSOLIDATION

The response below describes the recent charter activity within the past five years. Prior to that, Rocketship had applied for charters in several different school districts in California as well as several other cities in the Midwest shortly after beginning operations in 2008. Rocketship decided to withdraw some applications during this time for strategic reasons to instead focus its operations on its existing schools in San Jose and grow its centralized network.

In February 2015, a settlement was entered into between Rocketship and the Santa Clara County Board of Education with a number of other school districts alleging that the County exceeded its authority when it authorized twenty countywide charters. The settlement stipulated that Rocketship must withdraw thirteen charters to the Santa Clara County Board.

In May 2018, Rocketship made the decision to delay the opening of a third school in Washington, D.C. The decision to delay came down to the availability of a viable school facility. The lack of affordable facilities is a huge barrier for charter schools across the District of Columbia. There is strong demand for high-quality schools in underserved neighborhoods, but the supply of affordable and suitable sites in those neighborhoods is scarce. The Rocketship DC team had found a suitable temporary space but the final renovation cost was more than double from that of our original estimate. After consulting with our construction and design partners who helped us develop our first two campuses in DC, we came to the conclusion that there was no way to meaningfully reduce the cost and provide students with an adequate, let alone excellent, school facility.

Additionally, Rocketship Public Schools consolidated two campuses in Nashville at the end of 2017-18 following the difficult decision to close Rocketship Partners Prep (RPP). RPP was opened

through the state's Achievement School District (ASD). We underestimated the viability of the ASD framework outlined in state law that requires we recruit 75% of our students from "priority" designated schools that are subject to change when the state recalculates its list of lowest-performing schools every three years. We knew before opening RPP that the ASD had worked with state legislators to change its approach to academic intervention and would no longer be opening new schools. RPP was the last new school to open under the ASD. The outcome we experienced reinforces why the state is refocusing its school improvement efforts on other strategies, and we should have given greater consideration to this before proceeding with the opening of RPP. Rocketship Nashville Northeast, located just 4 miles down the road from RPP, enrolled many of the RPP students.

PERFORMANCE DEFICIENCIES AND COMPLIANCE VIOLATIONS

SECTION K

During the 2017-18 school year, Rocketship Nashville Northeast Elementary School was issued a Notice of Probation for Exceptional Education from the MNPS Office of Charter Schools and the Department of Exceptional Students. After further investigation, it was found that Rocketship Nashville Northeast had taken the correct precautions and actions regarding an out-of-state transfer student.

RPS depends on the MNPS Department of Exceptional services to provide our Integrated Special Education teachers with access to necessary tools such as Easy IEP. Most often, the services are efficiently provided. However, between 8/4/17 and 9/19/17 the department was not able to meet our needs. It was unintentional and without malice.

The Notice of Probation did provide us with an even greater sense of urgency when it comes to providing services to our students in our Exceptional Education Program at RNNE. As a result, Ms. Caity Hickey (formerly Yurchak), who serves RPS as our Associate Director of Special Education, was deployed full time to RNNE along with RPS psychologist, Francesca Fursi. After January, Ms. Hickey joined Mr. Jermaine Gassaway to serve as Assistant Principal at RNNE while also serving as an Associate Director of Special Education for the Nashville Region. As a result, RNNE has made great progress in compliance and has made the appropriate shifts to the program for the purpose of driving achievement for all students. Below are the results so far:

NWEA MAP: RNNE Fall to Winter Growth Data, Special Education Students, Reading



Source: NWEA MAP results, 2016-17 through 2018-19.

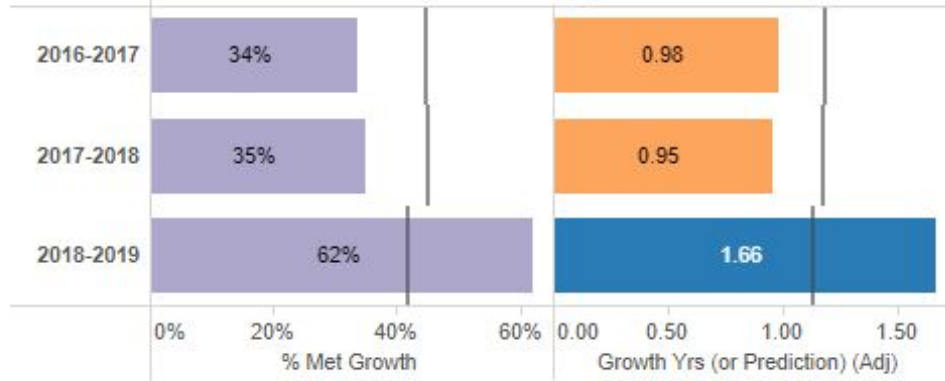
The illustration above is a graphic of NWEA MAP Fall to Winter growth data in Reading for our students receiving special education services. In 2018-19, RNNE students of this demographic are on track for making 2.21 years of growth. RNNE has made great progress in serving students with exceptionalities.

LOWEST 10% REACTION

On November 9th of 2017, Rocketship Nashville Northeast received a letter notifying RPS that RNNE had been identified among “the districts lowest 10% performing schools”. The school opened in 2014 as the largest fresh-start charter school in Nashville with 448 students in grades kinder through 4th grade. In its first year of operation, it achieved the highest possible -- a Level 5 -- score on TVAAS and ranked second in growth among the city’s 73 elementary schools. However, absolute performance on the state assessment lagged among the school’s 3rd and 4th grade students, whose results ranked the school between the state’s third and fourth percentile. Although the school’s 16-17 performance represented an improvement from its previous ranks, it demonstrated that the school needed to do better. RNNE immediately put a plan in place. For science, RNNE added an additional instructor to focus on science instruction for 3rd and 4th graders. For Reading and Math, additional interventionists were hired to provide small group instruction in 3rd and 4th grade. In terms of leadership at RNNE, RPS transitioned a new principal into the school (Jermaine Gassaway) while transitioning the former principal into a regional position. The former principal supported the school in the creation of materials and professional development for teachers. Additionally, Rocketship’s Vice President of Schools moved to the campus permanently to support the leadership transition and professional development.

Since 2017-18, RPS has provided continued support on the ground in the form of a Manager of Achievement and a Director of Schools. RNNE continues to work hard and is providing students with the small group instruction necessary for making meaningful gains. See the 2018-19 Fall-Winter growth data below for all students.

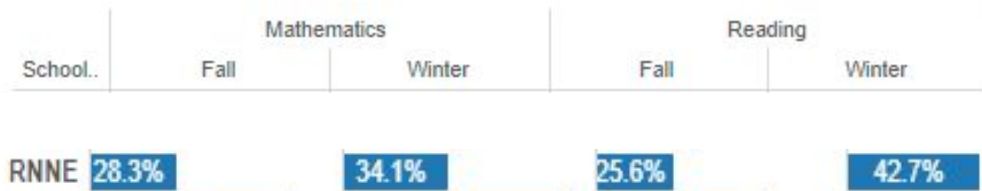
NWEA MAP: RNNE Fall to Winter Growth Data, All Students, Reading



Source: NWEA MAP results, 2018-19.

While we still have much work to do in terms of overall proficiency, Mr. Gassaway and the RNNE team remain committed to small group instruction and intervention. The school is on pace to make 1.66 years of growth for reading. Additionally, RNNE had the highest growth data across the entire Rocketship network of 19 schools for Winter 18-19.

Looking at the current gains in proficiency, RNNE has moved 5.6% of students into the 50th percentile or higher on the NWEA MAP assessment, from 28.3%- 34.1%. For reading, RNNE has moved +17% of students into the 50th percentile or higher on the NWEA MAP assessment, 25.6% -42.7%.



OUT OF STATE COMPLIANCE FINDINGS

As a general rule, Rocketship Public Schools takes pride in ensuring that our Network Support Team provides our schools with all the tools and supports necessary to be successful. Over a history of 10+ years, we have shown good success. However, there are exceptions when we could have done better.

Recently, our newest school, Rocketship Delta Prep, located in Antioch, CA, received notice from its authorizer for compliance findings. The areas of concern center around compliance with our MOU, not academic performance or student safety. As a new school with a new authorizer, the communication practices between Rocketship Delta Prep and its authorizer needs improvement on both sides. In addition, the school surpassed its year one enrollment target by nearly three class sizes - enrolling over 450 students. Rocketship Delta Prep did not start the school year with all the

systems and supports needed in place to support our new school. Those issues were fully addressed by midyear and all areas of concern noted by our authorizer have been cured.

For 2017-18 fiscal year, Rocketship Education submitted its Consolidated Audit past the California statutory deadline of 12/15/18. Rocketship worked diligently with its auditors for months in a deeply productive process that ultimately led to an audit showing a financially healthy and well-managed organization. The audit delay was not due to wrongful conduct by Rocketship, but rather caused by a combination of factors, including the fact that the closing processes are complicated and increased staffing was needed (on both the Rocketship side and auditor side) to complete this complex task in a more timely manner. In response to the delayed audit, the Rocketship Board of Directors took strong action to provide additional oversight over the audit process. At their February 28, 2019 board meeting, the Rocketship Board of Directors formally established an Audit Committee. The Audit Committee will serve as an additional check and balance to ensure the timeliness of the audit work process and to address any responses to questions raised about the audit by any of our authorizers.

CURRENT OR PAST LITIGATION

The following description includes all litigation involving Rocketship Education for the past five years (going back to 2014). For a description of litigation prior to 2014, please notify the applicant and we are more than happy to provide a supplemental report.

PENDING LITIGATION

The only pending litigation involves an appeal by Rocketship of a ruling regarding the award of attorneys fees in an underlying matter that was adjudicated and decided in 2018. The matter is entitled San Jose Unified School District v. Santa Clara County Office of Education, et al., pending in Superior Court of the State of California, Santa Clara County, Case No., 113-CV-241695. The underlying matter was initiated in 2014 when San Jose Unified School District brought suit against Santa Clara County Office of Education and named Rocketship as the real party in interest. The San Jose Unified School District alleged that the County office had unlawfully granted a zoning exemption to Rocketship to build a school on a particular site. Judgement was entered in favor of the plaintiff, San Jose Unified School District, and they brought an action against SCCOE and Rocketship for attorneys fees. An order to pay attorneys fees was entered, and it is this order which is now being appealed.

PAST LITIGATION

In 2016, Rocketship Education was named as a defendant in a claim brought in Davidson County, TN. The case was a personal injury claim arising out of a bus accident that occurred in 2014 and is entitled Terri White v. Rocketship Education, Gray Line of Tennessee, et al, Case No. 16C331.

Rocketship tendered a request for indemnification both to Student Transit (its busing vendor) and its subcontractor, Gray Line of Tennessee (“Gray Line”). Gray Line accepted the defense and indemnification of Rocketship. Rocketship’s position was that it was not the appropriate party to be held responsible as it did not provide the bus service at issue in this claim. In September 2018, the case was dismissed with prejudice.

As part of a worker’s compensation matter filed in March 2016, a former employee alleged retaliatory discharge against Rocketship. The workers compensation matter was entitled Marisol Barajas v. Rocketship Education and the Hartford Insurance Company, pending in State of California, Workers Compensation Appeals Board, Case Nos. ADJ10089808 and ADJ 10180932. The case was dismissed with prejudice in February 2018.

In March 2017, Rocketship brought a declaratory judgement against Mount Diablo Unified School District in California for violations of Proposition 39, a California statutory scheme that mandates that school districts provide facility space to charter schools, based upon a reasonable estimate of in-district average daily attendance. The Superior Court ruled in favor of Rocketship, in March 2017, and the school district appealed. They dismissed their appeal several weeks later. The case was entitled Rocketship Education d/b/a Rocketship Futuro Academy v. Mount Diablo Unified School District, Superior Court of the State of California , County of Contra Costa, Case No. 17-0137.

ATTACHMENTS (FOR EXISTING TN OPERATOR PROPOSING EXACT STRUCTURE/GRADE FOCUS)

ATTACHMENT E:	Pledged Support from Prospective Partners & Letters of Support/MOUs/Contracts
ATTACHMENT F:	F3. Board Operating Agreement and By-laws
ATTACHMENT G:	School Organizational Chart
ATTACHMENT L:	Organization/Network Annual Reports or Audits (for existing operators)
ATTACHMENT M:	Network Organizational Chart (for existing operators)
ATTACHMENT N:	CMO Documentation (if applicable)
ATTACHMENT O:	Planning and Budget Worksheet
ATTACHMENT P:	Budget Narrative
ATTACHMENT Q:	Network Budget (for existing operators)
ATTACHMENT R:	Student Achievement/Growth Results (for existing operators)
ATTACHMENT S:	Portfolio Summary Template (for existing operators)
ATTACHMENT T:	School Reports/LEA Evaluations (for existing operators)
ATTACHMENT U:	School Financials (for existing operators)
ATTACHMENT V:	Litigation Documents (for existing operators, if applicable)

Appendix O: Planning & Budget Worksheet

Sheet 1: Proposed School Information

**Rocketship Nashville #3 Elementary School
New Charter School Application Budget Template
Proposed School Information**

Proposed School Name	Rocketship Nashville #3 Elementary School										
Lead Sponsor Name	James Robinson, Director of Schools, Rocketship Public Schools										
Lead Sponsor E-mail Address	jrobinson@rsed.org										
Lead Sponsor Phone Number	585-957-6278										
CMO/EMO Affiliation											
Proposed Authorizer	Metro Nashville Public School District										
Proposed Opening Grade Level(s)	K-4										
Proposed Final Grade Level(s)	K-4										
Proposed First Year of Operations	2021-22										
Anticipated Enrollment	<table border="1"><thead><tr><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr></thead><tbody><tr><td>456</td><td>496</td><td>536</td><td>560</td><td>560</td></tr></tbody></table>	Year 1	Year 2	Year 3	Year 4	Year 5	456	496	536	560	560
Year 1	Year 2	Year 3	Year 4	Year 5							
456	496	536	560	560							

Note: These cells auto-populate after completing Tab 2.

Appendix O: Planning & Budget Worksheet

Sheet 2: Enrollment Assumptions

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Enrollment & ADA						
Projected Enrollment by Grade						
Kindergarten	-	112	112	112	112	112
1st Grade	-	112	112	112	112	112
2nd Grade	-	112	112	112	112	112
3rd Grade	-	60	100	100	112	112
4th Grade	-	60	60	100	112	112
5th Grade	-	-	-	-	-	-
Total	-	456	496	536	560	560
Average Daily Attendance						
ADA %	0%	93%	93%	93%	93%	93%
Total	-	424	461	498	521	521

Other Key Assumptions					
Enter Estimated Percentages					
SPED %	10%	10%	10%	10%	10%
SPED Count	46	50	54	56	56
ELL %	40%	40%	40%	40%	40%
ELL Count	182	198	214	224	224
Anticipated Paid %	25%	25%	25%	25%	25%
Anticipated Reduced %	0%	0%	0%	0%	0%
Anticipated Free %	75%	75%	75%	75%	75%
Anticipated Paid Count	114	124	134	140	140
Anticipated Reduced Count	0	0	0	0	0
Anticipated Free Count	342	372	402	420	420
Total Free and Reduced Count	342	372	402	420	420
School Days	180	180	180	180	180
Attendance Rate	93%	93%	93%	93%	93%

Appendix O: Planning & Budget Worksheet

Sheet 5: Staffing Assumptions, Multi Year

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Staffing Model						
Instructional Staff						
Teachers						
Kindergarten	-	3.0	3.0	3.0	3.0	3.0
1st Grade	-	3.0	3.0	3.0	3.0	3.0
2nd Grade	-	3.0	3.0	3.0	3.0	3.0
3rd Grade	-	2.0	3.0	3.0	3.0	3.0
4th Grade	-	2.0	2.0	3.0	3.0	3.0
EL	-	2.0	2.0	2.0	2.0	2.0
Special Education Specialists	-	2.0	2.0	2.0	2.0	2.0
Total Teachers	-	17.0	18.0	19.0	19.0	19.0
Tutors/Para-Professionals						
ILS/Tutors	-	4.0	5.0	5.0	5.0	5.0
Para-Professional	-	1.0	1.0	1.0	1.0	1.0
Total Tutors/Para-Professionals	-	5.0	6.0	6.0	6.0	6.0
Total Instructional Staff	-	22.0	24.0	25.0	25.0	25.0
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Staffing Model						
Non-Instructional Staff						
School Leaders						
Principal	0.5	1.0	1.0	1.0	1.0	1.0
Assistant Principal	-	2.0	2.0	2.0	2.0	2.0
Total School Leaders	0.5	3.0	3.0	3.0	3.0	3.0
Other Non-Instructional Staff						
Office Manager	0.5	1.0	1.0	1.0	1.0	1.0
Business Operations Manager	0.5	1.0	1.0	1.0	1.0	1.0
Enrichment Coordinators	-	2.0	3.0	3.0	3.0	3.0
Part-time Support Staff (Est. as FTE)	-	4.5	4.8	5.1	5.4	5.5
Total Other Non-Instructional Staff	1.0	8.5	9.8	10.1	10.4	10.5
Total Non-Instructional Staff	1.5	11.5	12.8	13.1	13.4	13.5
Total Instructional and Non-Instructional Staffing	1.5	33.5	36.8	38.1	38.4	38.5

Appendix O: Planning & Budget Worksheet

Sheet 3, 6, 8: Budget detail (part 1)

STATEMENT OF ACTIVITIES						
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
State Revenue						
Basic Education Program (with Transportation)	-	4,392,197	4,777,477	5,162,757	5,393,926	5,393,926
	-	-	-	-	-	-
Total State Revenue	-	4,392,197	4,777,477	5,162,757	5,393,926	5,393,926
Federal Revenue						
Title I	-	198,788	216,225	233,663	244,125	244,125
Title II	-	-	-	-	-	-
Title III	-	-	-	-	-	-
CSP Federal Start Up Grant	179,618	393,214	112,054	-	-	-
IDEA	-	157,320	171,120	184,920	193,200	193,200
National School Lunch Program	-	174,042	189,309	204,576	213,736	213,736
National School Lunch Program - Breakfast	-	115,265	125,376	135,487	141,553	141,553
Total Federal Revenue	179,618	1,038,628	814,084	758,646	792,615	792,615
Other Grants & Fundraising						
Private Startup Grants	20,000	450,000	400,000	350,000	-	-
Other Fundraising and Donations	-	-	-	-	-	-
Total Grants and Fundraising	20,000	450,000	400,000	350,000	-	-
Other Revenue						
Other	-	11,040	9,920	10,720	11,200	11,200
Total Other Revenue	-	11,040	9,920	10,720	11,200	11,200
Total Revenues	199,618	5,891,865	6,001,481	6,282,123	6,197,740	6,197,740
		12,921	12,100	11,720	11,067	11,067

Appendix O: Planning & Budget Worksheet

Sheet 3, 6, 8: Budget detail (part 2)

Expenses

Salaries

Certificated Salaries

Principal	52,773	105,545	107,656	109,809	112,005	114,245
Assistant Principal	-	165,640	168,953	172,332	175,778	179,294
Teachers	-	840,825	914,818	991,434	1,011,262	1,031,487
ISE Teachers	-	112,110	114,352	116,639	118,972	121,351
Total Certificated Salaries	52,773	1,224,120	1,305,779	1,390,214	1,418,018	1,446,378

Classified Salaries

Office Manager	27,523	55,045	56,146	57,269	58,414	59,582
BOM	36,865	73,730	75,205	76,709	78,243	79,808
Enrichment Staff Coordinator	-	60,115	91,976	93,816	95,692	97,606
Tutors/ILSs	-	125,240	159,681	162,875	166,132	169,455
Para-Professionals	-	31,310	31,936	32,575	33,226	33,891
Support Staff (Incl. Hourly Staff & Lunch Worker)	-	130,831	139,503	148,701	156,174	160,489
Total Classified Salaries	64,388	476,271	554,447	571,944	587,881	600,831

Total Salaries	117,160	1,700,391	1,860,226	1,962,158	2,005,899	2,047,209
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Benefits

Health Benefits Cost Per Employee	11,700	249,600	273,000	280,800	280,800	280,800
Unemployment	586	8,502	9,301	9,811	10,029	10,236
Workers Compensation	879	12,753	13,952	14,716	15,044	15,354
Medicare	1,699	24,656	26,973	28,451	29,086	29,685
Social Security	7,264	105,424	115,334	121,654	124,366	126,927
TCRS - Retirement	5,013	116,291	124,049	132,070	134,712	137,406
Metro - Retirement	7,945	58,772	68,419	70,578	72,545	74,143
401(k) Match	1,172	17,004	18,602	19,622	20,059	20,472
PTO Payout - Teachers	640	23,054	24,335	25,615	25,615	25,615
PTO Payout - ILSs	-	3,100	3,875	3,875	3,875	3,875
Total Benefits	36,258	593,002	649,630	677,702	686,640	695,022

Appendix O: Planning & Budget Worksheet

Sheet 3, 6, 8: Budget detail (part 3)

Books & Supplies						
Curriculum	-	180,964	105,670	108,690	109,496	109,496
Instructional Supplies	-	32,770	31,560	32,610	32,850	32,850
Non-Instructional Supplies	-	106,505	104,265	105,865	106,825	106,825
Software Programs (Administrative & Assessments)	-	80,275	20,590	22,190	23,150	23,150
Student Computer Equipment	-	53,200	22,400	22,400	22,400	22,400
Other Non-Capitalized Equipment & Furniture	16,200	113,300	32,463	31,663	31,130	31,130
Total Books & Supplies	16,200	567,014	316,949	323,418	325,851	325,851
Food Service						
Student Food Services	12,500	340,501	369,361	398,221	415,537	415,537
Total Food Service	12,500	340,501	369,361	398,221	415,537	415,537
Other Operating Expenses						
Transportation	-	440,000	440,000	440,000	440,000	440,000
Travel & Conferences	-	4,375	4,500	4,625	4,625	4,625
Dues & Memberships	-	-	-	-	-	-
Communications	-	25,402	27,582	28,762	29,170	29,170
Insurance	-	11,400	12,400	13,400	14,000	14,000
Utilities	-	81,010	81,010	81,010	81,010	81,010
Copier Leases	-	15,000	15,000	15,000	15,000	15,000
Facility Maintenance & Repairs	-	10,000	25,000	20,000	28,000	36,250
Facility Lease Expense	-	912,166	912,772	912,772	646,893	646,893
Total Other Operating Expenses	-	1,499,353	1,518,264	1,515,569	1,258,698	1,266,948
Professional Services						
Professional Development	-	49,140	50,260	50,820	50,820	50,820
SPED Consultants	-	133,387	157,787	200,487	119,130	119,130
Other Consultants	-	31,224	32,604	33,324	33,756	33,756
IT Support	-	50,000	25,000	25,000	60,000	25,000
Custodial Services	-	51,800	52,800	54,800	54,800	54,800
Health & Testing	-	20,560	25,680	25,720	25,720	25,720
Substitutes	-	21,932	24,241	25,395	25,395	25,395
Field Trips	-	22,500	11,250	22,500	22,500	22,500
Other Services	-	63,406	61,191	62,040	113,148	113,300
Authorizer Oversight	-	30,000	30,000	30,000	30,000	30,000
SPED Admin Fee	-	-	-	-	-	-
Central Office Allocation Fee	-	712,246	774,723	837,201	874,688	874,688
Total Professional Services	-	1,186,194	1,245,535	1,367,287	1,409,957	1,375,109
TOTAL EXPENSES	182,118	5,886,455	5,959,965	6,244,354	6,102,582	6,125,676
INCREASE/DECREASE OF NET ASSETS	17,500	5,410	41,516	37,769	95,158	72,064

Appendix O: Planning & Budget Worksheet

Sheet 9: Summary Multi Year Budget

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Statement of Activities (Thousands)						
Revenues						
State Revenue	-	\$4,392	\$4,777	\$5,163	\$5,394	\$5,394
Federal Revenue	\$180	\$1,039	\$814	\$759	\$793	\$793
Local Revenue	-	\$11	\$10	\$11	\$11	\$11
Grants & Fundraising	\$20	\$450	\$400	\$350	-	-
Total Revenues	\$200	\$5,892	\$6,001	\$6,282	\$6,198	\$6,198
Expenses						
Certificated Salaries	\$53	\$1,224	\$1,306	\$1,390	\$1,418	\$1,446
Classified Salaries	\$64	\$476	\$554	\$572	\$588	\$601
Employee Benefits	\$36	\$593	\$650	\$678	\$687	\$695
Books & Supplies	\$16	\$567	\$317	\$323	\$326	\$326
Food Service	\$13	\$341	\$369	\$398	\$416	\$416
Other Operating Expenses	-	\$1,499	\$1,518	\$1,516	\$1,259	\$1,267
Professional Services	-	\$1,186	\$1,246	\$1,367	\$1,410	\$1,375
Interest & Capital Outlay	-	-	-	-	-	-
Total Expenses	\$182	\$5,886	\$5,960	\$6,244	\$6,103	\$6,126
Increase/Decrease of Net Assets	\$18	\$5	\$42	\$38	\$95	\$72
Cumulative Net Assets	\$18	\$23	\$64	\$102	\$197	\$269
Cash Beginning Balance	-	\$18	\$183	\$425	\$708	\$736
Cash Ending Balance	\$18	\$183	\$425	\$708	\$736	\$797
Cash Reserve (% of Expenditures)	9.6%	3.1%	7.1%	11.3%	12.1%	13.0%

Appendix O: Planning & Budget Worksheet

Sheet 4: Pre Opening Y0 Cash Flow Detail (part 1)

	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Total 2020-21
Beginning Cash Balance	-	10,000	10,000	10,000	10,000	10,000	20,000	72,422	52,996	29,521	38,661	2,898	
REVENUES													
State Programs													
Basic Education Program (with Transport:	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total State Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Other State Programs													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other State Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Programs													
Title I	-	-	-	-	-	-	-	-	-	-	-	-	-
Title II	-	-	-	-	-	-	-	-	-	-	-	-	-
Title III	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Startup Grant (Title Vb)	-	-	-	-	-	-	71,847	-	-	44,904	-	62,866	179,618
IDEA	-	-	-	-	-	-	-	-	-	-	-	-	-
National School Lunch Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Federal Programs	-	-	-	-	-	-	71,847	-	-	44,904	-	62,866	179,618
Local Programs													
Local Food Service Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Local Programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Fundraising & Grants													
Private Startup Grant	10,000	-	-	-	-	10,000	-	-	-	-	-	-	20,000
Total Fundraising & Grant	10,000	-	-	-	-	10,000	-	-	-	-	-	-	20,000
PY Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	10,000	-	-	-	-	10,000	71,847	-	-	44,904	-	62,866	199,618

Appendix O: Planning & Budget Worksheet

Sheet 4: Pre Opening Y0 Cash Flow Detail (part 2)

EXPENSES													
Certificated Salaries	-	-	-	-	-	-	8,795	8,795	8,795	8,795	8,795	8,795	52,773
Classified Salaries	-	-	-	-	-	-	4,587	4,587	4,587	16,875	16,875	16,875	64,388
Employee Benefits	-	-	-	-	-	-	6,043	6,043	6,043	6,043	6,043	6,043	36,258
Books & Supplies	-	-	-	-	-	-	-	-	4,050	4,050	4,050	4,050	16,200
Food Service	-	-	-	-	-	-	-	-	-	-	-	12,500	12,500
Other Operating Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
PY Payables	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	-	-	-	-	-	-	19,425	19,425	23,475	35,764	35,764	48,264	182,118
OTHER FINANCING SOURCES/USES													
CSFA - Revolving Loan	-	-	-	-	-	-	-	-	-	-	-	-	-
Facility Fee Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
RSED Financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Financing Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Cash Position	10,000	10,000	10,000	10,000	10,000	20,000	72,422	52,996	29,521	38,661	2,898	17,500	

Appendix O: Planning & Budget Worksheet

Sheet 7: Year 1 Cash Flow Detail (part 1)

	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022
Beginning Cash Balance	17,500	129,709	39,043	14,351	439,216	436,574	433,933	538,112	614,986	612,344	806,344	364,482
REVENUES												
State Programs												
Basic Education Program (with T	439,220	439,220	439,220	439,220	439,220	439,220	439,220	439,220	439,220	439,220	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total State Programs	439,220	439,220	439,220	439,220	439,220	439,220	439,220	439,220	439,220	439,220	-	-
Other State Programs												
	-	-	-	-	-	-	-	-	-	-	-	-
Total Other State Programs	-	-	-	-	-	-	-	-	-	-	-	-
Federal Programs												
Title I	-	-	-	39,758	-	-	-	79,515	-	-	-	79,515
Title II	-	-	-	-	-	-	-	-	-	-	-	-
Title III	-	-	-	-	-	-	-	-	-	-	-	-
Federal Startup Grant (Title Vb)	-	-	-	275,250	-	-	39,321	-	-	39,321	-	-
IDEA	-	-	-	-	-	-	-	-	-	157,320	-	-
National School Lunch Program	-	-	26,298	26,298	26,298	26,298	26,298	26,298	26,298	26,298	26,298	26,298
Total Federal Programs	-	-	26,298	341,305	26,298	26,298	65,619	105,813	26,298	222,939	26,298	105,813
Local Programs												
Local Food Service Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Local Programs	-	-	-	-	-	-	-	-	-	-	-	-
Fundraising & Grants												
Private Startup Grant	157,500	-	-	112,500	-	-	67,500	-	-	-	-	112,500
Total Fundraising & Grant	157,500	-	-	112,500	-	-	67,500	-	-	-	-	112,500
PY Receivables	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	596,720	439,220	465,518	893,025	465,518	465,518	572,339	545,033	465,518	662,159	26,298	218,313

Appendix O: Planning & Budget Worksheet

Sheet 7: Year 1 Cash Flow Detail (part 2)

EXPENSES												
Certificated Salaries	102,010	102,010	102,010	102,010	102,010	102,010	102,010	102,010	102,010	102,010	102,010	102,010
Classified Salaries	39,689	39,689	39,689	39,689	39,689	39,689	39,689	39,689	39,689	39,689	39,689	39,689
Employee Benefits	49,417	49,417	49,417	49,417	49,417	49,417	49,417	49,417	49,417	49,417	49,417	49,417
Books & Supplies	85,052	113,403	56,701	34,651	34,651	34,651	34,651	34,651	34,651	34,651	34,651	27,721
Food Service	-	17,025	34,050	34,050	34,050	34,050	34,050	34,050	34,050	34,050	34,050	17,025
Other Operating Services	124,946	124,946	124,946	124,946	124,946	124,946	124,946	124,946	124,946	124,946	124,946	99,957
Professional Services	98,850	98,850	98,850	98,850	98,850	98,850	98,850	98,850	98,850	98,850	98,850	79,080
Interest	-	-	-	-	-	-	-	-	-	-	-	-
PY Payables	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	499,964	545,339	505,663	483,613	483,613	483,613	483,613	483,613	483,613	483,613	483,613	414,898
OTHER FINANCING SOURCES/USES												
CSFA - Revolving Loan	-	-	-	-	-	-	-	-	-	-	-	-
Facility Fee Adjustment	15,453	15,453	15,453	15,453	15,453	15,453	15,453	15,453	15,453	15,453	15,453	15,453
RSED Financing	-	-	-	-	-	-	-	-	-	-	-	-
Total Financing Cash Flow	15,453	15,453	15,453	15,453	15,453	15,453	15,453	15,453	15,453	15,453	15,453	15,453
Cumulative Cash Position	129,709	39,043	14,351	439,216	436,574	433,933	538,112	614,986	612,344	806,344	364,482	183,350

Appendix Q: Network Budget

RPS Consolidated View - Projections Only					
(\$ in Thousands)	2017/18	2018/19	2019/20	2020/21	2021/22
Total Schools	18	19	19	21	26
New Schools	2	2	-	2	5
Enrollment	8,082	9,209	9,924	10,606	12,508
Revenue					
Revenue	110,141	138,857	143,960	157,617	185,093
Philanthropy	6,450	5,000	3,700	4,950	6,350
Grants/InKind	1,015	375	375	375	375
Total Revenue	117,606	144,232	148,035	162,942	191,818
Expenses					
Compensation	58,852	67,527	75,136	82,819	94,255
Non-Compensation	54,722	75,631	72,731	80,076	97,484
Total Expenses	113,574	143,158	147,867	162,895	191,739
Change in Net Assets (CINA)	4,032	1,074	169	47	78

03-26-19

Hola mi nombre es Maria Maldonado
Soy madre de un docente de
Rocketship. Ozzie Sanchez.

Estoy totalmente de acuerdo.

con la apertura de otro centro
Educativo, como es Rocketship.

en el area de Antioch. ami en

lo personal estoy muy satisfecha

con Rocketship. es una escuela que

llena muchas expectativas en las

enseñanzas. conozco muchas familias

que viven en el area de Antioch.

que estan interesadas en llevar a sus

hijos a Rocketship.

Y para mi estaria mas cerca del

area donde yo vivo. estaria muy

contenta si habre otra escuela por

Antioch. Gracias:

Att. Maria Maldonado.

Rocketship Nashville | Formulario de Interés y Apoyo de Antioch

Queridas Familias de Rocketship United Academy,

Como saben, en Rocketship creemos que TODOS los estudiantes merecen una educación excelente. Estamos muy agradecidos con los padres, como usted, que envían a sus estudiantes a United Academy todos los días y que han sido una parte tan importante de por qué somos una escuela de recompensa.

Pero hay otras familias aquí en Nashville que desean una excelente educación para sus hijos y no tienen acceso a una escuela como Rocketship. Es por eso que estamos empezando a pensar dónde irá nuestra próxima escuela y dónde podemos encontrar padres, como usted, que apoyarán nuestros esfuerzos.

¡Estamos pidiendo a nuestros padres que viven cerca del vecindario de Antioch que nos ayuden! Queremos entender mejor el área y les pedimos a las familias que participen en nuestros esfuerzos para llevar una escuela a una parte de Nashville donde los estudiantes asisten todos los días a escuelas de bajo rendimiento. Si está interesado en participar, marque a continuación qué opción (u opciones) puede ayudarnos con:

_____ Firme una carta que indique su apoyo de una escuela de Rocketship en Antioch

_____ Nos introduce a las familias de jóvenes estudiantes en Antioquia que estarían interesados en asistir a Rocketship

_____ Nos introduce a un líder comunitario (pastor, maestro de preescolar, director del centro comunitario) que estaría interesado en aprender más sobre Rocketship

Segundo, por favor de responder a las siguientes preguntas en una escala de 1 (no probable) a 5 (muy probable):

Me interesaría asistir a una escuela de Rocketship que está más cerca de mi casa.

① 2 3 4 5

Creo que hay otras familias en Antioch que estarían interesadas en una escuela Rocketship más cercana a sus hogares.

① 2 3 4 5

Su Nombre: Agelina Moreno Número de Teléfono: 615 485 7963

Nombre de Estudiante: Ellen Moreno Grado: K

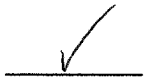
Rocketship Nashville | Formulario de Interés y Apoyo de Antioch

Queridas Familias de Rocketship United Academy,

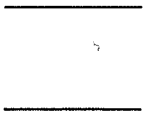
Como saben, en Rocketship creemos que TODOS los estudiantes merecen una educación excelente. Estamos muy agradecidos con los padres, como usted, que envían a sus estudiantes a United Academy todos los días y que han sido una parte tan importante de por qué somos una escuela de recompensa.

Pero hay otras familias aquí en Nashville que desean una excelente educación para sus hijos y no tienen acceso a una escuela como Rocketship. Es por eso que estamos empezando a pensar dónde irá nuestra próxima escuela y dónde podemos encontrar padres, como usted, que apoyarán nuestros esfuerzos.

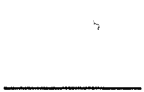
¡Estamos pidiendo a nuestros padres que viven cerca del vecindario de Antioch que nos ayuden! Queremos entender mejor el área y les pedimos a las familias que participen en nuestros esfuerzos para llevar una escuela a una parte de Nashville donde los estudiantes asisten todos los días a escuelas de bajo rendimiento. Si está interesado en participar, marque a continuación qué opción (u opciones) puede ayudarnos con:



Firme una carta que indique su apoyo de una escuela de Rocketship en Antioch



Nos introduce a las familias de jóvenes estudiantes en Antioquia que estarían interesados en asistir a Rocketship



Nos introduce a un líder comunitario (pastor, maestro de preescolar, director del centro comunitario) que estaría interesado en aprender más sobre Rocketship

Segundo, por favor de responder a las siguientes preguntas en una escala de 1 (no probable) a 5 (muy probable):

Me interesaría asistir a una escuela de Rocketship que está más cerca de mi casa.

1 2 3 4 5

Creo que hay otras familias en Antioch que estarían interesadas en una escuela Rocketship más cercana a sus hogares.

1 2 3 4 5

Su Nombre: Abigail Rodriguez Número de Teléfono: 615-821-92-95

Nombre de Estudiante: Nashly Murillo Grado: K

Rocketship Nashville | Antioch Support & Interest Form

Dear Rocketship United Academy Families,

As you know, at Rocketship we believe that ALL students deserve an excellent education. We are so grateful to the many parents, like you, who choose to trust your students with us at United Academy and who have been such an important part of what made us a reward school.

But there are many more parents and guardians here in Nashville who want a great education for their child and do not have access to a school like Rocketship. That is why we are starting to think about where our next school will go -- and where we can find parents, like you, who will support our efforts.

We are currently asking our parents who live close to the Antioch neighborhood to help us! We want to better understand the area and are asking families to get involved in our efforts to bring a school to a part of Nashville where students every day attend under-performing schools. If you are interested in getting involved, please check below which option (or options) you would be willing to help us with:

- Sign a letter that states your support for a Rocketship school in Antioch
- Introduce us to families of young students in Antioch who would be interested in attending Rocketship
- Introduce us to a community leader (pastor, preschool teacher, community center director) who would be interested in learning more about Rocketship

Second, please answer the following question on a scale of 1 (not likely) to 5 (very likely):

I would be interested in attending a Rocketship school that is closer to my home.

1 2 3 4 5

I believe there are other families in Antioch who would be interested in a Rocketship school closer to their homes.

1 2 3 4 5

Your Name: Sarah Jones Phone Number: 615-477-3100

Student's Name: Ashley Schmitt Student's Grade: 2

Rocketship Nashville | Antioch Support & Interest Form

Dear Rocketship United Academy Families,

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1 2 3 4 5

Your Name: Maram Barbaush Phone Number: 615 2900138

Student's Name: Mahmoud Barbaush Student's Grade: ←

Rocketship Nashville | Antioch Support & Interest Form

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1 2 3 4 5

4

I believe there are other families in Antioch who would be interested in a Rocketship school closer to their homes.

1 2 3 4 5

5

Your Name: Angel Baugh Phone Number: (615) 485-6058

Student's Name: Davin Baugh Student's Grade: Kindergarten

Rocketship Nashville | Formulario de Interés y Apoyo de Antioch

Queridas Familias de Rocketship United Academy,

Como saben, en Rocketship creemos que TODOS los estudiantes merecen una educación excelente. Estamos muy agradecidos con los padres, como usted, que envían a sus estudiantes a United Academy todos los días y que han sido una parte tan importante de por qué somos una escuela de recompensa.

Pero hay otras familias aquí en Nashville que desean una excelente educación para sus hijos y no tienen acceso a una escuela como Rocketship. Es por eso que estamos empezando a pensar dónde irá nuestra próxima escuela y dónde podemos encontrar padres, como usted, que apoyarán nuestros esfuerzos.

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1 2 3 4 5

Su Nombre: ANA Melgar Número de Teléfono: 901-337-1189

Nombre de Estudiante: Brenda Borilla Grado: K

Rocketship Nashville | Formulario de Interés y Apoyo de Antioch

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Creo que hay otras familias en Antioch que estarían interesadas en una escuela Rocketship más cercana a sus hogares.

1 2 3 4 5

Su Nombre: Monica Hernandez Número de Teléfono: (615) 678-2964

Nombre de Estudiante: Ozzie Sanchez Grado: 7

**OPERATING AGREEMENT OF
ROCKETSHIP EDUCATION TENNESSEE LLC**

This Operating Agreement (the “Agreement”), dated this 1st day of September 2017, is made and entered into between **Rocketship Education Tennessee LLC** (the “Company”) a non-profit limited liability company organized pursuant to T.C.A. §48-101-801, *et al.* (known as the “the Tennessee Revised Nonprofit Limited Liability Company Act”), and **Rocketship Education, Inc.** (the “Member”).

**ARTICLE I
THE COMPANY**

Section 1.1. Name. The name of the Company shall be Rocketship Education Tennessee LLC.

Section 1.2. Principal Office. The office and principal place of business of the Company shall be located at 2526 Dickerson Pike, Nashville, Tennessee 37207-4103. The Company may have such other offices as the Member may determine as the business of the Company may require.

Section 1.3. Purpose. The purpose of the Company is to have and exercise any and all powers that nonprofit limited liability companies have and may exercise under the laws of the State of Tennessee, specifically including the provisions of the Tennessee Revised Nonprofit Limited Liability Company Act, and as the same may be amended, except such powers as are inconsistent with the expressed provisions of the Articles of Organization or this Operating Agreement. As a nonprofit limited liability company with its sole member being Rocketship Education, Inc., the Company shall not carry on any activities that are inconsistent with the Charter and purposes of Rocketship Education, Inc., nor any activities not permitted to be carried on (a) by a Corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United State Internal Revenue Law) or (b) by a corporation contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United State Internal Revenue Law).

Section 1.4. Registered Agent. The registered agent of the Company shall be Robert M. Pautienus III, 216 Centerview Drive, Suite 317, Brentwood, Tennessee 37027. The registered agent may from time to time be changed by the Member of the Company through appropriate filings with the Tennessee Secretary of State.

Section 1.5. Effective Date. This Agreement shall become effective upon the execution date of this Agreement by the Member.

Section 1.6. Term. The term of the Company commenced on the date of the filing of the Articles of Organization with the Tennessee Secretary of State, and shall continue until dissolved pursuant to the terms of this Agreement or by operation of law.

ARTICLE II

MEMBER MANAGEMENT

Section 2.1. General Powers. Subject to any limitations of the Articles of Organization, this Agreement, and the Tennessee Revised Nonprofit Limited Liability Company Act, all Company power shall be exercised by or under the authority of the Member and the business and affairs of the Company shall be controlled by the Member, with the exception of authority given to the Board of Managers in Article III herein.

Section 2.2. Membership Interest. The Member shall have sole voting interest in matters affecting the Company (the "Voting Interest") and have sole interest in the assets, gains, income, profits, and losses and deductions of the Company (inclusive of all distributions on liquidation) ("Financial Interest"). The Voting Interest and Financial Interest, set forth above, will remain constant, unless amended or modified in a writing signed by the Member. All payments made by a Member to the Company are to be deemed a loan by the Member to the Company, unless set forth otherwise by the Member in writing.

Section 2.3. Meetings. An annual meeting, regular meetings, or special meetings of the Member may be held at such times as shall be fixed from time to time by resolution of the Member.

Section 2.4. Place of Meeting. The Member may designate any place as a place for the holding of any annual meeting, regular meeting, or any special meeting. If no designation is made, or if a special meeting is otherwise called, the place of meeting shall be the principal office of the Company in the State of Tennessee except as otherwise provided in this Agreement.

Section 2.5. Alternative Means of Meeting. The Member may have any meetings provided for in this Agreement, via telephone conference call or similar communications equipment, provided that all participants in the meeting can hear and communicate with each other.

Section 2.6. Action By Member Without a Meeting.

- (i). Action required or permitted by this Agreement to be taken at a meeting may be taken without a meeting if the action is evidenced by written consent describing the action taken, and signed by the Member. Action taken under this subsection

is effective when the Member entitled to vote has signed the consent, unless the consent specifies a different effective date.

- (ii). Written consent of the Member entitled to vote has the same force and effect as a vote of the Member at a meeting, and may be stated in any document.

Section 2.7. Notice of Meeting of Member. The Member may meet at any time and place and consent in writing, signed by the Member, to the holding of a meeting at a time and place, and such a meeting shall be valid without call or notice and at such meeting any Company action may be taken.

Section 2.8. No Required Meetings Pursuant to T.C.A. §48-222-101(a), there is no requirement that the Member hold any meetings, unless a meeting is set by the Member.

Section 2.9. Admission of Additional Members. The addition of Members to the Company is strictly prohibited. The Company shall remain a single member limited liability company, disregarded for federal tax purposes.

ARTICLE III **BOARD OF MANAGERS/TRUSTEES**

Section 3.1. Creation of a Board of Managers/Trustees. The Member shall create the initial Board of Managers (the “Board”) consisting of Managers appointed at the sole discretion of the Member. The Managers shall be referred to as “Trustees” and the Board of Managers as the “Board of Trustees.” The Board shall consist of at least three (3) Trustees. The Member may determine at any time in the Member’s sole discretion the number of Trustees to constitute the Board. Each Trustee appointed shall hold office until a successor Trustee is appointed. Subsequent to the appointment of the initial Board of Trustees by the Member, the Trustees shall be appointed by a majority vote of the Board of Trustees, subject to final approval by the Member. Trustees shall serve three (3) year terms, and may serve consecutive terms. The initial Board of Trustees shall be staggered in their terms.

Section 3.2. Powers and Operation of the Board. The Board is authorized to conduct certain specified actions on behalf of the Company. Any actions not specifically authorized in this Section remain under the full control of the Member. All authority given to the Board herein only applies to Member’s schools operating in Tennessee and is subject to final approval of the Member. The Board is authorized to perform the following action:

- (a) Approve the annual regional budget, fundraising events, and grant writing for the Member’s schools operating in Tennessee.
- (b) Approve the enrollment and grade-level configuration for the Member’s schools operating in Tennessee, including but not limited to increasing enrollment to maximum allowed levels, subject to approval from the requisite state and local authorities.

- (c) Approve the strategic growth plans, expansion, and greenlighting of new schools in Tennessee.
- (d) Participate, on behalf of the Member and at Member's request, in dispute resolution resulting from legal actions associated with Member's schools operating in Tennessee.
- (e) Monitor the Member's schools operating in Tennessee to ensure each of Member's Tennessee schools are meeting the expectations and mission of the Member's charter.
- (f) Monitor the fiscal solvency of the Member's schools operating in Tennessee.
- (g) Participate in the training of Trustees in governance, leadership, strategic planning, and other corporate matters.
- (h) The Company may take actions that increases public awareness of, and fundraising on behalf of the Member.
- (i) Any other actions specifically authorized by the Member in writing to the Board.

Section 3.3. Removal of Managers/Trustees. Unless otherwise restricted by law, any Trustee or the entire Board may be removed, with or without cause, by the Member, and any vacancy by any such removal may be filled by action of the Member.

Section 3.4. Managers/Trustees as Agents. To the extent of their powers as set forth in this Agreement, the Trustees are agents of the Company for the purpose of the Company's business, and the actions of the Trustees taken in accordance with such powers set forth in this Agreement shall bind the Company. Except as provided in this Agreement, no Trustee may bind the Company.

Section 3.5. Standard of Care and Exculpation. All Trustees must refrain from engaging in grossly negligent, reckless, or intentional misconduct. Any act or omission of a Trustee that results in loss or damage to the Company or the Member, if done in good faith, shall not make the Trustee liable to the Member.

ARTICLE IV

TERMINATION OF THE COMPANY

Section 4.1. Withdrawal. The sole Member may not resign, dissolve, or otherwise voluntarily withdraw from the Company.

Section 4.2. Dissolution. The Company will be dissolved on the occurrence of any of the following events: (a) by the written agreement of the Member; (b) by the bankruptcy or dissolution of the Member; or (c) the occurrence of any other event which terminates the membership of the Member in the Company. In the event of dissolution, all assets of the Company will be distributed as follows: first, to creditors, including the Member in the event the Member is a creditor, to the extent otherwise permitted by law, in satisfaction of liabilities

of the Company, other than liabilities for which reasonable provision has been made; second, to the Member for unpaid distributions to which the Member has become entitled prior to dissolution or resignation, as applicable; and third, to the Member. The Board and its Trustees shall have no authority to dissolve the Company.

ARTICLE V

STANDARDS OF CONDUCT AND INDEMNIFICATION

Section 5.1. Standards of Conduct. Pursuant to T.C.A. §48-101-806, the standards of conduct established in T.C.A. §§ 48-58-301, 48-58-303, and 48-58-403 that are applicable to the directors, officers, employees and agents of the Member, as a nonprofit corporation, shall likewise apply to the directors, managers, trustees, officers, employees, members, and agents of the Company.

Section 5.2. Indemnification. Pursuant to T.C.A. §48-101-806, the indemnification provisions of T.C.A. §48-58-501 that are applicable to the directors, officers, employees and agents of the Member, as a nonprofit corporation, shall likewise apply to the directors, managers, trustees, officers, employees, members, and agents, of the Company. The limitation of actions and immunity from actions provided in T.C.A. §48-58-601 that are applicable to the directors, officers, trustees and members of the Member shall likewise apply to the directors and managers of the Company.

ARTICLE VI

BOOKS AND RECORDS

Section 6.1. Books and Records; Inspection. The Company shall keep correct and complete books and records of account and shall also keep minutes of all meetings of the Member.

Section 6.2. Fiscal Year. The fiscal year end of the Company shall be June 30th, or as determined by the Member.

ARTICLE VII

CONTRACTS, LOANS, AND CHECKS

Section 7.1. Contracts. The Member may authorize any agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

Section 7.2. Loans. No loans shall be contracted on behalf of the Company and no evidences of indebtedness shall be issued in its name unless approved in writing by the Member.

Section 7.3. Banking. The Company will maintain a bank account or bank accounts in the Company's name in a national or state bank. Checks and drafts will be drawn on the Company's bank account for Company purposes only and shall be signed by a designate(s) appointed by the Member in writing.

ARTICLE VIII
MISCELLANEOUS

Section 8.1. Agreement Binding. This Agreement will be binding on the Member and its Board of Trustees, Directors and Officers.

Section 8.2. Titles and Subtitles. Titles of the paragraphs and subparagraphs are placed in this Agreement for convenient reference only and will not to any extent have the effect of modifying, amending or changing the express terms and provisions of this Agreement.

Section 8.3. Rules of Construction. As used in this Agreement, unless the context clearly indicated the contrary, the singular number will include the plural, the plural will include the singular, and the use of any gender will be applicable to all genders.

Section 8.4. Execution in Counterpart. This Company Agreement may be executed in any number of counterparts, each of which will be taken to be an original.

Section 8.5. Severability. In the event any parts of this Agreement are found to be void, the remaining provisions of this Agreement will nevertheless be binding with the same effect as though the void parts were deleted.

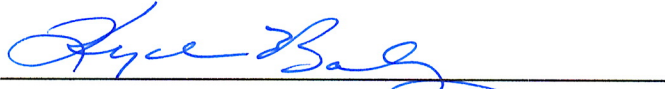
Section 8.6. Effective Date. This Agreement will be effective only upon execution by the Member.

Section 8.7. Waiver. No waiver of any provisions of this Agreement will be valid unless in writing and signed by the person or party against whom charged.

Section 8.8. Amendment. This Agreement may be altered or amended by a vote of the Member, at any meeting of the Member, if notice of the alteration or amendment is contained in the notice of the meeting.

Section 8.9. Legal Proceedings. The validity, construction and enforcement of this Agreement shall be determined according to the laws of Tennessee applicable to contracts executed and performed entirely within Tennessee. Any claim for the enforcement of or arising from this Agreement shall be brought and maintained in the courts of Davidson County, Tennessee, and each Party submits to the personal jurisdiction of such courts with respect to any such claim.

In witness, the party has executed this agreement the day and year first above written.



Keysha Bailey, Authorized Representative
Rocketship Education Inc., Member

**THIRD AMENDED AND RESTATED BYLAWS
OF
ROCKETSHIP EDUCATION**

DBA ROCKETSHIP PUBLIC SCHOOLS

(A California Nonprofit Public Benefit Corporation)

**ARTICLE I
NAME**

Section 1. **NAME.** The name of this corporation is Rocketship Education (the "Corporation") doing business as Rocketship Public Schools.

**ARTICLE II
PRINCIPAL OFFICE OF THE CORPORATION**

Section 1. **PRINCIPAL OFFICE OF THE CORPORATION.** The principal office for the transaction of the activities and affairs of the Corporation is 350 Twin Dolphin Drive, Suite 109, Redwood City, State of California. The Corporation's Board of Directors (the "Board of Directors") may change the location of the principal office. Any such change of location must be noted by the Secretary on these bylaws opposite this Section; alternatively, this Section may be amended to state the new location.

Section 2. **OTHER OFFICES OF THE CORPORATION.** The Board of Directors may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to conduct its activities.

**ARTICLE III
GENERAL AND SPECIFIC PURPOSES; LIMITATIONS**

Section 1. **GENERAL AND SPECIFIC PURPOSES.** The purpose of the Corporation is to manage, operate, guide, direct and promote one or more public charter schools. Also in the context of these purposes, the Corporation shall not, except to an insubstantial degree, engage in any other activities or exercise of power that do not further the purposes of the Corporation.

The Corporation shall not carry on any other activities not permitted to be carried on by: (a) a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code; or (b) a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

**ARTICLE IV
CONSTRUCTION AND DEFINITIONS**

Section 1. **CONSTRUCTION AND DEFINITIONS.** Unless the context indicates otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Public Benefit Corporation Law, Cal Corp. Code Section 5110 (2001) (the "CNPBCL") shall govern the construction of these bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, and the plural includes the singular, and the term "person" includes both a legal entity and a natural person.

**ARTICLE V
DEDICATION OF ASSETS**

Section 1. **DEDICATION OF ASSETS.** The Corporation's assets are irrevocably dedicated to public benefit purposes. No part of the net earnings, properties, or assets of the Corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or to any director or officer of the Corporation. On liquidation or dissolution, all properties and assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed to a nonprofit fund, foundation, or association that is organized and operated exclusively for educational, public or charitable purposes and that has established its exempt status under Internal Revenue Code section 501(c)(3) or shall be distributed to the federal government, or to a state or local government, for a public purpose.

**ARTICLE VI
CORPORATIONS WITHOUT MEMBERS**

Section 1. **CORPORATIONS WITHOUT MEMBERS.** The Corporation shall have no voting members within the meaning of the CNPBCL. The Board of Directors may, in its discretion, admit individuals to one or more classes of nonvoting members; the class or classes shall have such rights and obligations as the Board of Directors finds appropriate.

**ARTICLE VII
BOARD OF DIRECTORS**

Section 1. **GENERAL POWERS.** Subject to the provisions and limitations of the CNPBCL and any other applicable laws, and subject to any limitations of the articles of incorporation or bylaws, the Corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors. The Board of Directors may delegate the management of the Corporation's activities to any person(s), management company or committees, however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board of Directors.

Section 2. **SPECIFIC POWERS.** Without prejudice to the general powers set forth in Article VII, Section 1 of these bylaws, but subject to the same limitations, the Board of Directors shall have the power to:

- a. Appoint and remove, at the pleasure of the Board of Directors, all corporate officers, agents, and employees; prescribe powers and duties for them as are consistent with the law, the articles of incorporation, and these bylaws; fix their compensation; and require from them security for faithful service.
- b. Change the principal office or the principal business office in California from one location to another; cause the Corporation to be qualified to conduct its activities in any other state, territory, dependency, or country; conduct its activities in or outside California; and designate a place in California for holding any meeting of the Board of Directors.
- c. Borrow money and incur indebtedness on the Corporation's behalf and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.
- d. Adopt and use a corporate seal; and alter the forms of the seal and certificates.

Section 3. DESIGNATED DIRECTORS AND TERMS. The authorized number of directors of the Corporation shall be no fewer than three (3) and no more than twenty-five (25), unless changed by amendments to these bylaws. The exact authorized number of directors shall be fixed, within the limits set forth in these bylaws, by the Board of Directors. All directors shall be designated and elected by the existing Board of Directors. All directors are to be designated and elected at a meeting of the Board of Directors.

Section 4. RESTRICTION ON INTERESTED PERSONS AS DIRECTORS. No persons serving on the Board of Directors may be interested persons. An interested person is (a) any person compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. The Board of Directors may adopt other policies circumscribing potential conflicts of interest.

Section 5. DIRECTORS' TERM. Each director shall hold office for a term of two (2) years and until a successor director has been designated and qualified, unless such director is otherwise removed from office in accordance with these bylaws.

Section 6. NOMINATIONS BY COMMITTEE. The Board of Directors may, as it deems appropriate, create a Nominating Committee to assist the Board of Directors in the recruitment, review and nomination of potential new Directors, and to designate qualified candidates for election by the Board of Directors. The Nominating Committee shall be made up of at least two members of the Executive Committee and any additional Directors as the Board of Directors deems appropriate. The Nominating Committee shall work with the Chief Executive Officer and his/her staff to develop criteria for board membership, identify potential candidates for outreach efforts, and develop a recruiting plan for potential candidates. The Nominating

Committee shall make a formal recommendation to the full Board of Directors to elect a potential candidate, and the full Board of Directors shall vote on such appointment.

Section 7. USE OF CORPORATE FUNDS TO SUPPORT NOMINEE. If more people have been nominated for director than can be elected, no Corporation funds may be expended to support a nominee for director without the authorization of the Board of Directors.

Section 8. EVENTS CAUSING VACANCIES ON BOARD. A vacancy or vacancies on the Board of Directors shall occur in the event of (a) the death, resignation, or removal of any director; (b) the declaration by resolution of the Board of Directors of a vacancy in the office of a director who has been convicted of a felony, declared of unsound mind by a court order, or found by final order or judgment of any court to have breached a duty under Chapter 2, Article 3 of the CNPBCL; (c) the increase of the authorized number of directors; or (d) the failure of the Board of Directors, at any meeting of the Board of Directors at which any director or directors are to be elected, to elect the number of directors required to be elected at such meeting.

Section 9. RESIGNATION OF DIRECTORS. Except as provided below, any director may resign by giving written notice to the Chairman of the Board of Directors, or to the Chief Executive Officer, or the Secretary of the Board of Directors. The resignation shall be effective when the notice is given unless the notice specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the Board of Directors may elect a successor to take office as of the date when the resignation becomes effective.

Section 10. DIRECTOR MAY NOT RESIGN IF NO DIRECTOR REMAINS. Except on notice to the California Attorney General, no director may resign if the Corporation would be left without a duly elected director or directors.

Section 11. REMOVAL OF DIRECTORS. Any director may be removed, with or without cause, by the vote of the majority of the members of the entire Board of Directors at a special meeting called for that purpose, or at a regular meeting, provided that notice of that meeting and of the removal questions are given in compliance with the provisions of the Ralph M. Brown Act. (Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code) (as amended, the "Brown Act").¹ Any vacancy caused by the removal of a director shall be filled as provided in Section 11 of this Article VII.

Section 12. VACANCIES FILLED BY BOARD. Vacancies on the Board of Directors may be filled by approval of the Board of Directors or, if the number of directors then in office is less than a quorum, by (a) the unanimous consent of the directors then in office, (b) the affirmative vote of a majority of the directors then in office at a meeting held according to notice or waivers of notice complying with CNPBCL Section 5211, or (c) a sole remaining director.

¹ Rocketship Education Inc. shall operate under the terms of the Brown Act whenever it is considered to be a public agency by virtue of operating one or more California public charter schools.

Section 13. NO VACANCY ON REDUCTION OF NUMBER OF DIRECTORS. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires unless the reduction also explicitly provides for the removal of that specified director in accordance with these bylaws and the CNPBCL.

Section 14. PLACE OF BOARD OF DIRECTORS MEETINGS. Meetings shall be held at the principal office of the Corporation unless the Board of Directors designates another location in accordance with these bylaws.. The Board of Directors may designate that a meeting be held at any place within California that has been designated in the notice of the meeting. All meetings of the Board of Directors shall be called, held and conducted in accordance with the terms and provisions of the Brown Act.

Section 15. MEETINGS; ANNUAL MEETINGS. All meetings of the Board of Directors and its committees shall be called, noticed, and held in compliance with the applicable provisions of the Brown Act and the Tennessee Open Meetings Law. All approved Board meeting minutes shall be posted on the Corporation's website.

The Board of Directors shall meet no less than annually for the purpose of organization, appointment of officers, and the transaction of such other business as may properly be brought before the meeting. This meeting shall be held at a time, date, and place as may be specified by resolution of the Board of Directors.

Section 16. REGULAR MEETINGS. Regular meetings of the Board of Directors, including annual meetings, shall be held at such times and places as may from time to time be fixed by the Board of Directors. At least 72 hours before a regular meeting, the Board of Directors, or its designee shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting. The agenda shall also be posted on the Corporation's Internet Web site.

Section 17. SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose may be called at any time by the Chairman of the Board of Directors or a majority of the Board of Directors. If a Chairman of the Board has not been elected then the Chief Executive Officer is authorized to call a special meeting in place of the Chairman of the Board. The party calling a special meeting shall determine the place, date, and time thereof.

Section 18. NOTICE OF SPECIAL MEETINGS. In accordance with the Brown Act, special meetings of the Board of Directors may be held only after twenty-four (24) hours notice is given to the public through the posting of an agenda. Directors shall also receive at least twenty-four (24) hour notice of the special meeting. The Board of Directors shall also adhere to any additional notice requirements pursuant to California open meeting laws applicable to the Corporation.

Section 19. QUORUM. A majority of the directors then in office shall constitute a quorum. All acts or decisions of the Board of Directors will be by majority vote based upon the presence of a quorum. Should there be fewer than a majority of the directors present at any meeting, the meeting shall be adjourned. Directors may not vote by proxy. The vote or abstention of each Board member present for each action taken shall be publicly reported.

Section 20. TELECONFERENCE MEETINGS. Directors may participate in teleconference meetings so long as all of the following requirements in the Brown Act are complied with:

- a. At a minimum, a quorum of directors shall participate in the teleconference meeting from locations within the boundaries of the State of California in which the Corporation operates;
- b. All votes taken during a teleconference meeting shall be by roll call;
- c. If the Board of Directors elects to use teleconferencing, it shall post agendas at all teleconference locations with each teleconference location being identified in the notice and agenda of the meeting;
- d. All locations where a director participates in a meeting via teleconference must be fully accessible to members of the public and shall be listed on the agenda;
- e. Members of the public must be able to hear what is said during the meeting and shall be provided with an opportunity to address the Board of Directors directly at each teleconference location; and
- f. Members of the public attending a meeting conducted via teleconference need not give their name when entering the conference call.

Section 21. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any Board of Directors meeting to another time or place. If a meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment to another time or place shall be given, prior to the time schedule for the continuation of the meeting, to the directors who were not present at the time of the adjournment, and to the public in the manner prescribed by any applicable public open meeting law.

Section 22. COMPENSATION AND REIMBURSEMENT. Directors may not receive compensation for their services as directors or officers, and may only receive such reimbursement of expenses as the Board of Directors may establish by resolution to be just and reasonable as to the Corporation at the time that the resolution is adopted.

Section 23. CREATION OF POWERS OF COMMITTEES. The Board of Directors, by resolution adopted by a majority of the directors then in office, may create one or more committees, each consisting of two or more directors, and no one who is not a director, to serve at the pleasure of the Board. Appointments to committees of the Board of Directors shall be by majority vote of the directors then in office. The Board of Directors may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, to the extent provided in the Board of Directors' resolution, except that no committee may:

- a. Take any final action on any matter that, under the CNPBCL, also requires approval of a majority of all directors then in office;

- b. Fill vacancies on the Board of Directors or any committee of the Board;
- c. Amend or repeal these bylaws or adopt new bylaws;
- d. Amend or repeal any resolution of the Board of Directors that by its express terms is not so amendable or subject to repeal;
- e. Create any other committees of the Board of Directors or appoint the members of committees of the Board;
- f. Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected; or
- g. Approve any contract or transaction to which the Corporation is a party and in which one or more of its directors has a material financial interest.

Section 24. MEETINGS AND ACTION OF COMMITTEES. Meetings and actions of committees of the Board of Directors shall be governed by, held, and taken under the provisions of these bylaws concerning meetings, other Board of Directors' actions, and the Brown Act, if applicable, except that the time for general meetings of such committees and the calling of special meetings of such committees may be set either by Board of Directors' resolution or, if none, by resolution of the committee. Minutes of each meeting shall be kept and shall be filed with the corporate records. The Board of Directors may adopt rules for the governance of any committee as long as the rules are not inconsistent with these bylaws. If the Board of Directors has not adopted rules, the committee may do so.

Section 25. NON-LIABILITY OF DIRECTORS. No Director shall be personally liable for the debts, liabilities, or other obligations of the Corporation.

Section 26. COMPLIANCE WITH LAWS GOVERNING STUDENT RECORDS. Rocketship Education, Inc. and its Board of Directors shall comply with all applicable provisions of the Family Education Rights Privacy Act ("FERPA") as set forth in Title 20 of the United States Code Section 1232g and attendant regulations as they may be amended from time to time.

Section 27. COMPLIANCE WITH CONFLICT OF INTEREST LAWS. The Corporation shall comply with Government Code Section 1090 and the Political Reform Act (Govt. Code § 8100 *et seq.*)

ARTICLE VIII OFFICERS OF THE CORPORATION

Section 1. OFFICES HELD. The officers of this Corporation shall be a Chairperson of the Board of Directors ("Chairman of the Board" or "Chairman"), a Chief Executive Officer, a Secretary of the Board of Directors ("Secretary"), and a Treasurer of the Board of Directors ("Treasurer"). The Corporation, at the Board's direction, may also appoint one or more Presidents, Vice-Presidents, one or more assistant secretaries, one or more assistant treasurers,

and such other officers as may be appointed under Article VIII, Section 4, of these bylaws. The officers in addition to the corporate duties set forth in this Article VIII shall also have administrative duties as set forth in any applicable contract for employment or job specification.

Section 2. **DUPLICATION OF OFFICE HOLDERS.** Any number of offices may be held by the same person, except that neither the Secretary nor the Treasurer may serve concurrently as either the Chief Executive Officer or the Chairman of the Board.

Section 3. **ELECTION OF OFFICERS.** The Board of Directors shall elect from its own members, a Chairman of the Board, a Secretary, and a Treasurer, who shall serve terms concurrent with their term on the Board of Directors.

Section 4. **APPOINTMENT OF OTHER OFFICERS.** The Board of Directors may by resolution appoint and authorize the Chairman of the Board, the Chief Executive Officer, or another officer to appoint any other officers that the Corporation may require. Each appointed officer shall have the title and authority, hold office for the period, and perform the duties specified in the bylaws or established by the Board.

Section 5. **REMOVAL OF OFFICERS.** Without prejudice to the rights of any officer under an employment contract, the Board of Directors may remove any officer with or without cause. An officer who was not chosen by the Board of Directors may be removed by any other officer on whom the Board of Directors confers the power of removal.

Section 6. **RESIGNATION OF OFFICERS.** Any officer may resign at any time by giving written notice to the Board of Directors. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the Corporation under any contract to which the officer is a party.

Section 7. **VACANCIES IN OFFICE.** A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these bylaws for normal appointment to that office, provided, however, that vacancies need not be filled on an annual basis.

Section 8. **CHAIRMAN OF THE BOARD.** The Chairman of the Board shall preside at the Board of Directors' meetings and shall exercise and perform such other powers and duties as the Board of Directors may assign from time to time. If there is no Chief Executive Officer, the Chairman of the Board shall also be the chief executive officer and shall have the powers and duties of the Chief Executive Officer of the Corporation set forth in these bylaws.

Section 9. **CHIEF EXECUTIVE OFFICER.** Subject to such supervisory powers as the Board of Directors may give to the Chairman of the Board, and subject to the control of the Board of Directors, and subject to Chief Executive Officer's contract of employment, the Chief Executive Officer shall be the general manager of the Corporation and shall supervise, direct, and control the Corporation's activities, affairs, and officers as fully described in any applicable employment contract, agreement, or job specification.

The Chief Executive Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The Chief Executive Officer shall send or cause to be given to the directors such financial statements and reports as are required to be given by law, by these bylaws, or by the Board of Directors. The books of account shall be open to inspection by any director at all reasonable times.

The Chief Executive Officer shall (a) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board of Directors may designate; (b) disburse the Corporation's funds as the Board of Directors may order; (c) render to the Chairman of the Board, and the Board of Directors, when requested, an account of all transactions and of the financial condition of the Corporation; and (d) have such other powers and perform such other duties as the Board, contract, job specification, or the bylaws may require.

Section 10. SECRETARY. The Secretary shall keep or cause to be kept, at the Corporation's principal office or such other place as the Board of Directors may direct, the minutes of all meetings, proceedings, and actions of the Board of Directors, and of committees of the Board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, regular, special, or emergency and, if special or emergency, how authorized; the notice given; the names of the directors present at Board of Directors and committee meetings and the vote or abstention of each Board member present for each action taken.

The Secretary shall keep or cause to be kept, at the principal California office, a copy of the articles of incorporation and bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors, and of committees of the Board of Directors that these bylaws require to be given. The Secretary shall keep the corporate seal, if any, in safe custody and shall have such other powers and perform such other duties as the Board of Directors or the bylaws may require.

Section 11. TREASURER. The Treasurer's duties shall include overseeing or causing to be completed (a) audits; (b) federal and state annual information return filings; and (c) corporate filings. The Treasurer shall also exercise and perform such other powers and duties as the Board of Directors may assign from time to time.

Section 12. PRESIDENTS AND VICE-PRESIDENTS. If the Chief Executive Officer is absent or disabled, the Presidents or Vice-Presidents, if any, in order of their rank as fixed by the Board of Directors, or, if not ranked, a President or Vice-President designated by the Board of Directors, shall perform all duties of the Chief Executive Officer. When so acting, a President or Vice-President shall have all powers of and be subject to all restrictions on the Chief Executive Officer. The Presidents or Vice-Presidents shall have such other powers and perform such other duties as the Board of Directors or the bylaws may require.

ARTICLE IX CONTRACTS WITH DIRECTORS

ARTICLE XSECTION 1. CONTRACTS WITH DIRECTORS. THE CORPORATION SHALL NOT ENTER INTO A CONTRACT OR TRANSACTION IN WHICH A DIRECTOR DIRECTLY OR INDIRECTLY HAS A MATERIAL FINANCIAL INTEREST (OR ANY OTHER CORPORATION, FIRM, ASSOCIATION, OR OTHER ENTITY IN WHICH ONE OR MORE OF THE CORPORATION'S DIRECTORS ARE DIRECTORS AND HAVE A MATERIAL FINANCIAL INTEREST). CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES

Section 1. CONTRACTS WITH NON-DIRECTOR DESIGNATED EMPLOYEES. The Corporation shall not enter into a contract or transaction in which a non-director designated employee (e.g., officers and other key decision-making employees) directly or indirectly has a material financial interest unless all of the requirements in the Rocketship Education, Inc. Conflict of Interest Code have been fulfilled.

**ARTICLE XI
LOANS TO DIRECTORS AND OFFICERS**

Section 1. LOANS TO DIRECTORS AND OFFICERS. This Corporation shall not lend any money or property to or guarantee the obligation of any director or officer without the approval of the California Attorney General; provided, however, that the Corporation may advance money to a director or officer of the Corporation for expenses reasonably anticipated to be incurred in the performance of his or her duties if that director or officer would be entitled to reimbursement for such expenses of the Corporation.

**ARTICLE XII
INDEMNIFICATION**

Section 1. INDEMNIFICATION. To the fullest extent permitted by law, this Corporation shall indemnify its directors, officers, employees, and other persons described in CNPBCL Section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that section, and including an action by or in the right of the Corporation by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in that section of the CNPBCL.

On written request to the Board of Directors by any person seeking indemnification under CNPBCL Section 5238 (b) or Section 5238 (c) the Board of Directors shall promptly decide under CNPBCL Section 5238 (e) whether the applicable standard of conduct set forth in CNPBCL Section 5238 (b) or Section 5238 (c) has been met and, if so, the Board of Directors shall authorize indemnification.

**ARTICLE XIII
INSURANCE**

Section 1. INSURANCE. This Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors,

employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer's, director's, employee's, or agent's status as such.

ARTICLE XIV MAINTENANCE OF CORPORATE RECORDS

Section 1. MAINTENANCE OF CORPORATE RECORDS. This Corporation shall keep:

- a. Adequate and correct books and records of account;
- b. Written minutes of the proceedings of the Board of Directors and committees of the Board of Directors; and
- c. Such reports and records as required by law.

ARTICLE XV INSPECTION RIGHTS

Section 1. DIRECTORS' RIGHT TO INSPECT. Every director shall have the right at any reasonable time to inspect the Corporation's books, records, documents of every kind, physical properties, and the records of each subsidiary as permitted by California and federal law. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents as permitted by California and federal law. This right to inspect may be circumscribed in instances where the right to inspect conflicts with California or federal law (e.g., restrictions on the release of educational records under FERPA) pertaining to access to books, records, and documents.

Section 2. ACCOUNTING RECORDS AND MINUTES. On written demand on the Corporation, any director may inspect, copy, and make extracts of the accounting books and records and the minutes of the proceedings of the Board of Directors and committees of the Board of Directors at any reasonable time for a purpose reasonably related to the director's interest as a director. Any such inspection and copying may be made in person or by the director's agent or attorney. This right of inspection extends to the records of any subsidiary of the Corporation.

Section 3. MAINTENANCE AND INSPECTION OF ARTICLES AND BYLAWS. This Corporation shall keep at its principal California office the original or a copy of the articles of incorporation and bylaws, as amended to the current date, which shall be open to inspection by the directors at all reasonable times during office hours. If the Corporation has no business office in California, the Secretary shall, on the written request of any director, furnish to that director a copy of the articles of incorporation and bylaws, as amended to the current date.

ARTICLE XVI REQUIRED REPORTS

Section 1. ANNUAL REPORTS. The Board of Directors shall cause an annual report to be sent to the Board of Directors (i.e., itself) within 120 days after the end of the Corporation's fiscal year. That report shall contain the following information, in appropriate detail:

- a. The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;
- b. The principal changes in assets and liabilities, including trust funds;
- c. The Corporation's revenue or receipts, both unrestricted and restricted to particular purposes;
- d. The Corporation's expenses or disbursement for both general and restricted purposes;
- e. Any information required under these bylaws; and
- f. An independent accountant's report or, if none, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the Corporation's books and records.

Section 2. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS AND INDEMNIFICATIONS. The Corporation shall comply with Corporations Code section 6322.

ARTICLE XVII BYLAW AMENDMENTS

Section 1. BYLAW AMENDMENTS. The Board of Directors may adopt, amend or repeal any of these bylaws by a majority of the directors present at a meeting duly held at which a quorum is present, except that no amendment shall change any provisions of the Charter(s) of the California public charter school(s) operated by Rocketship Education, Inc., or make any provisions of these bylaws inconsistent with that/those Charter(s), the Corporation's articles of incorporation, or any laws.

The Charter School shall provide written notice to the Santa Clara County Superintendent of any proposed revisions to the Articles of Incorporation and/or Bylaws no less than three (3) weeks prior to consideration of adoption of the revision(s) by the Corporation's Board. Should the County Superintendent or designee indicate that the SCCOE considers the proposed revision(s) to be a material revision to the Corporation's governance structure or Charter(s), the Corporation may not formally adopt such revision(s) unless and until the revision(s) is first approved through the process set forth in Education Code section 47607 for material revision to the Charter. Should the Corporation adopt revision(s) to its Articles of Incorporation and/or Bylaws in accordance with these requirements, it shall provide a final copy of the revised document to the Santa Clara County Office of Education within three (3) business days of the adoption of such revision(s).

**ARTICLE XVIII
FISCAL YEAR**

Section 1. FISCAL YEAR OF THE CORPORATION. The fiscal year of the Corporation shall begin on July 1st and end on June 30th of each year.

CERTIFICATE OF BOARD PRESIDENT

I certify that I am the duly elected and acting President of the Board of Directors of Rocketship Education, a California nonprofit public benefit corporation; that these bylaws, consisting of 13 pages, are the bylaws of this Corporation as adopted by the Board of Directors on August 23, 2017 _____; and that these bylaws have not been amended or modified since that date.

aug. 23, 2017
Date


President

BY-LAWS
OF
ROCKETSHIP EDUCATION TENNESSEE, LLC

Article I
PURPOSES, OPERATION

Purposes. The purpose of the Rocketship Education Tennessee, LLC (the “Corporation”) is to have and exercise any and all powers that nonprofit limited liability companies have and may exercise under the laws of the State of Tennessee, specifically including the provisions of the Tennessee Revised Nonprofit Limited Liability Corporation Act, and as the same may be amended, except such powers as are inconsistent with the expressed provisions of the Articles of Organization or the Operating Agreement between Corporation and Rocketship Education, Inc. (“Operating Agreement”).

Mission and Vision. The Corporation may adopt a mission statement and a vision statement consistent with its stated charitable purposes and Operating Agreement.

Restrictions. As a nonprofit limited liability corporation, with its sole member being Rocketship Education, Inc., the Corporation shall not carry on any activities that are inconsistent with the Charter and purposes of Rocketship Education, Inc., nor any activities not permitted to be carried on (a) by a Corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United State Internal Revenue Law) or (b) by a Corporation contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United State Internal Revenue Law).

Article II
OFFICES

Principal Office. The principal office of the Corporation shall be located in Nashville, TN. The Corporation may have such other offices as the Board of Trustees may designate from time to time.

Registered Office. The registered office of the Corporation may be, but need not be, identical with the Corporation’s principal office in Nashville, TN, and the Board of Trustees may from time to time change the address of the registered office to any location within Tennessee.

Article III MEMBERS

Designation of Members. The sole member of the Corporation shall be Rocketship Education, Inc., a California nonprofit public benefit Corporation (the “Sole Member” or “Rocketship Education”).

III.1. Rights of the Sole Member. The rights of the Sole Member shall be as described in Article II of the Operating Agreement or any amendment to such agreement.

Article IV BOARD OF TRUSTEES

4.1 Creation of a Board of Managers/Trustees. The Member shall create the initial Board of Managers (the “Board”) consisting of Managers appointed at the sole discretion of the Member. The Managers shall be referred to as “Trustees” and the Board of Managers as the “Board of Trustees.” The Board shall consist of at least three (3) Trustees. The Member may determine at any time in the Member’s sole discretion the number of Trustees to constitute the Board. Each Trustee appointed shall hold office until a successor Trustee is appointed. Subsequent to the appointment of the initial Board of Trustees by the Member, the Trustees shall be appointed by a majority vote of the Board of Trustees, subject to final approval by the Member. Trustees shall serve three (3) year terms, and may serve consecutive terms. The initial Board of Trustees shall be staggered in their terms.

4.2. Powers and Operation of the Board. The Board is authorized to conduct certain specified actions on behalf of the Corporation. Any actions not specifically authorized in this Section remain under the full control of the Member. All authority given to the Board herein only applies to Member’s schools operating in Tennessee and is subject to final approval of the Member. The Board is authorized to perform the following action:

- (a) Approve the annual regional budget, fundraising events, and grant writing for the Member’s schools operating in Tennessee.
- (b) Approve the enrollment and grade-level configuration for the Member’s schools operating in Tennessee, including but not limited to increasing enrollment to maximum allowed levels, subject to approval from the requisite state and local authorities.
- (c) Approve the strategic growth plans, expansion, and greenlighting of new schools in Tennessee.
- (d) Participate, on behalf of the Member and at Member’s request, in dispute resolution resulting from legal actions associated with Member’s schools operating in Tennessee.
- (e) Monitor the Member’s schools operating in Tennessee to ensure each of Member’s Tennessee schools are meeting the expectations and mission of the Member’s charter.

- (f) Monitor the fiscal solvency of the Member's schools operating in Tennessee.
- (g) Participate in the training of Trustees in governance, leadership, strategic planning, and other corporate matters.
- (h) The Company may take actions that increases public awareness of, and fundraising on behalf of the Member.
- (i) Any other actions specifically authorized by the Member in writing to the Board.

4.3 Quorum. Except as otherwise provided by applicable law, a majority of the Trustees then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees, but such quorum shall never be less than two Trustees. If less than such quorum is present at a meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice.

4.4 Manner of Acting. The act of a majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, unless the act of a greater number is required by these Bylaws or by law.

4.5 Removal and Resignation of Trustee. Unless otherwise restricted by law, any Trustee or the entire Board may be removed, with or without cause, by the Member, and any vacancy by any such removal may be filled by action of the Member. A Trustee may resign from the Board of Trustees at any time by delivering a written notification of resignation to the President or Secretary of the Corporation, which shall be effective as of the date that such notice is received by the President or Secretary or as of such other date as may be specified in such notice, as applicable.

4.6 Vacancies. Any vacancy occurring in the Board of Trustees may be filled by the Board of Trustees subject to approval by the Member, as described in Section 4.1

4.7 Compensation. Trustees of the Corporation shall serve without compensation.

ARTICLE V OFFICERS

5.1 Principal Officers. The principal Officers of the Corporation ("Officers") shall be a President, a Secretary and a Treasurer, each of whom shall be elected by the Board of Trustees pursuant to these Bylaws. Such other Officers and assistant Officers as may be deemed necessary may be elected or appointed by the Board of Trustees. Any two or more offices may be held by the same person, except the offices of President and Treasurer.

5.2 Election and Terms of Office. Once elected, each Officer shall hold office until his or her successor shall have been elected by the Board of Trustees or until his or her death or

until he or she shall resign or shall have been removed or for such term as the Board of Trustees considers appropriate.

5.3 Removal and Resignation of Officer. Any Officer may be removed from office, either with or without cause, by the affirmative vote of a majority of Trustees then in office. An Officer may resign at any time by delivering a written resignation to the President or Secretary of the Corporation, which shall be effective as of the date that such notice is received by the President or Secretary or as of such other date as may be specified in such notice, as applicable.

5.4 Vacancies. A vacancy in any principal office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Trustees for the unexpired portion of the term, or for such other term as the Board of Trustees considers appropriate.

5.5 President. Subject to the control of the Board of Trustees, the President shall in general supervise and control all of the business and affairs of the Corporation and shall, when present, preside at all meetings of the Board of Trustees. He or she may sign, with the Secretary or any other Officer of the Corporation authorized by the Board of Trustees, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Trustees has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these Bylaws or some other law to be otherwise signed or executed, and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Trustees from time to time.

5.6 Secretary. The Secretary (or an Assistant Secretary if requested by the Board of Trustees) shall: (a) keep any minutes of the Board of Trustees' meetings in one or more books provided for that purpose; (b) see that all notices are duly given by law; (c) serve as custodian of the corporate books and records of the Corporation; and (d) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Trustees. The Secretary shall perform such other duties and have such other powers as the Board of Trustees may from time to time prescribe.

5.7 Treasurer. If required by the Board of Trustees, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Trustees shall determine. He or she shall: (a) have charge and custody of and be responsible for all funds, securities, and financial records of the Corporation; (b) receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all monies in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and (c) in general, perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Trustees. The Treasurer shall send or cause to be given to the Board of Trustees any financial statements or reports that are required or requested to be made by law, by these Bylaws, or by the Board of Trustees.

**ARTICLE VI
COMMITTEES OF THE BOARD OF TRUSTEES**

6.1 Committees, Generally. The Board of Trustees may establish standing or temporary committees as it considers appropriate. The Board of Trustees shall appoint the members of the committees by majority vote and name the chairperson. A committee shall consist of three (3) or more Trustees and shall perform such duties and have such responsibilities as are provided in the resolution establishing any such committee, as initially adopted or thereafter supplemented or amended. The Board of Trustees may elect one or more persons as alternate members of any such committee who may take the place of any absent member or members at any meeting of the committee upon request of the committee's chairperson or other person presiding at such committee meeting. The designation of a committee or committees and the delegation thereto of any Board authority will not operate to relieve the Board of Trustees, or any member thereof, of any responsibility imposed upon it or him or her by law.

6.2 Advisory Committees. The Board of Trustees, by resolution, may designate one or more advisory committees to assist it in any capacity as it directs, but such committees or advisory bodies shall not have any of the powers of the Board of Trustees.

6.3 Meetings and Actions of Committees. A majority of the voting members of a committee shall constitute a quorum for the transaction of business at any meeting of such committee, but, if less than such majority is present at a meeting, a majority of the voting members present may adjourn the meeting from time to time without notice. The act of a majority of the voting members present at a committee meeting at which a quorum is present shall be the act of the committee unless the action of a greater number is required by the resolutions establishing such committee. Each committee shall make such reports to the Board of Trustees of its activities as the Board of Trustees may request.

**ARTICLE VII
MANAGEMENT, EMPLOYEES**

7.1 Employees. The Board of Trustees is authorized, but is not required to, employ an executive Trustee and such other employees for the Corporation as it deems necessary. The duties, responsibilities, and compensation of any employee of the Corporation shall be determined by and at the direction of the Board of Trustees, or by the President or such other person to whom such responsibility may be delegated by the Board of Trustees, as consistent with the charter agreement.

**ARTICLE VIII
CONTRACTS, CHECKS, DEPOSITS, GIFTS, REPORTS AND STATEMENTS**

- 8.1 Contracts. The Board of Trustees may authorize any Officer or Officers, agent or agents of the Corporation, in addition to the Officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge the Corporation's credit or to render the Corporation liable monetarily for any purpose or in any amount.
- 8.2 Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation and in such manner as is from time to time determined by resolution of the Board of Trustees. In the absence of such determination by the Board of Trustees, such instruments shall be signed by the Treasurer then in office.
- 8.3 Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Trustees may select.
- 8.4 Gifts. The Board of Trustees may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation. The Board of Trustees is authorized to cause gift acknowledgement letters to be sent to the Corporation's donors for purposes of substantiating charitable contributions.
- 8.5 Books, Accounts and Reports. The Corporation shall keep or cause to be kept correct and complete books and records of accounts and also keep minutes of the proceedings of the Board of Trustees and its committees. The Corporation shall keep other records, such as student records, as required by law. The Corporation shall cause to be filed the necessary reports, tax returns or other documents as may be required by law on its own behalf.

ARTICLE IX AMENDMENT

9.1 Amendment. These Bylaws and the Corporation's Articles of Incorporation may be amended or repealed only by consent of two-thirds (2/3) of the Trustees then in office. No amendment shall change any provisions of these Bylaws to make such provisions inconsistent with the Operating Agreement or the Corporation's Articles of Incorporation.

ARTICLE X MISCELLANEOUS

- 10.1 Tax Status. Notwithstanding anything herein contained to the contrary, no action shall be required or permitted to be taken under these Bylaws or by the Officers or Trustees

of this Corporation which would not be permitted to be taken by an organization described in Internal Revenue Code Section 501(c)(3).

10.2 Fiscal Year. The fiscal year of the Corporation shall be as determined by the Board of Trustees, with the initial fiscal year selected as ending June 30.

10.3 Conflict of Laws. These Bylaws are intended to be consistent with, and shall be construed under, the laws of Tennessee without regard to conflicts of laws provisions.

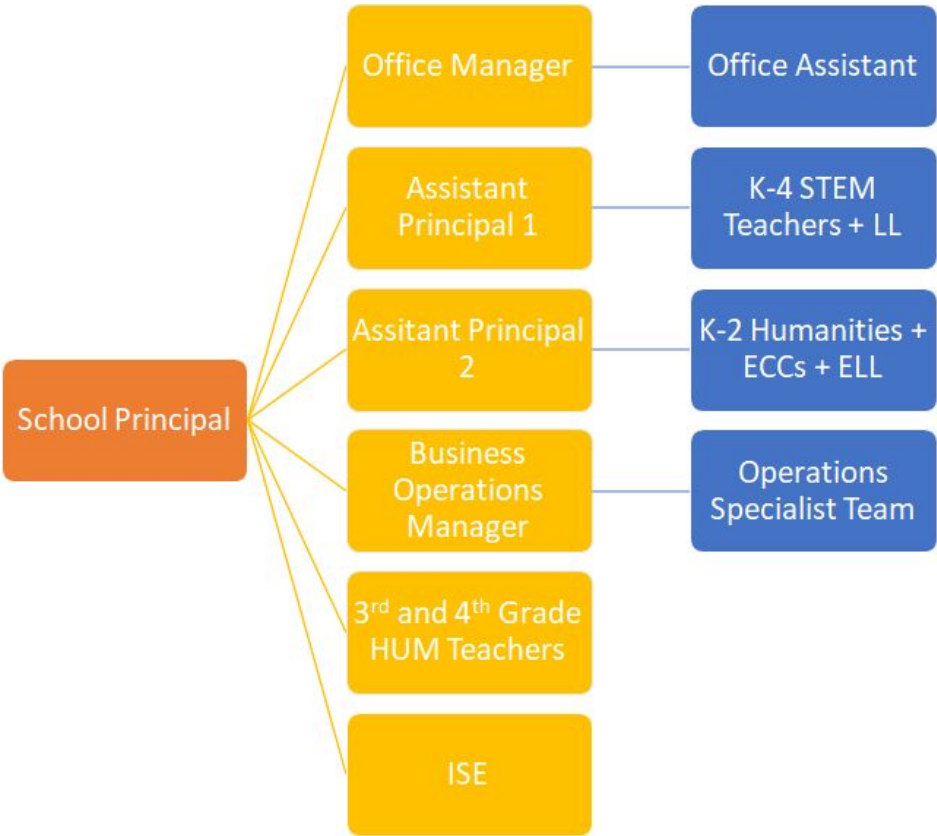
CERTIFICATE OF BOARD PRESIDENT

I certify that I am the duly elected and acting President of the Board of Trustees of Rocketship Education Tennessee, LLC, a Tennessee nonprofit limited liability company, and that these bylaws are the bylaws of this Corporation as adopted by the Board of Trustees on _____, 2017; and that these bylaws have not been amended or modified since that date.

Date

President

NSH 3 School Org Chart



ROCKETSHIP PUBLIC SCHOOLS

YEAR IN
REVIEW 2017-18





Mural at Rocketship Fuerza Campus created by artist Carlos Rodriguez

Cesar Chavez once said, “We cannot seek achievement for ourselves and forget about progress and prosperity for our community.”

I’ve thought a lot about the legacy of Cesar Chavez over the last year. Our schools in East San Jose rest on the sacred ground where Chavez first began organizing farmworkers. The area once known as Sal Si Puedes – “get out if you can” – became Sí Se Puede – “yes we can.” Cesar Chavez showed his community that they did not have to leave to rise up.

I’ve also thought a lot about the legacy of Frederick Douglass.

Frederick Douglass once wrote, “If there is no struggle there is no progress. Those who profess to favor freedom and yet deprecate agitation, are men who want crops without plowing up the ground...”

Our schools in southeast Washington DC are just down the road from the final home of the legendary abolitionist and social reformer. A gifted orator, Douglass promoted dialogue to bridge racial and ideological divides.

I am often reminded of the courage of those leaders and the power of their example. I see it in the families we serve. Families who are willing to take a chance on a new school with the hope of a brighter future for their child.

I see it in the teachers and leaders across our network. Educators who have dedicated their life’s work to solve the civil rights issue of our generation.

I see it in our students. Our Rocketeers. Kids who continue to overcome the low expectations our country places on students from disadvantaged communities.

Courage. It’s what has propelled our movement to transform the lives of over 18,000 kids and families in our first eleven years. And it’s what will steel our resolve to continue to fight for a more just and equitable society for kids across our country. Because when we do, our kids and families go on to lift up their communities and create a better world for us all.

Together, we are unleashing potential.

Preston Smith, Co-Founder & CEO

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SINCE LAUNCHING OUR FIRST SCHOOL IN 2007,
WE HAVE IMPACTED THE LIVES OF OVER
18,000 ROCKETEERS.

SERVING COMMUNITIES IN NEED

- 8,119** ROCKETEERS ENROLLED
- 82%** SOCIOECONOMICALLY DISADVANTAGED
- 48%** ENGLISH LEARNERS
- 83%** HISPANIC OR AFRICAN AMERICAN

UNLEASHING THE POWER OF TRANSFORMATIONAL SCHOOLS

Great schools level the playing field for students. They shine a light on the extraordinary potential inside every child — no matter where they were born, how much money their parents earn, or the color of their skin. But schools that truly transform communities extend their impact far beyond the confines of the classroom.

Transformational schools are beacons of hope. They restore pride in communities. They tap into the collective power, creativity, and passion of the parents they serve. They unleash the potential of communities that have endured decades of discrimination in everything from housing policies to public services.

We build transformational schools.

When Rocketship Rise Academy opened in Washington DC's Woodland Terrace neighborhood, people said the community was too dangerous for an elementary school. But this long underserved neighborhood was already home to hundreds of kids, and hundreds more walked by Woodland Terrace on their way to school every day. Why should these kids have to leave their own neighborhood to go to school? Just two years after Rocketship Rise opened, the crime rate has fallen over 30% in the surrounding neighborhood. Today, families walk their kids to school, neighbors gather on the weekends, and art projects decorate local buildings. Woodland Terrace is proof that great public schools are powerful levers for social change far beyond the classroom.

In San Jose, our immigrant families are threatened by our nation's radically changing immigration policies and practices. Yet instead of giving in to fear, they are using the leadership and advocacy skills they developed in their fight for education equity to stand up for their community. Our parents organized "Know Your Rights" information sessions in our schools with national immigrant rights experts and local elected officials. Taking what they learned in those sessions, our parents met with state elected officials to press for more immigrant protections. Exercising their collective power, Rocketship parents are on the frontlines of a movement to create a more just and equitable community.

Our collective of parents, teachers, leaders, supporters, and students are catalyzing a movement to transform the future for underserved communities across our country.

Together, we are unleashing potential.



STEPHANIE PEREZ FRIAS

Rocketship Mateo Sheedy Elementary, 2007 – 2011
University of California – Riverside, Class of 2022



"I am persistent in attaining excellence."

I didn't give a lot of thought to these words when I was seven years old, reciting them with my classmates during Launch every morning. I didn't really understand or appreciate their power. Years later, however, after many late nights studying for final exams, overwhelming college applications, and stressful decisions, I understand why I was taught about persistence at such a young age.

My path to college started one Sunday when my mom stepped into a crowded room after mass to hear Mr. Smith describe a new school that was opening in downtown San Jose. I was attending my local district school at the time. It was less than a block from my house, I had lots of friends, my teachers were old family friends, and I was getting good grades. But my mom was frustrated. There was no talk of college or expectation that kids in my community could compete with the wealthy kids across town. My mom wanted better for me and my little brother.

Two months later, I started second grade at a new school across town called "Rocketship One." My mom had to change her work schedule to make sure we were there on time every single day. Why would she go to those lengths? Because Rocketship was different. My mom could see that I wouldn't just get passed from one grade to the next at Rocketship. I would be challenged and expected to succeed.

One of the biggest differences was the focus on college. The first time I ever stepped onto a college campus was as an elementary school student at Rocketship. I remember seeing the tall trees surrounding UC Santa Cruz and going to the top of the tower at Stanford. Every time we visited a college, I couldn't get over my excitement to someday be a student there. I never knew people like me could go to these beautiful, elite schools. I didn't realize it at the time, but this was how Rocketship helped me set a vision for my future.

Realizing that vision would take a lot of work. My mom used to show off my homework packets to my aunts and uncles whose kids had few homework requirements. At times, I wished that I could be playing instead of doing my homework. And during my senior year of high school, completing 13 different applications, making sense of financial aid forms, and writing different personal statements while staying on top of my AP courses and higher level science classes was overwhelming. But being persistent was a part of my character as a Rocketeer.

I am so proud to have been accepted to seven different, high-quality colleges, and to have the opportunity to achieve my dreams. At college and beyond, I will continue to be persistent in attaining excellence.

FIRST-YEAR ROCKETEERS ACHIEVE GAP-CLOSING GROWTH

Every year a student spends in an underperforming school is another year they fall further behind their college-bound peers. Eventually those gaps become insurmountable. That is why Rocketship opens multiple grade levels in year one and continues to backfill students every school year. Of course, we do not expect to close academic gaps that accumulated over several years of prior schooling in a single school year at Rocketship. But we do expect major gains in academic growth that narrow the gap that separates them from their college-bound peers.

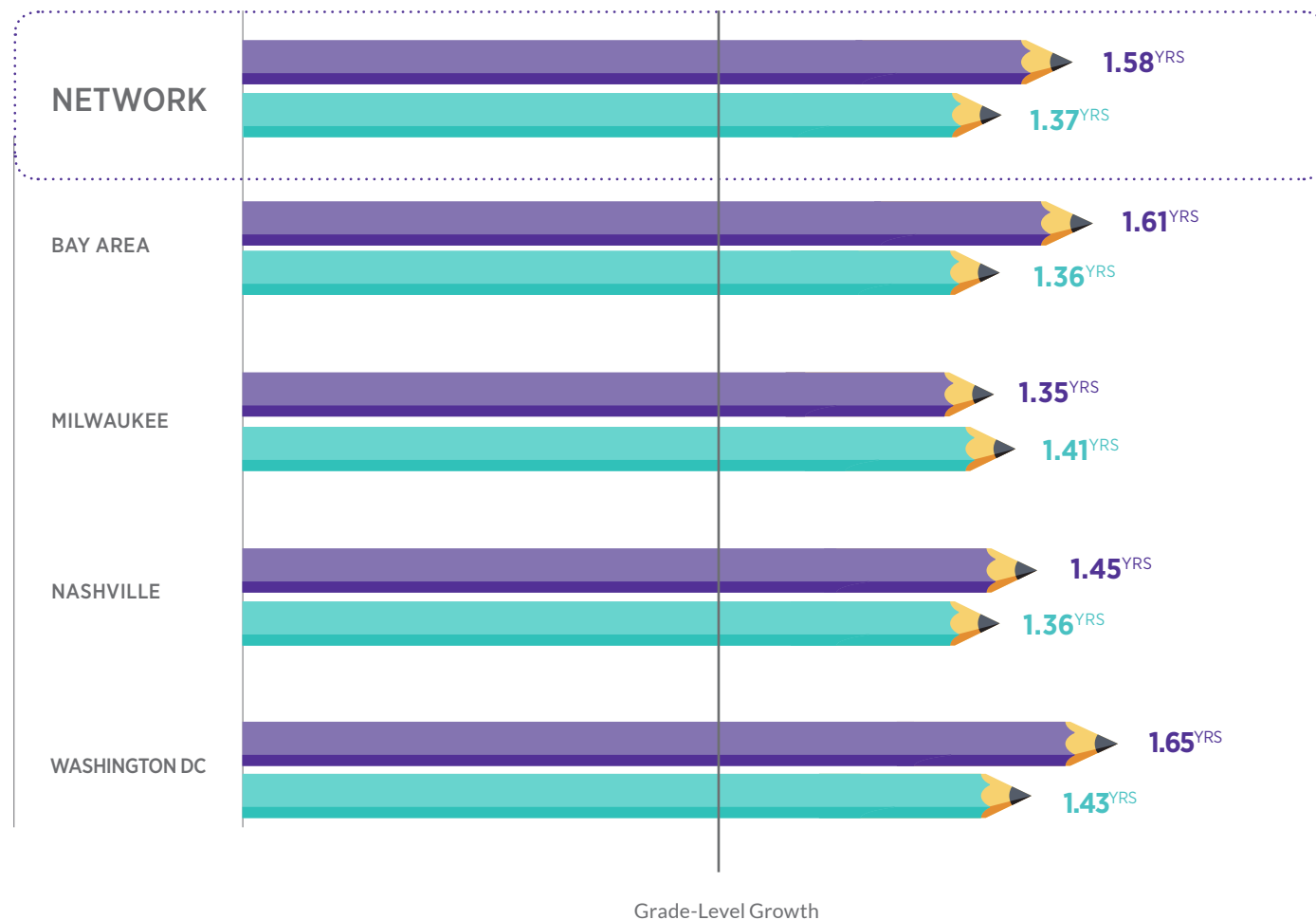
In the 2017-18 school year, our first-year Rocketeers achieved remarkable gap-closing results in every region. By growing well over a grade level in a single school year, they are gaining solid ground on their college-bound peers and eliminating the achievement gap.

2017-2018

NWEA MAP Growth Years of New Rocketship Students

NWEA MAP is a nationally normed assessment used by more than 8,000 schools and districts throughout the world. Rocketship students take the MAP assessment in the fall, winter, and spring.

Math 
Reading 



MOVING MAJORITY FROM BEHIND TO AHEAD

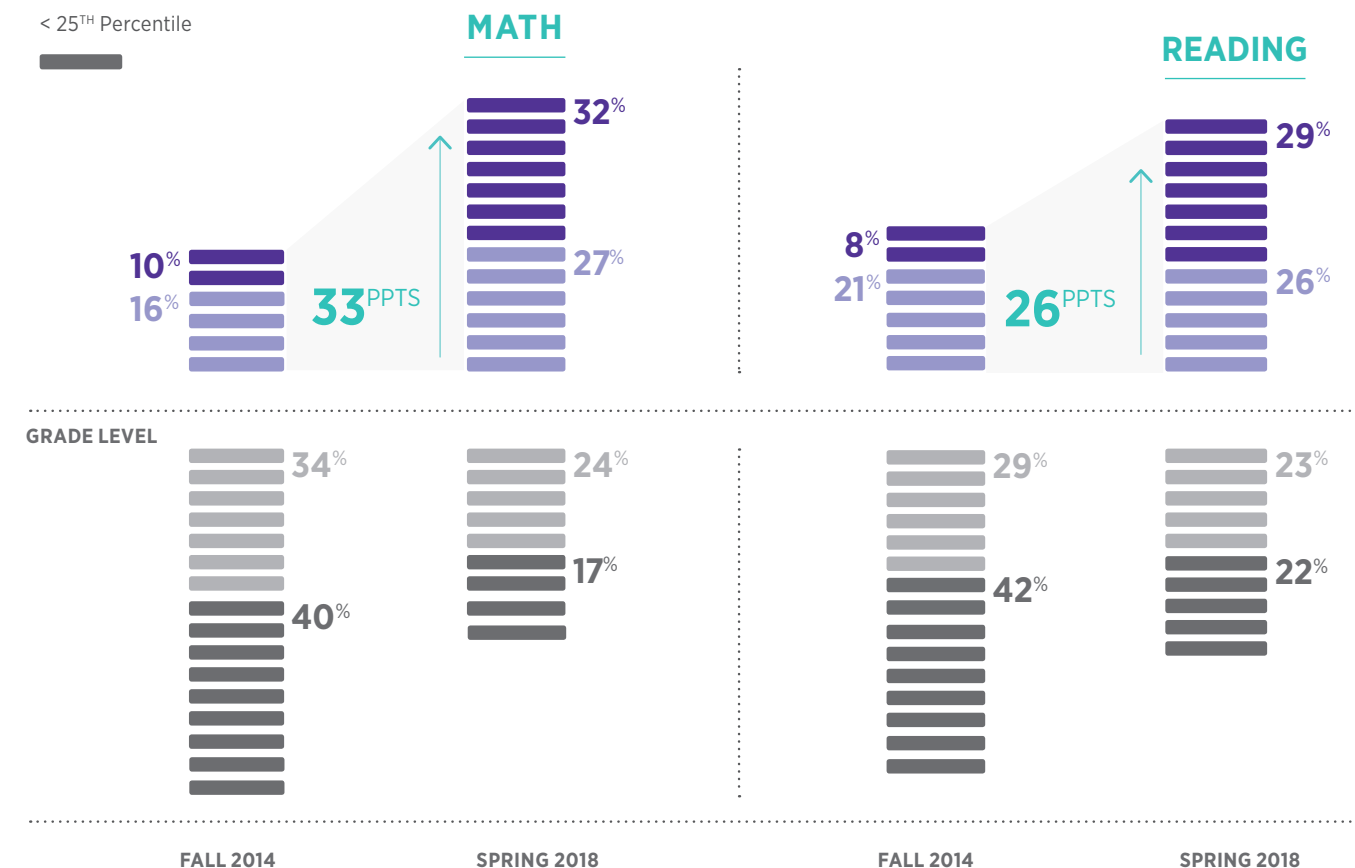
To get every Rocketeer on the college and career-ready path by the time they move on to middle school, our Rocketeers must grow more than a grade level every single year. One good year isn't good enough. If we hope to eliminate the achievement gap that separates our Rocketeers from their more affluent peers, we need to stack our success — year after year.

This cohort analysis shows the growth of over 700 Rocketeers who began with us in Fall 2014 and were still with us in Spring 2018. In Fall 2014, just 26% of Rocketeers were at or above grade level in math. By Spring 2018, 59% of that same cohort of Rocketeers were at or above grade level. In reading, only 29% of our students started 2014 on grade level. By Spring 2018, 55% were on the college-bound path. We still have to push harder, and we will. But like our Rocketeers, we are on the right path.

ROCKETEER ACHIEVEMENT FROM FALL '14 TO SPRING '18

Shows the growth of 722 new Rocketeers over four years at Rocketship

75TH Percentile & Above
50TH - 74TH Percentile
25TH - 49TH Percentile
< 25TH Percentile



Rocketship Celebrates Its **TEN YEAR ANNIVERSARY**



Rocketeers and supporters from across the country came together on April 5, 2018 to celebrate our ten year anniversary. San Jose Mayor Sam Liccardo (p. 10, top left) praised the power of our parents who are leading a movement for education equity across the Bay Area. Katherine Bradley, founding chair of CityBridge Education (p. 11, bottom left), spoke about the importance of founding stories and how those stories bolster our stamina and inspire others. Founding Rocketeer and University of California - Berkeley freshman Maya Diaz (p. 10, bottom right) brought down the house when she spoke about her fight to “reset the expectations people have of students who look like me.” It was a magnificent celebration of our first decade hosted by Rocketship Board Chair Fred Ferrer (p. 10, bottom middle), Rocketship Fuerza Community Prep Principal Juan Mateos (p. 10, top right), and Rocketship Discovery Prep Principal Chaka Hajji (p. 11, bottom middle).

Our work to eliminate the achievement gap would not be possible without the support of inspiring leaders in our movement like Reed Hastings (p. 11, bottom right), Bobby Turner and Andre Agassi (p. 10, bottom left), Joseph DiSalvo and John Danner (p. 10, middle), Maricela Guerrero (p. 10, middle left), and countless others who helped us reach this major milestone.

Rocketship Classrooms Serve All Students

8.5% Special Education Population

Last year, we served nearly 700 students with mild to severe learning needs across our network. But rather than isolate and further stigmatize these students, we operate a meaningful inclusion model that ensures all our students with disabilities have daily access to our general education environment. This means all students with disabilities spend at least half of their day in general education classrooms, with the vast majority spending over 80% of the day in the general education environment. With this inclusive approach, our students with disabilities are exposed to the same Common Core aligned instructional program as their typically developing peers. By coupling our meaningful inclusion model with individual supports including small group co-teaching and individual instruction, we help all Rocketeers achieve ambitious academic and social outcomes.

Our students with an IEP (Individualized Educational Plan) achieved 1.37 years of growth in math and 1.27 years of growth in reading last year.

"When I first met Devin he could barely write his full name. In a room full of activity, he played with a pencil, uninterested in the world around him. A school evaluation confirmed that Devin is on the autism spectrum.

Upon his diagnosis, we created a plan to help Devin succeed. We knew that Devin needed access to grade-level content, he needed to learn alongside other students as much as possible, and he needed structure. Countless special and general education staff came together to put in the work needed to ensure that Devin was meaningfully included every minute possible. And Devin's mom worked at home to implement every strategy we recommended.

Before long, we saw that our work was paying off.

Today, Devin is a different person. He's happy, he's involved, and he's thriving. Devin can now identify feelings of others and even gives spontaneous compliments to peers and adults. He seeks out his classmates, he loves their jokes, and he makes faces to get them to laugh.

Devin is also succeeding academically. He's reading on grade level, and he's made three years of growth on STEP since he arrived less than two years ago.*

Devin and his family have shown me the power of meaningful inclusion. Our model strives to give students with disabilities maximum time in their general education classroom. We give them time and space to grow into their community, because they can't become part of the community if they are separated from it.

This isn't without challenges, but it's what our kids deserve. The bar is never lowered for any of our students with disabilities. Instead, we provide stepping stones to help them achieve excellence just like all our Rocketeers."

-Krystina Hermes, Education Specialist, Rocketship DC

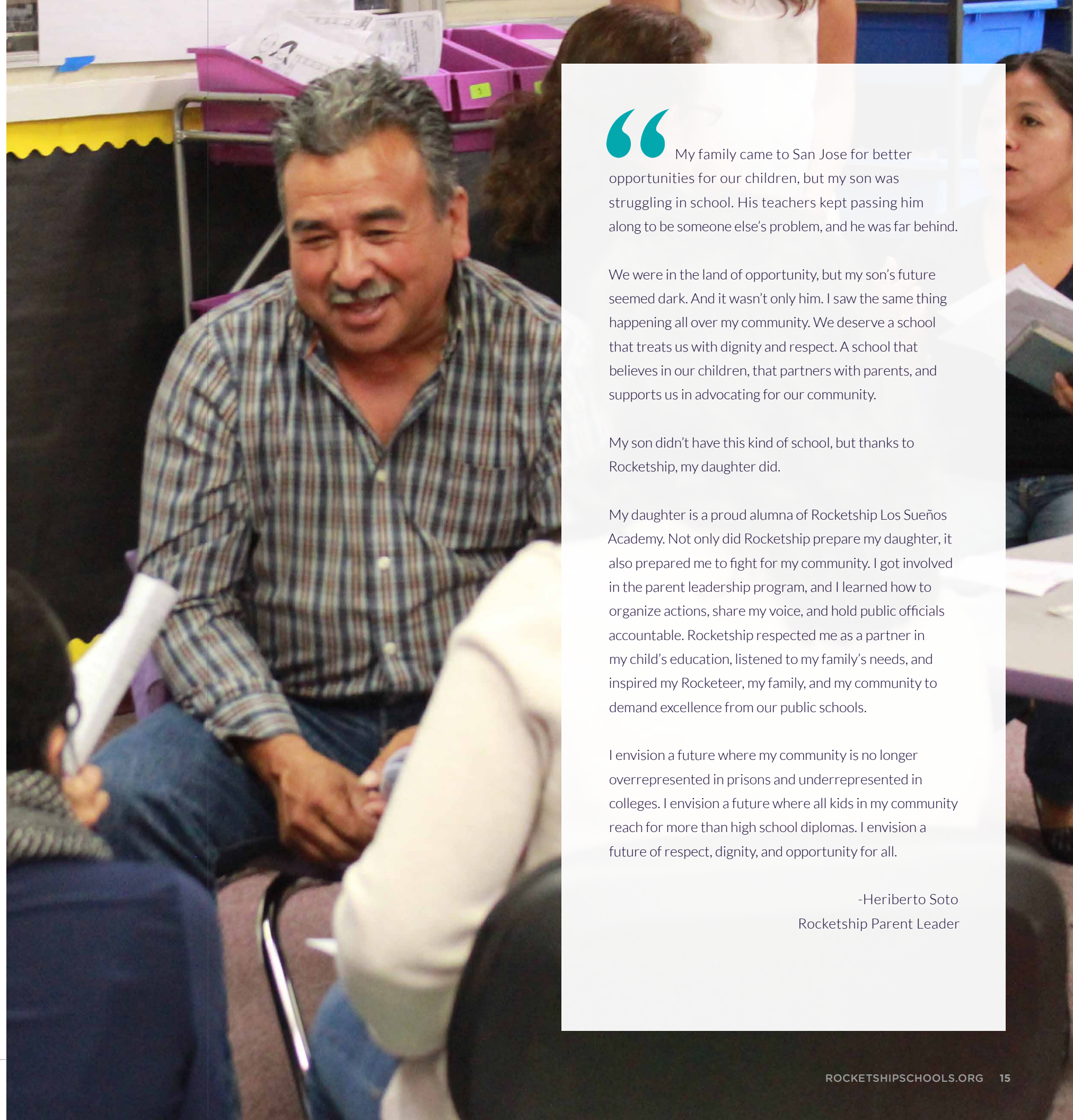
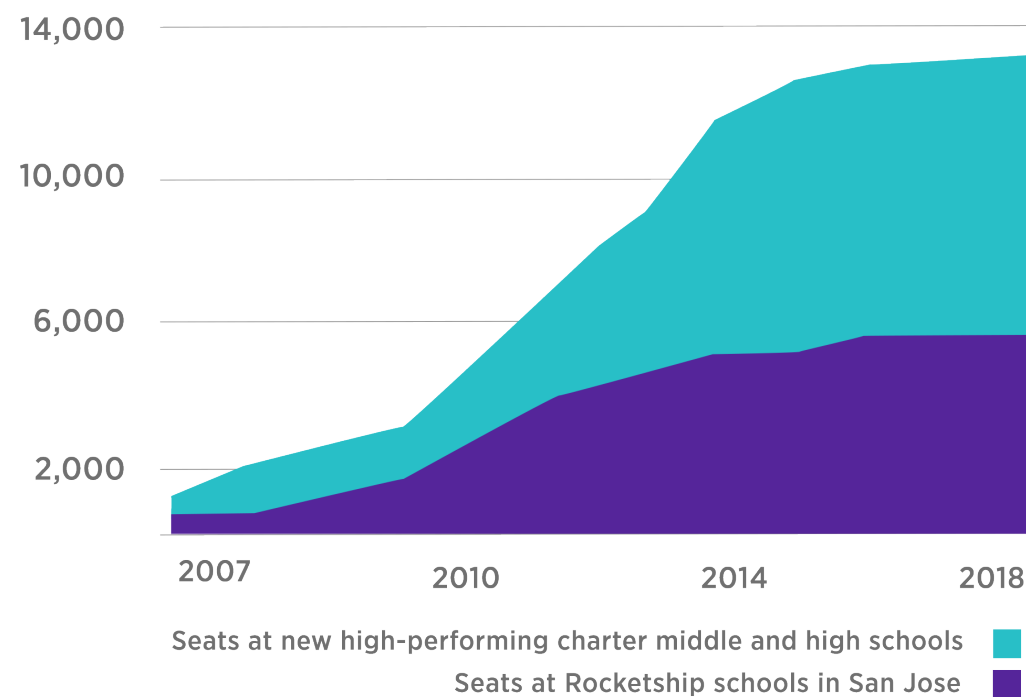


* STEP (Strategic Teaching and Evaluation of Progress) is a research-based formative assessment system designed to improve student achievement in literacy across grades K-5.

Scaling Through SYSTEM CHANGE

The achievement gap is massive. To scale to the size of the problem, we focus on catalyzing parent demand to change the ecosystem of public education in disadvantaged communities.

In San Jose, the parent-led movement we catalyzed in our first ten years helped open an additional 7,000 middle school and high school seats from high-performing networks like KIPP, Summit Public Schools, and Alpha Public Schools. Together, we've transformed San Jose into one of the nation's highest-performing urban charter sectors. A report by Stanford's Center for Research on Education Outcomes (CREDO) showed that, "Two urban charter sectors, New York City and South Bay, stand out for providing positive gains for their students in both math and reading...Continuous enrollment in these charter sectors can be expected to result in steady movement up the state's distribution of academic achievement."



“ My family came to San Jose for better opportunities for our children, but my son was struggling in school. His teachers kept passing him along to be someone else’s problem, and he was far behind.

We were in the land of opportunity, but my son’s future seemed dark. And it wasn’t only him. I saw the same thing happening all over my community. We deserve a school that treats us with dignity and respect. A school that believes in our children, that partners with parents, and supports us in advocating for our community.

My son didn’t have this kind of school, but thanks to Rocketship, my daughter did.

My daughter is a proud alumna of Rocketship Los Sueños Academy. Not only did Rocketship prepare my daughter, it also prepared me to fight for my community. I got involved in the parent leadership program, and I learned how to organize actions, share my voice, and hold public officials accountable. Rocketship respected me as a partner in my child’s education, listened to my family’s needs, and inspired my Rocketeer, my family, and my community to demand excellence from our public schools.

I envision a future where my community is no longer overrepresented in prisons and underrepresented in colleges. I envision a future where all kids in my community reach for more than high school diplomas. I envision a future of respect, dignity, and opportunity for all.

-Heriberto Soto
Rocketship Parent Leader



COACHING IN THE CLASSROOM

Coaching is a collaboration at Rocketship. Our team of school leaders provides instructional frameworks, professional development, and real-time coaching for teachers every single week. Just as our teachers invest their time and energy in the growth of their students, we invest our time and energy in the growth of our teachers.

Every week, coaches observe and provide written reflections to their teachers, deliver in-the-moment feedback, model instruction, and engage in co-observations with each Rocketship teacher. This ranges from coaches speaking into an earpiece that the teacher wears during instruction, to analyzing video of the teacher, to observing another classroom and dissecting the practice of another teacher. Coaching allows for teachers to get immediate feedback and regular opportunities for practice in order to identify root problems and shape solutions.

Developing great teachers is at the heart of our students' academic achievement and our broader impact on the communities we serve. By coaching great teachers to lead in the classroom, Rocketship is developing skilled agents of change who are transforming their schools and communities.



On our annual parent satisfaction survey we asked, “Have you ever recommended Rocketship to another family?” An overwhelming 89% of parents responded “yes” - up two points from last year. They did not simply say they “would recommend” Rocketship, they actually did recommend Rocketship. Of course, not every parent raves about their school every single day. But on most days, the vast majority of parents love their school so much that they tell other families to enroll.

“

From the first time I walked through the doors at Rocketship Legacy Prep, I was welcomed with open arms by each and every team member. I even had Office Manager Andrea McLean visit my home to answer my questions about sending my daughter Laila to kindergarten at Rocketship. By the time school started, I knew every person who would be taking care of Laila each day, which put my mind at ease.

I’ve been to schools where the principals are like celebrities. You schedule a meeting and have to wait a week for them to get back to you. At Legacy Prep, their door is always open. The staff treats every child like their very own. At Rocketship, I have friends and family all in one place and I am confident that my daughter is loved and learning every day.

— Catherine Washington
Founding parent, Rocketship Legacy Prep



Rocketship Bay Area

The level of income inequality in the Bay Area is among the highest in the nation. In San Jose, families near the top of the income spectrum earn more than ten times families near the bottom. And it's only getting worse. This dramatic inequality underlies the countless challenges families face as they struggle to access affordable housing, good jobs, and great schools.

Rocketship is working to improve equity in communities across the Bay Area. While schools throughout the region struggle to realize meaningful progress, our network of twelve schools continues to make strong gains. Four years ago, California launched a new state assessment aligned to Common Core State Standards. And for the fourth year in a row, our Rocketeers' performance improved in both math and English Language Arts (ELA). Our Rocketeers continue to outperform similar students by large margins in every district where we operate. Once again, Rocketship ranks in the top 10% of all California elementary school districts and charter schools who serve a population of predominantly disadvantaged students.

5,972
STUDENTS

84%
SOCIOECONOMICALLY
DISADVANTAGED

7.5%
SPECIAL EDUCATION

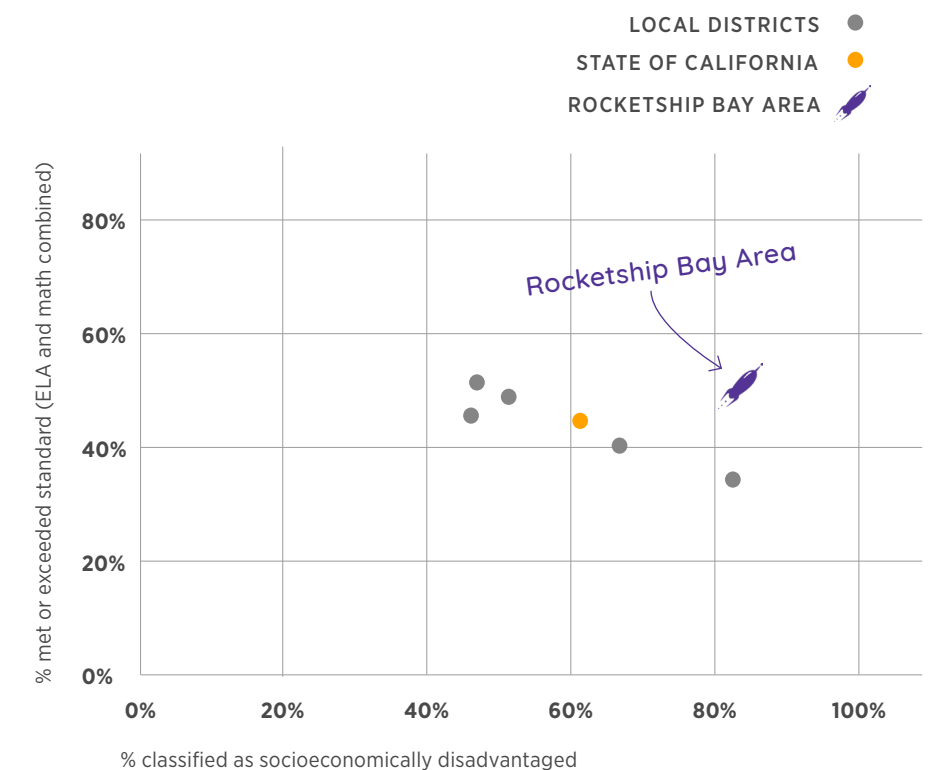
56%
ENGLISH LEARNERS

78%
HISPANIC OR LATINO



DISRUPTING THE STATUS QUO

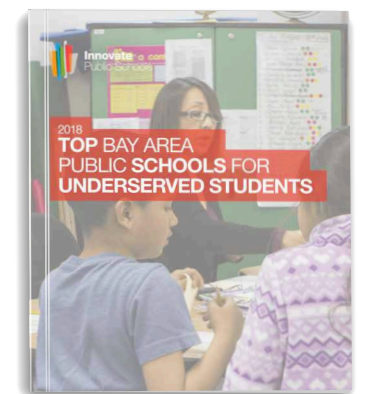
This chart shows the 2017-18 California state assessment results plotted against the percentage of students classified as socioeconomically disadvantaged for local districts, the state of California, and Rocketship Bay Area. This analysis underscores how student demographics correlate with academic achievement for the majority of schools in the state. But not at Rocketship. Our Rocketeers are proving that demographics do not define their potential.

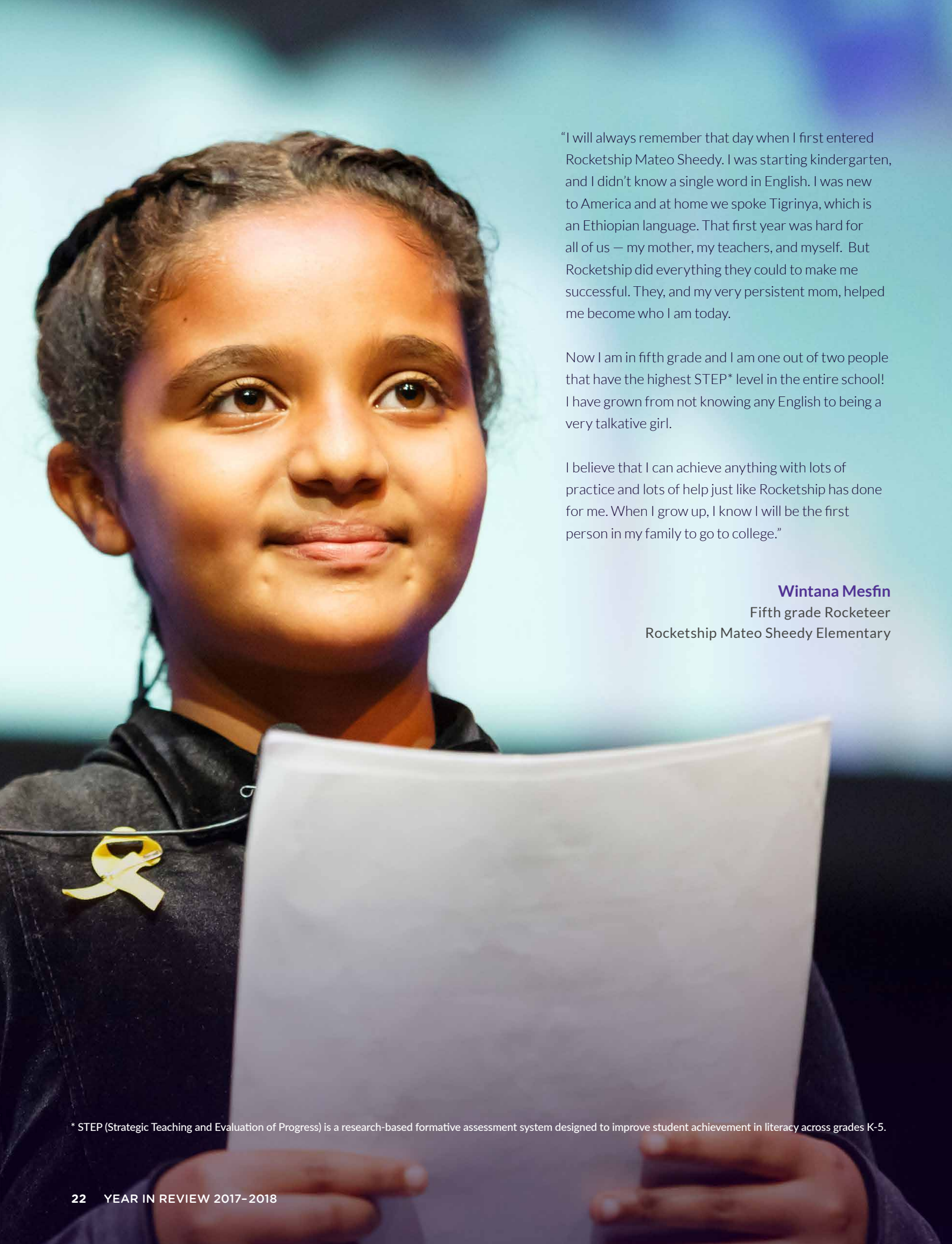


Source: California Department of Education. Percentages calculated by Rocketship Public Schools from grade-level data research files downloaded from the CAASPP website.

RECOGNIZED AS TOP BAY AREA SCHOOLS FOR UNDERSERVED STUDENTS

Out of 1,275 schools in the Bay Area, only 52 were recognized as top performers for underserved students on [Innovate Public Schools' annual report](#). Eight of those schools were Rocketship schools. Once again, Rocketship had the most schools of any charter network or school district recognized for effectively closing the achievement gap.





"I will always remember that day when I first entered Rocketship Mateo Sheedy. I was starting kindergarten, and I didn't know a single word in English. I was new to America and at home we spoke Tigrinya, which is an Ethiopian language. That first year was hard for all of us – my mother, my teachers, and myself. But Rocketship did everything they could to make me successful. They, and my very persistent mom, helped me become who I am today.

Now I am in fifth grade and I am one out of two people that have the highest STEP* level in the entire school! I have grown from not knowing any English to being a very talkative girl.

I believe that I can achieve anything with lots of practice and lots of help just like Rocketship has done for me. When I grow up, I know I will be the first person in my family to go to college."

Wintana Mesfin
Fifth grade Rocketeer
Rocketship Mateo Sheedy Elementary

* STEP (Strategic Teaching and Evaluation of Progress) is a research-based formative assessment system designed to improve student achievement in literacy across grades K-5.

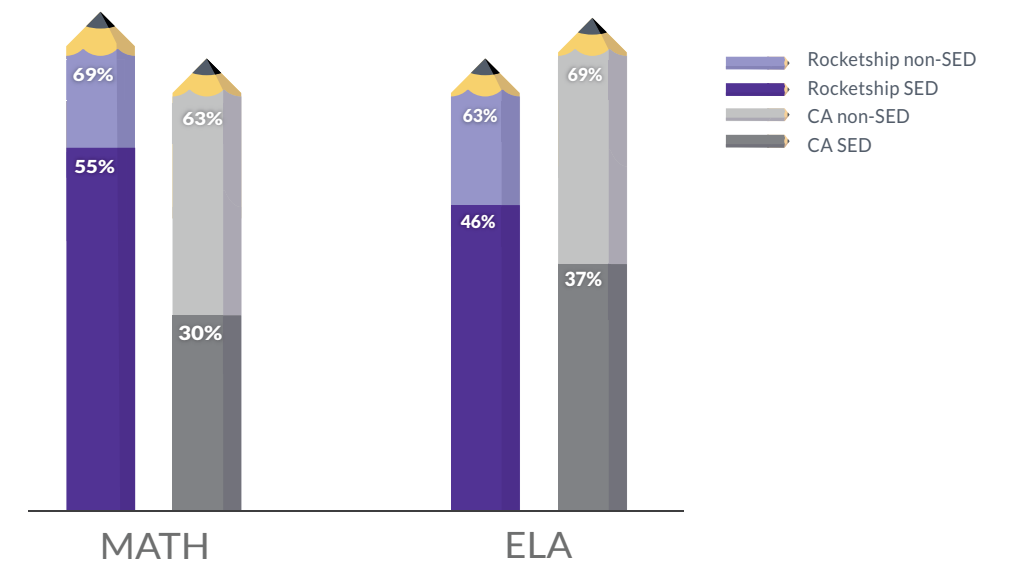
NARROWING GAPS IN THE GOLDEN STATE

Since opening our first school, we have relentlessly focused on eliminating the gap that separates disadvantaged students from their more privileged peers. 84% of Rocketship Bay Area students are classified as disadvantaged. We pay close attention to how our disadvantaged students perform against both similar students and non-disadvantaged students across the state, in the districts we serve, and within our own schools.

In California, there is a 33 point gap in math performance separating disadvantaged students from their non-disadvantaged peers. The gap between disadvantaged students at Rocketship and their more privileged peers across the state shrinks to just eight points. In ELA, the statewide gap is 32 points. The gap narrows to 23 points when comparing disadvantaged students at Rocketship to non-disadvantaged students across California.

Our internal achievement gaps in both math and ELA (14 points and 17 points, respectively) are half of the size of the state's gaps. We also have the smallest achievement gaps in both subjects in every district where we operate in every year since California launched its Common Core aligned assessment. The progress we are making year after year gives us great confidence that we will continue to reach higher and ultimately realize our vision to eliminate the achievement gap.

Rocketship and State of California Achievement Gaps
socioeconomically disadvantaged (SED) students vs non-socioeconomically disadvantaged (non-SED) students who met or exceeded state standards



Source: California Department of Education. Grades 3-5 percentages calculated by Rocketship Public Schools from grade-level data in research files downloaded from the CAASPP website.

On December 3, 2017, Rocketship lost a dear friend and fearless leader in our movement when Jason Fromoltz, Rocketship Mateo Sheedy Principal, suddenly passed away. Jason was a builder – so deeply dedicated to our mission, communities, and kids – and so selflessly willing to give whatever it took to realize our collective vision. His legacy lives on through the thousands of Rocketeers he served over his nine years at Rocketship, and the lineage of teachers he helped develop and grow to become leaders in our movement.



Rocketship Milwaukee

Despite decades of effort, the racial achievement gap in Milwaukee is still among the worst in the nation. The causes of this chronic gap are many — unemployment, unstable housing, racial bias, and low academic expectations are frequently cited factors. Another generation of students in Milwaukee is at risk of being denied the opportunity to break free from this vicious cycle and realize their full potential.

Standing apart from this seemingly intractable problem is Rocketship Southside Community Prep. Outperforming Milwaukee Public Schools year after year and, once again, earning the state's "Beating the Odds Award," Rocketship is proving that demographics do not define student potential. On the 2017-2018 Wisconsin Forward Exam, Rocketship Southside Community Prep ranked in the top ten of all district and charter elementary schools serving similar students across the entire state of Wisconsin.



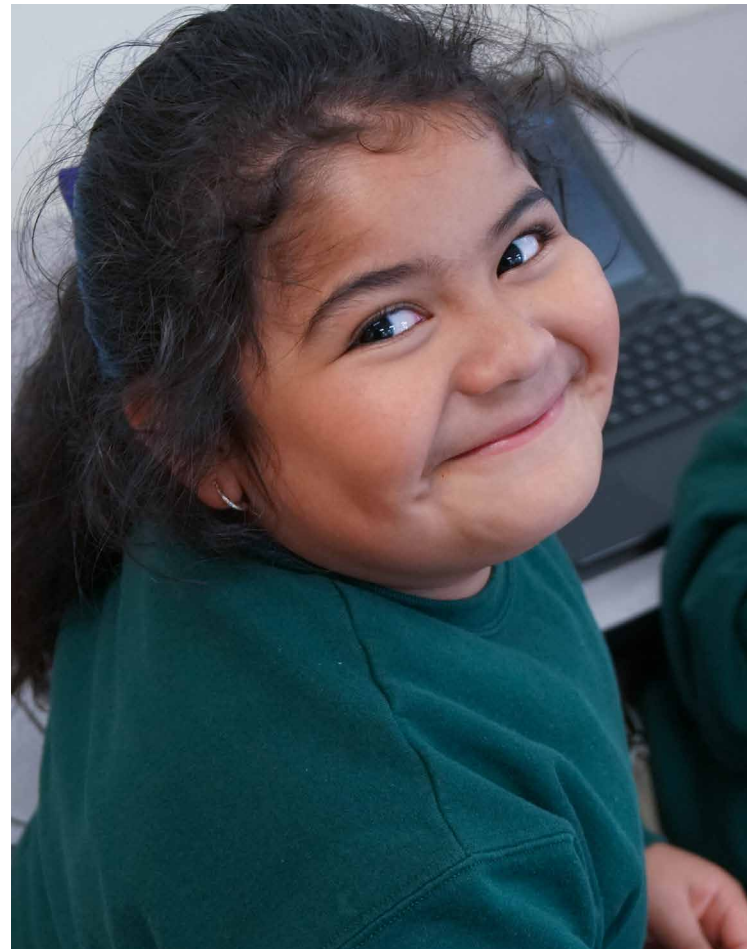
531
STUDENTS

86%
SOCIOECONOMICALLY
DISADVANTAGED

16%
SPECIAL EDUCATION

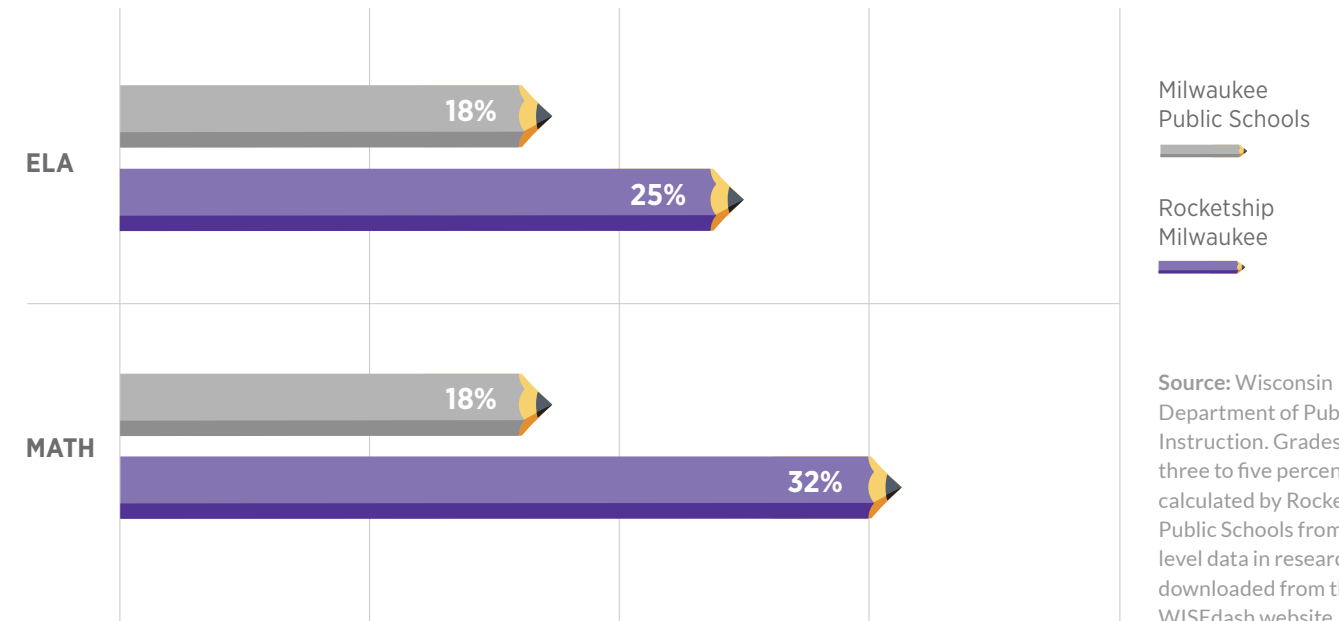
44%
ENGLISH LEARNERS

94%
HISPANIC OR LATINO



2017-18 Wisconsin State Assessment Results

Percent of students in grades three to five who scored proficient or advanced



Source: Wisconsin Department of Public Instruction. Grades three to five percentages calculated by Rocketship Public Schools from grade-level data in research files downloaded from the WISEdash website.



PARTNERING TO TRANSFORM MILWAUKEE'S NORTH SIDE

With proficiency in the single digits and decades of stalled progress, Milwaukee's north side is home to a glaring achievement gap for the largely low-income students who live there. For years, the vast majority of north side families have sent their students to schools in other parts of the city. North side families deserve a high-performing public school in their own neighborhood. That is why Rocketship is partnering with the Silver Spring Neighborhood Center, Carmen Schools of Science and Technology, and other local groups to bring a high-quality elementary school to this historically underserved community. Opening in August 2018, Rocketship Transformation Prep, our second campus in Milwaukee, will grow to serve over 400 students and families at full enrollment. Our north side Rocketeers will benefit from additional services provided by the Silver Spring Neighborhood Center including mental health counseling, after school care, extracurricular activities, and food pantry access. Carmen Northwest, a high-performing middle and high school, is just a few blocks away — ensuring our Rocketeers will have the choice to attend an excellent school in their own community from pre-K all the way to graduation day.

"I just believe our community deserves a positive change and a new approach to educating our children. The values, culture, and achievements of Rocketship will lead to that transformation."

LaDonna Richards

Founding parent
Rocketship Transformation Prep



I was born and raised on the north side of Milwaukee. A lot of people here don't believe in themselves or have the resources or help that they deserve. Rocketship is a beacon of hope for young kids and families. Our teachers are passionate about learning and connecting with the families we serve to create a true sense of community at our school.

Mariah Galarza

Founding Teacher, Rocketship Transformation Prep
Former Teacher, Rocketship Southside Community Prep



Rocketship Nashville

Nashville lost its claim as the nation's leader in job growth this year. The reason? Employers can't find enough qualified workers. The workforce shortage seems to be the only thing capable of slowing Nashville's booming economy. New residents are flocking to Music City while local schools struggle to prepare students with the 21st century skills they need to succeed.

Our Nashville Rocketeers are achieving academic growth that ranks among the highest in the entire region. Both Rocketship United Academy and Rocketship Nashville Northeast Elementary scored the highest possible growth score – Level 5 – on the Tennessee Value-Added Assessment System (TVAAS). Scoring at Level 5 means our students gained more than one year of academic knowledge during the last school year. TVAAS is particularly significant since this is the first time the state has been able to establish a growth measure for elementary schools under its new, higher academic standards.

Our Rocketeers' remarkable progress is a testament to the strength of our school communities. Since opening in Nashville in 2014, Rocketship continues to demonstrate that all students have the potential to achieve excellence, no matter where they were born or how much money their parents earn.

983
STUDENTS

72%
SOCIOECONOMICALLY
DISADVANTAGED

9%
SPECIAL EDUCATION

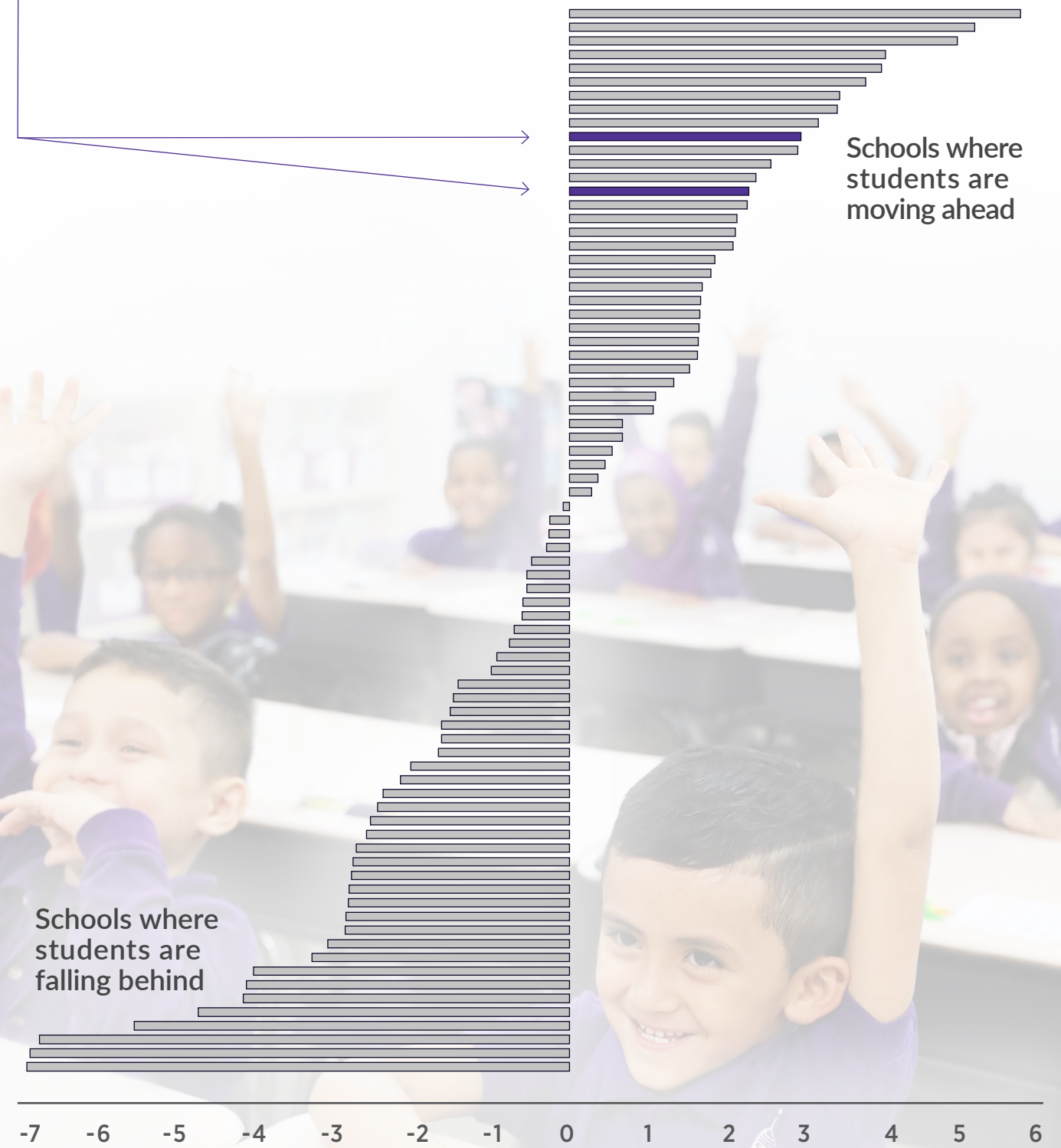
28%
ENGLISH LEARNERS

56%
AFRICAN AMERICAN



2018 Nashville Schools TVAAS Growth Scores

Rocketship demonstrates substantially more progress than the state standard for academic growth



The Tennessee Value-Added Assessment System (TVAAS) measures the impact schools and teachers have on their students' academic progress.



ROCKETSHIP UNITED EARNS TOP HONOR IN TENNESSEE

Rocketship United Academy was named a “Reward School” by the Tennessee Department of Education for the 2017-18 school year. This is the state’s highest recognition for student performance and progress. Only 11 of Nashville’s 139 Title 1 schools earned this honor.

To be eligible for “Reward” status, a school in Tennessee must demonstrate overall student academic achievement and student growth for all students and for subgroups of students. On the 2018 state assessment, Rocketship United Academy students had the best year-over-year improvement in reading of any elementary school in Nashville by more than doubling the percentage of students on-track or mastered. United Academy also serves one of the largest populations of English Learners in Nashville. English Learners at United Academy are three times more likely to be proficient in reading than their peers throughout Nashville and the state. This is a major milestone for our Nashville Rocketeers as we continue to strive toward our ultimate goal of eliminating the achievement gap in Music City.



The sad fact is that many children in our education system have fallen through the cracks and become victims of the school-to-prison pipeline. Many children that act out are desperately longing for care, guidance, and support from an authoritative figure they can relate to. Someone who believes in them. This is why love is so important on our campus. It not only builds trust, confidence, and a sense of community, but it translates into learning. And when a child learns to love learning, they take that with them into middle school, high school, college, and beyond.

Jermaine Gassaway
Principal
Rocketship Nashville Northeast Elementary

Rocketship Washington DC

The District of Columbia has seen a public education renaissance in the last decade. After years of declining enrollment, students are coming back to the public school system – attracted by improving district schools and high-quality, public charter schools. But in the shadow of our nation’s capital, there are still massive achievement gaps in historically underserved communities.

With two schools now serving students in southeast DC, Rocketship is starting to make a meaningful dent in the District’s achievement gap. In our second year serving DC, we launched our second campus – Rocketship Legacy Prep at the Norman Rales Campus. And our first school, Rocketship Rise Academy at the Ruth Rales Campus, has quickly established a reputation for serving all students with excellence. Rise Academy serves the highest percentage of students classified as “at-risk” of all public charter schools in DC. On the first year of DC’s new rating system (STAR) for all district and charter schools, Rocketship Rise ranked second among all schools who serve predominantly “at-risk” students. And while we still have much more work ahead to ensure all our DC Rocketeers are on the path to a better future, we are inspired by the progress our teachers, families, and students are making.

633
STUDENTS

77%
SOCIOECONOMICALLY
DISADVANTAGED

11%
SPECIAL EDUCATION

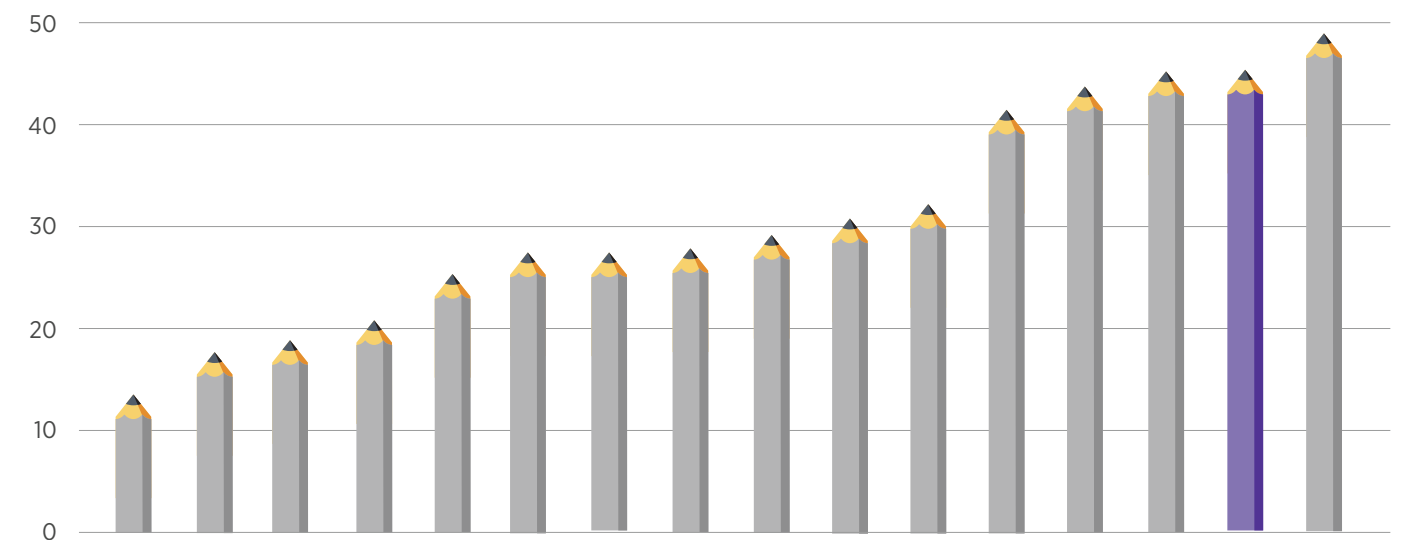
35%
HOMELESS

98%
AFRICAN AMERICAN



2018 School Transparency and Reporting (STAR) Framework

Ranking of STAR scores for DC district and charter schools serving a population of predominantly (80% or more) “at-risk” students



Local district and
charter schools



Rocketship Rise

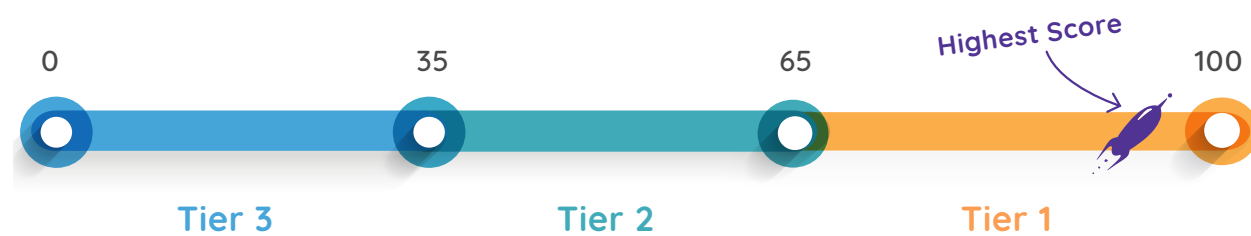


The STAR Framework calculates an overall school rating for district and charter schools using measures of academic achievement, student growth, school environment, and English language proficiency. Rocketship Rise received three stars and a score of 45.39. Rise’s STAR score this year did not include student growth as Rise only has one year of PARCC data.



Rocketship Legacy Prep Earns Record High Score

Rocketship Legacy Prep earned the highest score ever for an elementary school on the DC Public Charter School Board's 2018 School Quality Report. Also known as the Performance Management Framework (PMF), the rating system was first introduced to DC public charter schools eight years ago. Rocketship Legacy Prep, our second school in southeast DC, scored 94.6% — the highest score on record for any school serving pre-K through eighth grade. This places Legacy Prep at the top end of the Tier 1 category. Rocketship Legacy Prep is off to a great start. Achieving this record-setting score in its very first year is an important first step and a strong proof point that Rocketship serves all students with excellence. But one good year isn't good enough for our Rocketeers. If we hope to eliminate the achievement gap that separates our students from their more affluent peers, we need to stack our success year after year.



The DC Public Charter School Board uses the Performance Management Framework (PMF) to assess school-wide academic performance. Schools are rated by tiers:

Tier 1 = High-Performing (65.0% - 100.0%)

Tier 2 = Mid-Performing (35.0% - 64.9%)

Tier 3 = Low-Performing (0.0% - 34.9%)



The work we do is hard. Every day brings a new challenge but each day we see something that tells us that we're doing a good job, and we're making a difference. We're thinking about how we can change this Rocketeer's life and how that Rocketeer will go on to help change the lives of their parents, their peers, and their entire community. This is hard work, but it is worth it.

Jennifer Lewis

Founding Teacher, Rocketship Rise Academy
Founding Teacher, Rocketship Legacy Prep



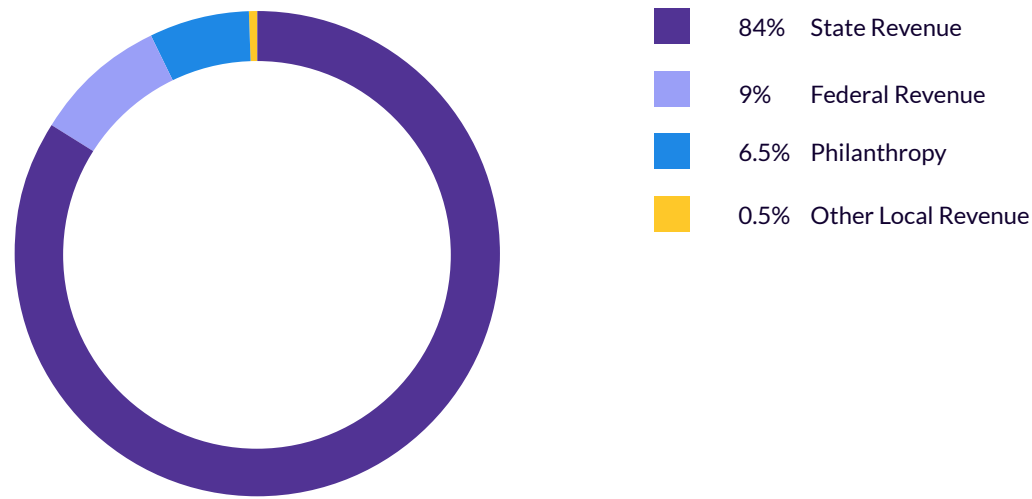
FINANCIALS

Rocketship is building a scalable and financially sustainable non-profit school model that propels student achievement in underserved communities across the country. In 2017-18, 93% of our funding came from public sources. School-based expenses accounted for 83% of our spending.

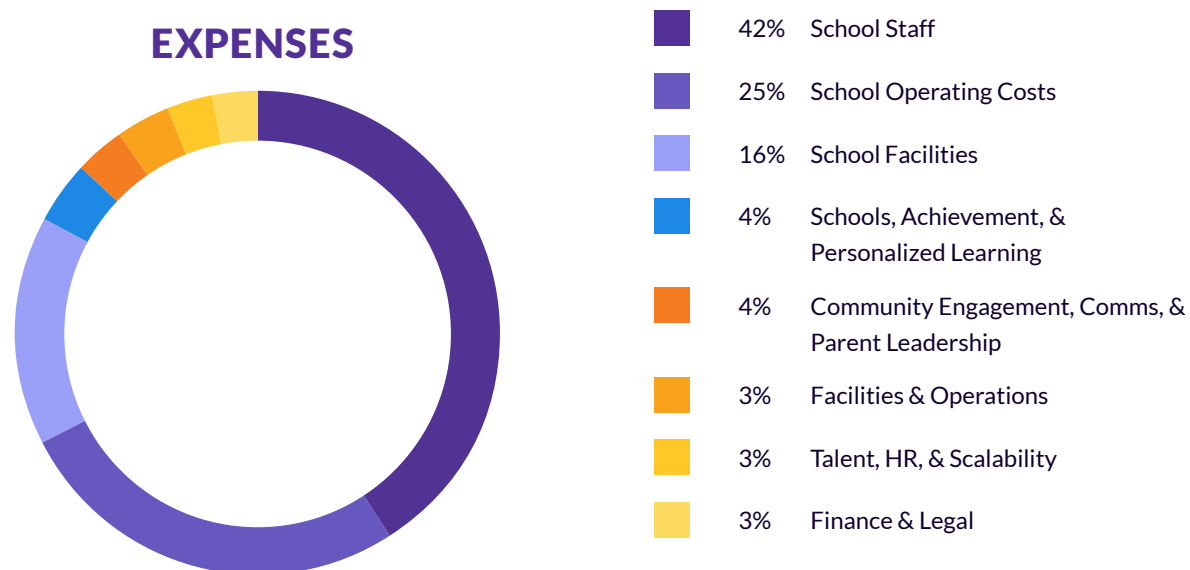
Financial Sustainability

Fully enrolled schools reach financial sustainability within three to five years of launching. Each region is financially sustainable at five to eight schools. Our Bay Area region is our first fully sustainable region, meaning that our 12 schools and the regional team supporting them operate solely on public funds.

REVENUE



EXPENSES



SUPPORTERS

Authorizers

Rocketship couldn't do this work without the partnership, support, and expertise of our authorizers.

- Antioch Unified School District
- California State Board of Education
- City of Milwaukee
- District of Columbia Public Charter School Board
- Franklin-McKinley School District
- Metro Nashville Public Schools
- Redwood City School District
- Santa Clara County Office of Education
- Tennessee Achievement School District
- University of Wisconsin-Milwaukee

Rocketship Board of Directors

Thank you to our board for their expertise and dedication. We are proud that all board members support our schools both strategically and financially.

- Frederick J. Ferrer, Chair
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- Alex M. Terman
- David A. Kaval
- Deborah M. McGriff
- Don Shalvey
- Gregory S. Stanger
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- June I. Nwabara
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- Zakiya Reid

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- Abigail Spaulding
- Brian Neal Williams
- James Hildreth
- Philip Elbert

2017-18 Major Donors

Thank you to our donors for their generous support, which allows us to continue innovating across our network and growing to provide high-quality schools for more Rocketeers across the country.

\$1,000,000+

- Arthur and Toni Rembe Rock
- Charter School Growth Fund
- Michael & Susan Dell Foundation

\$500,000+

- Education Forward DC
- NewSchools Venture Fund
- Silicon Schools Fund
- Tipping Point Community

\$100,000+

- Lauren and Bobby Turner
- Charles and Helen Schwab Foundation

- CityBridge Foundation
- John and Catherine Debs
- Herb Kohl Philanthropies
- Ludwig Family Foundation
- Reed Hastings & Patti Quillin
- Schools That Can Milwaukee
- Stanley and Jolene Slotter Family Foundation
- The Louis Calder Foundation
- The Norman and Ruth Rales Foundation

\$25,000+

- Argosy Foundation
- Joan and Barry Rosenthal
- Honkamp Family Foundation
- Justin Bakewell
- Northwestern Mutual Foundation
- Perkins Malo Hunter Foundation
- Kathryn and Rob Stewart
- Samuel G. Rose and Julie Walters

\$5,000+

- Baird
- Beth Hunkapiller
- Bethann & Leo Horey
- David Kaval
- Deborah M. McGriff
- Greg and Lisa Stanger
- John and Rachel Rosenberg
- Kamilah Williams-Kemp and Jason Kemp
- KLE Foundation
- Louis and Lynda LL Jordan
- In Honor of Marin Country Day School
- Ralph and Patricia Weber
- Raymond & Despina Raven
- Dauber Foundation



ROCKETSHIP
PUBLIC SCHOOLS

ROCKETSHIP EDUCATION AND ITS AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017)**

OPERATING:

California

**Rocketship Mateo Sheedy Elementary
Rocketship Si Se Puede Academy
Rocketship Los Suenos Academy
Rocketship Mosaic Elementary
Rocketship Discovery Prep
Rocketship Brilliant Minds
Rocketship Alma Academy
Rocketship Spark Academy
Rocketship Fuerza Community Prep
Rocketship Redwood City Prep
Rocketship Rising Stars
Rocketship Futuro Academy
Rocketship Delta Prep**

Tennessee

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

Wisconsin

**Rocketship Southside Community Prep
Rocketship Transformation Prep**

DC

**Rocketship Rise Academy
Rocketship Legacy Prep**

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Rocketship Education and its Affiliates (RSEA), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2018, 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.

Other Matters

Supplementary Information

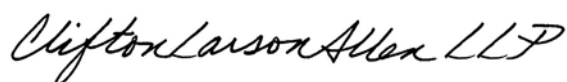
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards 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*. 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.

Report on Summarized Comparative Information

We have previously audited RSEA's 2017 consolidated financial statements, and we expressed an unmodified opinion on those statements in our report dated January 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2019 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

January 30, 2019

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	Rocketship Education DC					2018 Total	2017 Total
	Rocketship Education	Rocketship Education Wisconsin Inc.	Public Charter School, Inc.	Launchpad Development Company	Eliminations		
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 20,844,116	\$ 883,567	\$ 2,453,937	\$ 14,612,692	\$ -	\$ 38,794,312	\$ 43,265,177
Restricted Cash	-	29,664	-	11,333,336	-	11,363,000	10,634,074
Accounts Receivable	9,235,556	3,667	-	294,198	-	9,533,421	8,203,486
Grants Receivable	-	533,532	870,751	-	-	1,404,283	476,241
Note Receivable	-	-	-	-	-	-	560,000
Prepaid Expenses and Deposits	2,349,122	48,343	46,422	903,568	-	3,347,455	1,368,099
Total Current Assets	<u>32,428,794</u>	<u>1,498,773</u>	<u>3,371,110</u>	<u>27,143,794</u>	<u>-</u>	<u>64,442,471</u>	<u>64,507,077</u>
LONG-TERM ASSETS							
Grants Receivable	-	75,000	-	-	-	75,000	96,325
Intracompany Receivable	4,949,638	334	643,470	-	(5,593,442)	-	-
Security Deposits	429,295	5,000	1,500	-	(400,000)	35,795	-
Deferred Rent Asset	-	-	-	6,403,433	(6,403,433)	-	-
Property, Plant, and Equipment, Net	5,150,515	20,219	-	98,422,757	-	103,593,491	99,989,879
Total Long-Term Assets	<u>10,529,448</u>	<u>100,553</u>	<u>644,970</u>	<u>104,826,190</u>	<u>(12,396,875)</u>	<u>103,704,286</u>	<u>100,086,204</u>
Total Assets	<u>\$ 42,958,242</u>	<u>\$ 1,599,326</u>	<u>\$ 4,016,080</u>	<u>\$ 131,969,984</u>	<u>\$ (12,396,875)</u>	<u>\$ 168,146,757</u>	<u>\$ 164,593,281</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable and Accrued Liabilities	\$ 6,294,351	\$ 335,276	\$ 728,268	\$ 2,370,467	\$ -	\$ 9,728,362	\$ 6,783,072
Accrued Interest	85,119	-	-	507,338	-	592,457	761,817
Deferred Rent Liability	-	36,283	-	-	(36,283)	-	-
Deferred Revenues	1,324,670	-	-	9,456	(9,456)	1,324,670	823,348
Current Portion of Loans Payable	491,668	-	-	2,225,000	-	2,716,668	9,722,526
Total Current Liabilities	<u>8,195,808</u>	<u>371,559</u>	<u>728,268</u>	<u>5,112,261</u>	<u>(45,739)</u>	<u>14,362,157</u>	<u>18,090,763</u>
LONG-TERM LIABILITIES							
Security Deposits	-	-	-	400,000	(400,000)	-	-
Accrued Interest	148,825	-	-	-	-	148,825	113,478
Deferred Rent Liability	3,834,350	21,092	2,302,877	6,276,315	(6,357,694)	6,076,940	1,922,841
Intracompany Payable	-	2,643,691	2,949,751	-	(5,593,442)	-	-
Loans Payable	1,762,512	-	-	124,912,717	-	126,675,229	126,930,036
Total Long-Term Liabilities	<u>5,745,687</u>	<u>2,664,783</u>	<u>5,252,628</u>	<u>131,589,032</u>	<u>(12,351,136)</u>	<u>132,900,994</u>	<u>128,966,355</u>
NET ASSETS							
Unrestricted	28,924,363	(2,066,762)	(2,229,816)	(4,731,309)	-	19,896,476	16,490,691
Temporarily Restricted	92,384	629,746	265,000	-	-	987,130	1,045,472
Total Net Assets	<u>29,016,747</u>	<u>(1,437,016)</u>	<u>(1,964,816)</u>	<u>(4,731,309)</u>	<u>-</u>	<u>20,883,606</u>	<u>17,536,163</u>
Total Liabilities And Net Assets	<u>\$ 42,958,242</u>	<u>\$ 1,599,326</u>	<u>\$ 4,016,080</u>	<u>\$ 131,969,984</u>	<u>\$ (12,396,875)</u>	<u>\$ 168,146,757</u>	<u>\$ 164,593,281</u>

See accompanying Notes to Consolidated Financial Statements.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)**

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2018 Total	2017 Total
UNRESTRICTED NET ASSETS							
REVENUES							
LCFF State Aid	\$ 39,238,901	\$ -	\$ -	\$ -	\$ -	\$ 39,238,901	\$ 38,756,121
Apportionment Revenue	9,928,496	4,138,735	10,138,348	-	-	24,205,579	20,628,908
Property Taxes	15,266,385	-	-	-	-	15,266,385	13,886,120
Other State Revenue	12,233,383	73,416	2,210,386	-	-	14,517,185	12,324,370
Federal Revenue	10,070,208	1,065,681	1,815,858	-	-	12,951,747	11,057,467
Other Local Revenue	5,015,447	26,830	8,118	18,619,442	(16,229,778)	7,440,059	2,766,145
Contributions	6,904,759	131,854	970,245	-	-	8,006,858	8,197,231
Amounts Released from Restriction	41,763	32,550	596,325	-	-	670,638	264,170
Total Unrestricted Revenues	<u>98,699,342</u>	<u>5,469,066</u>	<u>15,739,280</u>	<u>18,619,442</u>	<u>(16,229,778)</u>	<u>122,297,352</u>	<u>107,880,532</u>
EXPENSES							
Program Expenses:							
Educational programs	74,905,227	4,878,229	13,854,536	-	(16,229,778)	77,408,214	70,573,394
Supporting Services:							
Site Supports and Program Development	12,441,682	-	-	15,388,516	(145,000)	27,685,198	27,977,604
Administration and General	7,023,529	782,730	2,083,443	3,763,453	145,000	13,798,155	9,280,970
Total Supporting Services	<u>19,465,211</u>	<u>782,730</u>	<u>2,083,443</u>	<u>19,151,969</u>	<u>-</u>	<u>41,483,353</u>	<u>37,258,574</u>
Total Expenses	<u>94,370,438</u>	<u>5,660,959</u>	<u>15,937,979</u>	<u>19,151,969</u>	<u>(16,229,778)</u>	<u>118,891,567</u>	<u>107,831,968</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	4,328,904	(191,893)	(198,699)	(532,527)	-	3,405,785	48,564
TEMPORARILY RESTRICTED NET ASSETS							
Amounts Released from Restriction	(41,763)	(32,550)	(596,325)	-	-	(670,638)	(264,170)
Contributions	100,000	347,296	165,000	-	-	612,296	820,305
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	58,237	314,746	(431,325)	-	-	(58,342)	556,135
INCREASE (DECREASE) IN NET ASSETS	4,387,141	122,853	(630,024)	(532,527)	-	3,347,443	604,699
Net Assets - Beginning of Year	<u>24,629,606</u>	<u>(1,559,869)</u>	<u>(1,334,792)</u>	<u>(4,198,782)</u>	<u>-</u>	<u>17,536,163</u>	<u>16,931,464</u>
NET ASSETS - END OF YEAR	<u>\$ 29,016,747</u>	<u>\$ (1,437,016)</u>	<u>\$ (1,964,816)</u>	<u>\$ (4,731,309)</u>	<u>\$ -</u>	<u>\$ 20,883,606</u>	<u>\$ 17,536,163</u>

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	Rocketship Education	Rocketship Education Wisconsin Inc.	Rocketship Education DC Public Charter School, Inc.	Launchpad Development Company	Eliminations	2018 Total	2017 Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Assets	\$ 4,387,141	\$ 122,853	\$ (630,024)	\$ (532,527)	\$ -	\$ 3,347,443	\$ 604,699
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:							
Depreciation and Amortization	338,971	36	-	2,964,498	-	3,303,505	2,957,153
Allowance for Nonrecoverable Project Costs	-	-	-	-	-	-	1,721,312
(Increase) Decrease in Operating Assets:							
Accounts Receivable	(1,440,173)	355,823	31,411	(276,996)	-	(1,329,935)	(276,902)
Grants Receivable	52,944	(608,532)	(351,129)	-	-	(906,717)	166,068
Prepaid Expenses and Other Current Assets	(683,311)	(22,771)	33,950	(564,060)	-	(1,236,192)	677,420
Deferred Rent Asset	-	-	-	(2,424,669)	2,424,669	-	-
Increase (Decrease) in Operating Liabilities:							
Accounts Payable and Accrued Liabilities	659,588	139,645	1,212,642	1,534,157	-	3,546,032	1,183,357
Deferred Revenues	531,264	-	(29,942)	(769,503)	-	(268,181)	(66,629)
Deferred Rent Liability	488,961	32,861	1,665,012	4,382,478	(2,424,669)	4,144,643	608,637
Net Cash Flows from Operating Activities	4,335,385	19,915	1,931,920	4,313,378	-	10,600,598	7,575,115
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from Note Receivable	-	-	-	560,000	-	560,000	-
Purchases of Property, Plant, and Equipment	(202,698)	(20,255)	-	(6,668,919)	-	(6,891,872)	(18,766,316)
Net Cash Flows from Investing Activities	(202,698)	(20,255)	-	(6,108,919)	-	(6,331,872)	(18,766,316)
CASH FLOWS FROM FINANCING ACTIVITIES							
Change in Restricted Cash	-	-	-	(699,262)	-	(699,262)	(3,009,144)
Intracompany Loans	382,460	365,846	(1,498,306)	-	-	(750,000)	(2,244,791)
Proceeds from Debt	200,000	-	-	16,860,412	-	17,060,412	44,837,264
Repayment of Debt	(1,633,348)	-	-	(22,687,729)	-	(24,321,077)	(9,700,583)
Net Cash Flows from by Financing Activities	(1,050,888)	365,846	(1,498,306)	(6,526,579)	-	(8,709,927)	29,882,746
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,081,799	365,506	433,614	(8,322,120)	-	(4,441,201)	18,691,545
Cash and Cash Equivalents - Beginning of Year	17,762,317	547,725	2,020,323	22,934,812	-	43,265,177	24,573,632
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 20,844,116</u>	<u>\$ 913,231</u>	<u>\$ 2,453,937</u>	<u>\$ 14,612,692</u>	<u>\$ -</u>	<u>\$ 38,823,976</u>	<u>\$ 43,265,177</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION							
Cash Paid for Interest, Net	<u>\$ 14,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,747,174</u>	<u>\$ -</u>	<u>\$ 7,761,957</u>	<u>\$ 6,734,613</u>
Capitalized Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,050</u>	<u>\$ -</u>	<u>\$ 28,050</u>	<u>\$ 111,379</u>

See accompanying Notes to Consolidated Financial Statements.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rocketship Education 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 (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 (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 Nashville Northeast Elementary (RNNE)*** – Tennessee charter school
- ***Rocketship United Academy (RUA)*** – Tennessee charter school
- ***Rocketship Partners Community Prep (RPP)*** – Tennessee charter school
- ***Rocketship Delta Prep (RDL)*** – California charter school (opened August 2018)

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

Rocketship Education Wisconsin Inc.

RSED incorporated Rocketship Education Wisconsin Inc., as a nonprofit public benefit corporation in October 2012 to hold the charter for its elementary school in Wisconsin, Rocketship Southside Community Prep (RSCP). There is a second school in its start-up year called Rocketship Transformation Prep which is expected to begin operations in the Fall of 2018.

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 two campuses, Rocketship RISE (RISE), opened in August 2016, and Rocketship Legacy Prep (RLP) opened in August 2017.

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 Fourteen LLC (LLC14)*** – Facilities development
- ***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 Nineteen LLC (LLC19)*** – Facilities development
- ***Launchpad Development Twenty LLC (LLC20)*** – Facilities development
- ***Launchpad Development Milwaukee One LLC (MLLC1)*** – RSCP facilities

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

- *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 One DC LLC (DLLC1)* – RISE facilities
- *Launchpad Development Two DC LLC (DLLC2)* – RLP facilities
- *Launchpad Development Three DC LLC (DLLC3)* – Facilities development

Basis of Presentation

RSEA presents its 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.

Net Asset Classes

RSEA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Net assets of RSEA consist of the following:

Unrestricted – All resources over which the governing board has discretionary control to use in carrying on the general operations of the organization.

Temporarily Restricted – These net assets are restricted by donors to be used for specific purposes.

Permanently Restricted – These net assets are permanently restricted by donors and cannot be used by RSEA. RSEA does not currently have any permanently restricted net assets.

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.

Restricted Cash

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

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 EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

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 consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited. There were no expenses for fundraising or the year ended June 30, 2018.

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 temporarily restricted. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets for expenditure.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair market 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.

Income Taxes

RSEA is comprised of various nonprofit entities 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.

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

Evaluation of Subsequent Events

RSEA has evaluated subsequent events through January 30, 2019, the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, from which the summarized information was derived.

NOTE 2 CONCENTRATION OF CREDIT 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 3 ACCOUNTS RECEIVABLE

Accounts receivable primarily consist of funds due from various governmental units. Management believes that \$507,646 of the In Lieu of Property Taxes receivables are uncollectible; therefore provisions for uncollectible accounts were recorded as of June 30, 2018.

NOTE 4 GRANTS RECEIVABLE

Grants receivable consist of funds due from grantor agencies based upon RSN meeting various conditions or milestones. As of June 30, 2018 grant amounts connected with met milestones have been recorded as grants receivable and have been classified as temporarily restricted contributions due to implied time restriction. Management believes all of these amounts are collectible; therefore no provisions for uncollectible accounts were recorded.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

Property and equipment consisted of the following:

	RSED	LDC	RSEA Total
Land	\$ -	\$ 16,310,375	\$ 16,310,375
Furniture and Equipment	794,478	422,131	1,216,609
Buildings	5,799,793	87,974,773	93,774,566
Other	12,755	7,126,245	7,139,000
Less: Accumulated Depreciation	(1,436,292)	(13,410,767)	(14,847,059)
Total	<u>\$ 5,170,734</u>	<u>\$ 98,422,757</u>	<u>\$ 103,593,491</u>

Depreciation expense was \$3,303,502 for the year ended June 30, 2018.

NOTE 6 DEBT

Convertible Debt

RSN – Charter School Growth Fund

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

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

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

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

The remaining nonconvertible \$1.05 million of the loan plus accrued interest will be due on June 30, 2018 (\$100,000 paid), June 30, 2019 (\$200,000) and June 30, 2020 (\$500,000), and on June 20, 2021 (\$250,000) and all remaining accrued interest.

In December 2012, RSN and CSGF entered into a \$125,000 School Startup Subordinated Loan Agreement at an effective interest rate of 1.0%. The loan is scheduled to be repaid in full on June 30, 2019.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 DEBT (CONTINUED)

Convertible Debt (Continued)

RSN – Charter School Growth Fund (Continued)

During the 2014/15 school year, RFZ, RNNE, RRWC and RUA each entered into \$100,000 Subordinated Loan Agreements with effective interest rates of 1.0%. The loans are scheduled to be repaid in full on June 30, 2020 (RFZ and RNNE) and June 30, 2021 (RRWC and RUA).

During the 2015/16 school year, RSN and CSGF entered into three \$100,000 Subordinated Loan Agreements with effective interest rates of 1.0 percent. The loans were made to support RRS, RFA, and RPP. The loans are scheduled to be repaid in full on June 30, 2021.

During the 2016/17 school year, RSN and CSGF entered into a \$1 million Subordinated Loan Agreement at an effective rate of 1.0 percent. The entire loan plus associated interest will be forgiven and converted into a grant provided that RSN meet specified educational, financial and growth outcomes prior to December 31, 2019. If not converted, the loan and interest is scheduled to be repaid in full December 31, 2022.

Loans Payable

Rocketship's Schools - California School Finance Authority Revolving Loan Program

As of June 30, 2018, three of Rocketship's California schools have revolving loans payable to the California School Finance Authority (CSFA) ranging from \$65,500 to \$250,000, totaling \$541,680 combined. The loans have effective interest rates ranging from 0.22% to 1.47%. Principal is payable over a four or five-year period, with installments ranging from \$20,000 to \$62,500 deducted from apportionment revenue. Final maturity is 2022.

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

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

The Series 2011 Bonds are divided into \$9.6 million Series 2011A Bonds and \$515,000 Series 2011B Bonds (taxable), maturing December 2041 and December 2018, respectively. Both Series 2011A and Series 2011B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in December 2018 and December 2013, respectively.

LLC5 - Low Income Investment Fund Sub-CDE VIII LLC Loan

In March 2011, LLC5 borrowed debt capital for the RDP project from LIIF Sub-CDE VIII, LLC (the LIIF LLC), a Delaware limited liability company formed by the Low Income Investment Fund (LIIF), a CDFI under the leverage loan model of the New Markets Tax Credits program under Section 45D of the Internal Revenue Code of 1986. US Bank CDC purchased the tax credits from the LIIF LLC, the proceeds of which were used in part to fund a "qualified equity investment".

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 DEBT (CONTINUED)

Loans Payable (Continued)

LLC5 - Low Income Investment Fund Sub-CDE VIII LLC Loan (Continued)

LIIF and other participating institutions provided the leverage debt capital. The LIIF LLC made three (3) loans to LLC5, the Borrower, in the aggregate original principal amount of \$9,975,000 (the QLICI Loan), which QLICI Loan is expected to constitute a “qualified low-income community investment” (QLICI) being made to a “qualified active low-income community business” (QALICB) under the NMTC Program, and which includes subordinated debt provided by Launchpad of \$560,000. The loan was repaid and retired in August 2017 with the proceeds from the Obligated Group Bonds Series 2017A and B.

LLC8 – RSA Bonds Payable (Series 2012A and 2012B Bonds)

In September 2012, Launchpad completed bond financing in the amount of \$9.46 million (the Series 2012 Bonds), proceeds from which were used to refinance existing debt and to fund certain project expenses remaining for the RSA construction project. Interest is paid semi-annually at a coupon rate of 6.25% to 8.5%.

The Series 2012 Bonds are divided into \$9.105 million Series 2012A Bonds and \$355,000 million Series 2012B Bonds (taxable), maturing June 2043 and matured June 2016, respectively. Both Series 2012A and Series 2012B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2017 and June 2014, respectively.

LLC18 – LIIF Acquisition Loan

In January 2017, LLC18 entered into a \$1.2 million loan agreement with Low Income Investment Fund (LIIF) to provide interim financing for LLC18’s project development in Antioch, California. The loan has an interest rate of 5.50% and is repayable in 36 months. In December 2017, the loan was repaid with proceeds from LDC Obligated Group Bonds Series 2017 G and H.

LDC – Obligated Group Bonds (Series 2014A and 2014B)

In February 2014, LDC completed bond financing in the amount of \$32.855 million (the Series 2014 Bonds), proceeds from which were used to refinance existing debt for LLC2 and fund project expenses for the RBM and RFZ construction projects. Interest is paid semi-annually at a coupon rate of 6.00% to 7.25%.

The Series 2014 Bonds are divided into \$31.935 million Series 2014A Bonds and \$920,000 Series 2014B Bonds (taxable), maturing between June 2023 and 2043 (Series 2014A) and June 2018 (Series 2014B). Both Series 2014A and Series 2014B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment Fund established in June 2018, 2024 and 2035 (Series 2014A) and June 2016 (Series 2014B).

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 DEBT (CONTINUED)

Loans Payable (Continued)

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

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

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

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).

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

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

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 DEBT (CONTINUED)

Loans Payable (Continued)

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

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

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).

Future maturities of debt in summary:

<u>Year Ended June 30,</u>	<u>RSED</u>	<u>LDC</u>	<u>Total</u>
2019	\$ 491,668	\$ 2,225,000	\$ 2,716,668
2020	987,512	3,545,000	4,532,512
2021	712,500	2,455,000	3,167,500
2022	62,500	2,650,000	2,712,500
2023	-	2,995,000	2,995,000
Thereafter	-	117,756,675	117,756,675
Subtotal	2,254,180	131,626,675	133,880,855
Cost of Issuance and Discounts/Premiums	-	(4,488,958)	(4,488,958)
Total	<u>\$ 2,254,180</u>	<u>\$ 127,137,717</u>	<u>\$ 129,391,897</u>

Amortization expense for cost of issuance and discounts/premiums was \$290,632 for the year ended June 30, 2018.

NOTE 7 NET ASSET RESTRICTIONS

Temporarily restricted net assets of \$987,130 relate to grants that are specifically restricted to future operations.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 OPERATING LEASES

RSN Administrative Offices

In October 2012, RSN entered into a five-year lease for office facilities payable at \$10,612, plus common area maintenance, payable monthly. The lease includes a waiver of rent (\$10,611) contingent upon RSN's status as a nonprofit public benefit corporation. The lease was renewed on August 7, 2018. During the year ended June 30, 2018, temporarily restricted net assets released from restriction from in-kind rent was \$125,290 (net of prior year discount) and lease expense totaled \$163,639.

RSN leases administrative offices in San Jose, California, Concord, California, Milwaukee, Wisconsin, and Nashville, Tennessee under various operating leases. Lease expense for all regional administrative offices totaled \$221,122 for the year ended June 30, 2018.

LLC10-RSK Site Land Lease

20-year land lease, \$8,400 payable monthly (\$100,800 annually), subject to adjustment every three years. Lease expense recognized for the year ended June 30, 2018 was \$100,800.

LLC11-RBM Site Land Lease

30 year land lease, \$7,917 payable monthly, subject to adjustment in 2023. Lease expense recognized for the year ended June 30, 2018 was \$95,004.

LLC12-RFZ Site Land Lease

35-year land lease, \$24,000 payable monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018, total lease expense of \$387,863 has been accrued and lease payments totaled \$287,400.

RFZ Site Land Lease

34-year land lease for addition to RFZ site, payable between \$2,885 and \$2,928 monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018, total lease expense of \$32,295 has been accrued and lease payments totaled \$32,272.

RRWC Facility Lease

One-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2018 was \$72,754.

LLC15 Site Lease

15-year land lease, \$25,000 payable monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018, total lease expense was \$370,500. In December 2017, the lease was terminated.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 OPERATING LEASES (CONTINUED)

RFA facility lease

One-year lease for facilities with the authorizing district. Lease expense recognized for the year ended June 30, 2018 was \$40,110.

MLLC2-RTP Facility Lease

One year lease for facility starting March 2018. LDC paid for the pre-opening lease in the amount of \$4,108 from March 2018 to June 2018 then transferred the lease to RSED RTP. Lease expense recognized for the year ended June 30, 2018 was \$16,432.

NLLC2- RUA Facility Lease

29-year facility lease, \$53,908, plus additional rent items, payable monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018 total lease expense of \$880,032 has been accrued and lease payments totaled \$826,775.

DLLC1-RISE Facility Lease

29-year facility lease, \$174,828, plus additional rent items, payable monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018 total lease expense of \$2,726,285 has been accrued and lease payments totaled \$2,676,592.

DLLC2-RLP Facility Lease

29-year facility lease, \$174,828, plus additional rent items, payable monthly during the year ended June 30, 2018. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018 total lease expense of \$1,213,864 has been accrued.

LDC paid for a RLP parking lease from June to December 2017. Lease expense recognized for the year ended June 30, 2018 was \$10,500.

RPP Facility Lease

One-year facility lease, \$10,000 payable monthly during the year ended June 30, 2018. Lease expense recognized for the year ended June 30, 2018 was \$120,000.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 OPERATING LEASES (CONTINUED)

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

June 30,	RSN	RFZ	RPS	LLC10	LLC11
2019	\$ 319,338	\$ 35,662	\$ 73,874	\$ 105,840	\$ 95,004
2020	175,654	36,197	76,104	105,840	95,004
2121	180,924	36,740	78,393	105,840	95,004
2022	186,352	37,291	80,624	111,132	95,004
2023	95,030	37,850	76,017	111,132	95,004
Thereafter	-	1,154,958	-	1,476,216	1,900,080
Total	<u>\$ 957,298</u>	<u>\$ 1,338,698</u>	<u>\$ 385,012</u>	<u>\$ 2,016,000</u>	<u>\$ 2,375,100</u>

June 30,	LLC12	DLLC1	DLLC2	NLLC2	RSEA Total
2019	\$ 316,800	\$ 2,047,832	\$ 1,918,053	\$ 646,893	\$ 5,559,296
2020	316,800	2,047,832	1,918,053	646,893	5,418,377
2121	316,800	2,047,832	1,918,053	660,647	5,440,233
2022	316,800	2,091,821	1,918,053	675,511	5,512,588
2023	316,800	2,138,887	1,961,209	681,114	5,513,043
Thereafter	10,479,126	64,818,142	59,556,835	18,705,503	158,090,860
Total	<u>\$ 12,063,126</u>	<u>\$ 75,192,346</u>	<u>\$ 69,190,256</u>	<u>\$ 22,016,561</u>	<u>\$ 185,534,397</u>

NOTE 9 EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

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

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

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

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, 2017, total plan net assets are \$210 billion, the total actuarial present value of accumulated plan benefits is \$362 billion, contributions from all employers totaled \$4.2 billion, and the plan is 62.6% funded. RSEA 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. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020–21. The required employer contribution rate for the year ended June 30, 2018 was 16.28% 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
2016	\$ 1,420,048	100 %
2017	\$ 1,924,652	100 %
2018	\$ 2,229,425	100 %

Tennessee Consolidated Retirement System – Legacy Pension Plan

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 EMPLOYEE RETIREMENT (CONTINUED)

Tennessee Consolidated Retirement System – Legacy Pension Plan (Continued)

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent 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, 2018 to the Teacher Legacy Pension Plan was 9.04% 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 publically available 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, 2018 to the Teacher Retirement Plan were 4.00% of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 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 lessor of 3% of annual salary or \$2,500. During the year ended June 30, 2018 RSEA contributed \$458,331 to this plan.

NOTE 10 RELATED PARTY TRANSACTIONS

Facility Leases

In 2015, RMS amended and restated its existing lease with LLC1 into a 31-year facility lease through 2046. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$868,335 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,016,140.

In 2014, RSSP amended and restated its existing lease with LLC2 into a 29-year facility lease agreement through 2043. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$1,032,223 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,033,731.

In 2017, RLS amended and restated its existing lease with LLC3 into a 35-year facility lease through 2052. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$1,095,777 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$621,020.

In 2011, ROMO entered into a 30-year lease with LLC4 through 2042. The lease was amended in July 2012. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$932,818 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$945,693.

In 2017, RDP amended and restated its existing lease with LLC5 into a 35-year facility lease through 2052. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$960,579 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$509,140.

In 2014, RBM entered into a 29-year facility lease agreement with LLC11 through 2043. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$1,103,935 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,130,841.

In 2012, RSA entered into a 15-year lease with LLC8 through 2027. The lease agreement was amended July 2012. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$715,590 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$724,520.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Facility Leases (Continued)

In 2016, RSK entered into a 30-year facility lease agreement with LLC10 through 2046. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$875,394 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,024,464.

In 2014, RFZ entered into a 29-year facility lease agreement with LLC12 through 2043. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$1,408,961 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,366,250.

In 2016, RRS entered into a 30-year facility lease agreement with LLC16 through 2046. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$854,915 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$1,014,847.

In 2017, RRWC entered into a 19-year facility lease agreement with LLC15 through 2036. Total lease revenue of \$398,317 has been accrued. For school year 2017/18, lease revenue under this agreement totaled \$211,686. On December 2017, the lease was terminated.

In February 2017, RSCP amended its original 10-year facility lease agreement with MLLC1. The new lease runs 35 years through 2052. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Following the purchase, the prior year accrued balance of \$112,241 was written down, resulting in a decrease in current lease expense. For the year ended June 30, 2018, lease expense under the original lease of \$276,036 has been recorded, inclusive of current year lease payments totaling \$388,277 and the \$112,241 credit from the prior year. Lease expense under the new lease totaled \$423,312 and lease payments totaled \$425,000.

In 2017, RNNE entered into a 35-year facility lease agreement with NLLC1 through 2052. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$572,704 has been accrued. For school year 2017/18, lease payments under this agreement totaled \$575,000.

In 2016, RUA entered into a 29-year facility lease agreement with NLLC2 through 2044. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. Total lease expense of \$826,775 has been accrued. For school year 2017/16, lease payments under this agreement totaled \$646,893.

In 2016, RISE entered into a 29-year facility lease agreement with DLLC1 through 2045. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. For the year ended June 30, 2018 total lease expense of \$2,617,388 has been accrued and lease payments totaled \$2,097,931.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

In 2017, RDL entered into a 25-year facility lease agreement with LLC18 through 2032. Lease commencement occurred in August 2018.

Future estimated payments under these leases as of June 30, 2018 are as follows:

<u>June 30,</u>	<u>RMS</u>	<u>RSSP</u>	<u>RLS</u>	<u>ROMO</u>	<u>RDP</u>	<u>RBM</u>
2019	\$ 1,008,461	\$ 1,038,839	\$ 692,773	\$ 947,108	\$ 591,203	\$ 1,124,587
2020	1,004,894	1,037,829	630,467	945,542	538,043	1,129,129
2021	1,005,461	1,031,890	627,634	946,063	535,599	1,128,415
2022	1,005,223	1,036,436	627,483	947,569	535,521	1,127,060
2023	1,007,628	1,040,018	624,201	947,800	533,570	1,130,462
Thereafter	18,997,664	20,894,500	21,550,273	17,673,015	18,413,437	22,825,806
Total	<u>\$ 24,029,331</u>	<u>\$ 26,079,512</u>	<u>\$ 24,752,831</u>	<u>\$ 22,407,097</u>	<u>\$ 21,147,373</u>	<u>\$ 28,465,459</u>

<u>June 30,</u>	<u>RSA</u>	<u>RSK</u>	<u>RFZ</u>	<u>RRS</u>	<u>RNNE</u>
2019	\$ 724,657	\$ 1,020,585	\$ 1,375,718	\$ 1,013,385	\$ 575,000
2020	724,946	1,013,722	1,375,032	1,005,092	575,000
2021	724,609	1,014,162	1,380,217	1,004,162	575,000
2022	723,645	1,013,542	1,379,039	1,003,542	575,000
2023	727,055	1,015,552	1,394,328	1,005,552	575,000
Thereafter	3,145,672	19,167,639	29,740,084	18,937,639	16,674,998
Total	<u>\$ 6,770,584</u>	<u>\$ 24,245,202</u>	<u>\$ 36,644,418</u>	<u>\$ 23,969,372</u>	<u>\$ 19,549,998</u>

<u>June 30,</u>	<u>RUA</u>	<u>RSCP</u>	<u>RISE</u>	<u>RLP</u>	<u>Total</u>
2019	\$ 646,893	\$ 425,000	\$ 2,097,931	\$ 2,148,519	\$ 15,430,659
2020	646,893	425,000	2,097,931	2,148,519	15,298,039
2021	660,647	425,000	2,145,134	2,148,519	15,352,512
2022	675,511	425,000	2,193,400	2,148,519	15,416,490
2023	690,710	425,000	2,242,751	2,148,519	15,508,146
Thereafter	18,695,862	12,324,998	64,365,100	68,909,827	372,316,514
Total	<u>\$ 22,016,516</u>	<u>\$ 14,449,998</u>	<u>\$ 75,142,247</u>	<u>\$ 79,652,422</u>	<u>\$ 449,322,360</u>

Rocketship Education Wisconsin Inc. Line of Credit from RSN

In 2014, Rocketship Education Wisconsin Inc. entered into a revolving line of credit agreement (RSW LOC) with RSN in the amount of \$650,000 to support the operation of RSCP. The agreement was amended June 30, 2015, and extended to \$1.5 million. Interest is charged at a LIBOR based rate, not to exceed 4.0% on outstanding balances under the facility. On June 30, 2014 an advance of \$650,000 was issued, followed by an advance of \$850,000 on June 30, 2015, totaling \$1.5 million. During school year 2017/18, RSCP paid RSN quarterly interest payments totaling \$60,000.

Rocketship Education fees charged to Rocketship Education D.C.

RSN charged RSDC \$79,474 and \$490,782 for start-up services in support of the region during years ended June 30, 2018 and 2017, respectively.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Development Fees

In connection with construction development projects, Launchpad has contracted to receive development fees which are accrued based on project-specific milestones.

For the year ended June 30, 2018, development fees of \$150,000 were collected from LLC18.

Management Services

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

For the year ended June 30, 2018, management fees were as follows:

RMS	\$ 914,913
RSSP	778,634
RLS	905,539
ROMO	1,120,350
RDP	850,760
RBM	1,037,898
RSA	815,692
RSK	1,062,897
RRS	999,744
RFZ	1,082,970
RFA	419,322
RRWC	398,558
RNNE	720,048
RUA	863,152
RPP	85,078
Wisconsin Schools	708,504
D.C. Schools	1,368,278
Total	<u>\$ 14,132,337</u>

Donated Services

RSN provided certain organizational support services, including accounting, finance, and human resources, as well as shared office space to Launchpad (Donated Services) during the year. For the year ended June 30, 2018, the amount of Donated Services recorded from RSN to Launchpad was \$146,000.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 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.

NOTE 12 SUBSEQUENT EVENT

At June 30, 2018 the operations of RPP in Nashville were consolidated into other Nashville schools RNNE and RUA. RPP will not operate in the 18/19 school year.

SUPPLEMENTARY INFORMATION

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2018**

Rocketship Education (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 2020

Rocketship Si Se Puede Academy (RSSP), chartered by the Santa Clara County Office of Education, Charter Number: 1061 – Established 2009, Expires 2017

Rocketship Los Suenos Academy (RLS), chartered by the Santa Clara County Office of Education, Charter Number: 1127 – Established 2009, Expires 2020

Rocketship Mosaic Elementary School (ROMO), chartered by the Franklin-McKinley Elementary School District, Charter Number: 1192 – Established 2011, Expires 2021

Rocketship Discovery Prep (RDP), chartered by the Santa Clara County Office of Education, Charter Number: 1193 – Established 2010, Expires 2021

Rocketship Brilliant Minds (RBM), chartered by the Santa Clara County Office of Education, Charter Number: 1393 – Established 2012, Expires 2017

Rocketship Alma Academy (RSA), chartered by the Santa Clara County Office of Education, Charter Number: 1394 – Established 2012, Expires 2017

Rocketship Spark Academy (RSK), chartered by the Franklin-McKinley Elementary School District, Charter Number: 1526 – Established 2013, Expires 2018

Rocketship Fuerza Community Prep (RFZ), chartered by the Santa Clara County Office of Education, Charter Number: 1687 – Established 2014, Expires 2019

Rocketship Redwood City Prep (RRWC), chartered by the Redwood City Elementary School District, Charter Number: 1736 – Established 2015, Expires 2020

Rocketship Rising Stars (RRS), chartered by the Santa Clara County Office of Education, Charter Number: 1778– Established 2016, Expires 2021

Rocketship Futuro Academy (RFA), chartered by the State Board of Education, Charter Number: 1805– Established 2016, Expires 2021

Rocketship Delta Prep (RDL), chartered by the Antioch Unified School District, Charter Number: 1965 – begins 18/19

Tennessee Charter Schools:

Rocketship Nashville Northeast Elementary (RNNE)

Rocketship United Academy (RUA)

Rocketship Partners Community Prep (RPP)

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

Rocketship Southside Community Prep (RSCP)

Rocketship Transformation Prep (RTP) – begins 18/19

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

Rocketship Rise Academy (RISE)

Rocketship Legacy Prep (RLP)

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2018**

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires (2-Year Term)</u>
Fred Ferrer	President	2020
Louis Jordan	Treasurer	2019
Arra Yerganian	Secretary	2019
Alex Hernandez	Member	2019
Alex Terman	Member	2020
Deborah McGriff	Member	2019
Greg Stanger	Member	2020
Raymond Raven	Member	2019
Ralph Weber	Member	2019
Jolene Slotter	Member	2019
David Kaval	Member	2020
Don Shalvey	Member	2020
June Nwabara	Member	2020

ADMINISTRATION

Preston Smith	Co-Founder, CEO and President
Keysha Bailey	Chief Financial Officer
Lynn Liao	Chief Programs Officer
Carolyn Davies Lynch	Vice President, Strategy & Scalability
Cheye Calvo	Chief Growth and Community Engagement Officer
Christopher Murphy	Vice President, Marketing and Communications

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION - SCHOOLS
JUNE 30, 2018

ASSETS	RSN	California					RBM	Total Page 1
		RMS	RSSP	RLS	ROMO	RDP		
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 2,298,869	\$ 1,046,446	\$ 2,773,820	\$ 1,061,482	\$ 3,327,002	\$ 346,290	\$ 2,074,410	\$ 12,928,319
Restricted Cash	-	-	-	-	-	-	-	-
Accounts Receivable	606,242	519,504	613,957	713,921	648,219	1,266,582	905,454	5,273,879
Grants Receivable	-	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	191,919	466,273	22,272	346,159	20,430	619,124	26,068	1,692,245
Total Current Assets	<u>3,097,030</u>	<u>2,032,223</u>	<u>3,410,049</u>	<u>2,121,562</u>	<u>3,995,651</u>	<u>2,231,996</u>	<u>3,005,932</u>	<u>19,894,443</u>
LONG-TERM ASSETS								
Grants Receivable	-	-	-	-	-	-	-	-
Intracompany Receivable	10,130,406	192,058	-	-	-	-	-	10,322,464
Security Deposits	29,295	-	-	100,000	100,000	100,000	-	329,295
Property, Plant, and Equipment, Net	331,130	1,179,661	833,204	844,643	624,661	534,926	91,901	4,440,126
Total Long-Term Assets	<u>10,490,831</u>	<u>1,371,719</u>	<u>833,204</u>	<u>944,643</u>	<u>724,661</u>	<u>634,926</u>	<u>91,901</u>	<u>15,091,885</u>
Total Assets	<u>\$ 13,587,861</u>	<u>\$ 3,403,942</u>	<u>\$ 4,243,253</u>	<u>\$ 3,066,205</u>	<u>\$ 4,720,312</u>	<u>\$ 2,866,922</u>	<u>\$ 3,097,833</u>	<u>\$ 34,986,328</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 2,258,365	\$ 269,033	\$ 241,047	\$ 242,920	\$ 365,591	\$ 319,951	\$ 334,451	\$ 4,031,358
Accrued Interest	85,119	-	-	-	-	-	-	85,119
Deferred Rent Liability	-	-	-	-	-	-	-	-
Deferred Revenue	-	110,731	177,835	35,302	208,786	247,199	122,519	902,372
Current Portion of Loans Payable	325,000	-	-	-	-	-	-	325,000
Total Current Liabilities	<u>2,668,484</u>	<u>379,764</u>	<u>418,882</u>	<u>278,222</u>	<u>574,377</u>	<u>567,150</u>	<u>456,970</u>	<u>5,343,849</u>
LONG-TERM LIABILITIES								
Accrued Interest	127,461	-	-	-	-	-	-	127,461
Deferred Rent Liability	-	30	273,964	-	573,863	-	866,862	1,714,719
Intracompany Payable	104	-	88,306	135,100	203,520	1,798,494	155,625	2,381,149
Loans Payable	750,000	-	-	-	-	-	-	750,000
Total Long-Term Liabilities	<u>877,565</u>	<u>30</u>	<u>362,270</u>	<u>135,100</u>	<u>777,383</u>	<u>1,798,494</u>	<u>1,022,487</u>	<u>4,973,329</u>
NET ASSETS								
Unrestricted	9,949,428	3,024,148	3,462,101	2,652,883	3,368,552	501,278	1,618,376	24,576,766
Temporarily Restricted	92,384	-	-	-	-	-	-	92,384
Total Net Assets	<u>10,041,812</u>	<u>3,024,148</u>	<u>3,462,101</u>	<u>2,652,883</u>	<u>3,368,552</u>	<u>501,278</u>	<u>1,618,376</u>	<u>24,669,150</u>
Total Liabilities and Net Assets	<u>\$ 13,587,861</u>	<u>\$ 3,403,942</u>	<u>\$ 4,243,253</u>	<u>\$ 3,066,205</u>	<u>\$ 4,720,312</u>	<u>\$ 2,866,922</u>	<u>\$ 3,097,833</u>	<u>\$ 34,986,328</u>

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2018

	From Page 1	California						Total Page 2
		RSA	RSK	RFZ	RRWC	RRS	RFA	
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 12,928,319	\$ 1,378,581	\$ 2,634,846	\$ 1,658,643	\$ 246,586	\$ 1,041,362	\$ 462,513	\$ 20,350,850
Restricted Cash	-	-	-	-	-	-	-	-
Accounts Receivable	5,273,879	1,080,155	278,768	694,963	369,690	532,230	582,403	8,812,088
Grants Receivable	-	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	1,692,245	20,435	390,998	19,334	8,582	89,893	13,465	2,234,952
Total Current Assets	19,894,443	2,479,171	3,304,612	2,372,940	624,858	1,663,485	1,058,381	31,397,890
LONG-TERM ASSETS								
Grants Receivable	-	-	-	-	-	-	-	-
Intracompany Receivable	10,322,464	-	-	-	-	-	-	10,322,464
Security Deposits	329,295	100,000	-	-	-	-	-	429,295
Property, Plant, and Equipment, Net	4,440,126	389,636	160,495	50,952	16,328	9,188	(8,116)	5,058,609
Total Long-Term Assets	15,091,885	489,636	160,495	50,952	16,328	9,188	(8,116)	15,810,368
Total Assets	\$ 34,986,328	\$ 2,968,807	\$ 3,465,107	\$ 2,423,892	\$ 641,186	\$ 1,672,673	\$ 1,050,265	\$ 47,208,258
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable	\$ 4,031,358	\$ 285,824	\$ 346,106	\$ 292,668	\$ 220,296	\$ 235,901	\$ 145,738	\$ 5,557,891
Accrued Interest	85,119	-	-	-	-	-	-	85,119
Deferred Rent Liability	-	-	-	-	-	-	-	-
Deferred Revenue	902,372	251,774	131,319	15,920	-	(181)	23,466	1,324,670
Current Portion of Loans Payable	325,000	-	-	-	41,668	62,500	62,500	491,668
Total Current Liabilities	5,343,849	537,598	477,425	308,588	261,964	298,220	231,704	7,459,348
LONG-TERM LIABILITIES								
Accrued Interest	127,461	-	-	3,844	3,055	2,522	2,522	139,404
Deferred Rent Liability	1,714,719	151,041	-	1,445,875	-	-	-	3,311,635
Intracompany Payable	2,381,149	100,785	119,690	107,956	475,000	135,547	583,967	3,904,094
Loans Payable	750,000	-	-	100,000	162,508	162,504	287,500	1,462,512
Total Long-Term Liabilities	4,973,329	251,826	119,690	1,657,675	640,563	300,573	873,989	8,817,645
NET ASSETS								
Unrestricted	24,576,766	2,179,383	2,867,992	457,629	(261,341)	1,073,880	(55,428)	30,838,881
Temporarily Restricted	92,384	-	-	-	-	-	-	92,384
Total Net Assets	24,669,150	2,179,383	2,867,992	457,629	(261,341)	1,073,880	(55,428)	30,931,265
Total Liabilities and Net Assets	\$ 34,986,328	\$ 2,968,807	\$ 3,465,107	\$ 2,423,892	\$ 641,186	\$ 1,672,673	\$ 1,050,265	\$ 47,208,258

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – SCHOOLS (CONTINUED)
JUNE 30, 2018

	From Page 2	Tennessee			Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
		RNNE	RUA	RPP						
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 20,350,850	\$ 117,510	\$ 772,324	\$ (396,568)	\$ -	\$ 20,844,116	\$ 883,567	\$ 2,453,937	\$ -	\$ 24,181,620
Restricted Cash	-	-	-	-	-	-	29,664	-	-	29,664
Accounts Receivable	8,812,088	(23,195)	445,090	1,573	-	9,235,556	3,667	-	-	9,239,223
Grants Receivable	-	-	-	-	-	-	533,532	870,751	-	1,404,283
Prepaid Expenses and Deposits	2,234,952	73,579	26,943	13,648	-	2,349,122	48,343	46,422	-	2,443,887
Total Current Assets	<u>31,397,890</u>	<u>167,894</u>	<u>1,244,357</u>	<u>(381,347)</u>	<u>-</u>	<u>32,428,794</u>	<u>1,498,773</u>	<u>3,371,110</u>	<u>-</u>	<u>37,298,677</u>
LONG-TERM ASSETS										
Grants Receivable	-	-	-	-	-	-	75,000	-	-	75,000
Intracompany Receivable	10,322,464	-	-	-	(5,372,826)	4,949,638	334	643,470	(5,593,442)	-
Security Deposits	429,295	-	-	-	-	429,295	5,000	1,500	-	435,795
Property, Plant, and Equipment, Net	5,058,609	19,332	12,567	60,007	-	5,150,515	20,219	-	-	5,170,734
Total Long-Term Assets	<u>15,810,368</u>	<u>19,332</u>	<u>12,567</u>	<u>60,007</u>	<u>(5,372,826)</u>	<u>10,529,448</u>	<u>100,553</u>	<u>644,970</u>	<u>(5,593,442)</u>	<u>5,681,529</u>
Total Assets	<u>\$ 47,208,258</u>	<u>\$ 187,226</u>	<u>\$ 1,256,924</u>	<u>\$ (321,340)</u>	<u>\$ (5,372,826)</u>	<u>\$ 42,958,242</u>	<u>\$ 1,599,326</u>	<u>\$ 4,016,080</u>	<u>\$ (5,593,442)</u>	<u>\$ 42,980,206</u>
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts Payable	\$ 5,557,891	\$ 269,600	\$ 321,503	\$ 145,357	\$ -	\$ 6,294,351	\$ 335,276	\$ 728,268	\$ -	\$ 7,357,895
Accrued Interest	85,119	-	-	-	-	85,119	-	-	-	85,119
Deferred Rent Liability	-	-	-	-	-	-	36,283	-	-	36,283
Deferred Revenue	1,324,670	-	-	-	-	1,324,670	-	-	-	1,324,670
Current Portion of Loans Payable	491,668	-	-	-	-	491,668	-	-	-	491,668
Total Current Liabilities	<u>7,459,348</u>	<u>269,600</u>	<u>321,503</u>	<u>145,357</u>	<u>-</u>	<u>8,195,808</u>	<u>371,559</u>	<u>728,268</u>	<u>-</u>	<u>9,295,635</u>
LONG-TERM LIABILITIES										
Accrued Interest	139,404	3,844	3,055	2,522	-	148,825	-	-	-	148,825
Deferred Rent Liability	3,311,635	2,296	520,419	-	-	3,834,350	21,092	2,302,877	-	6,158,319
Intracompany Payable	3,904,094	279,018	1,104,636	85,078	(5,372,826)	-	2,643,691	2,949,751	(5,593,442)	-
Loans Payable	1,462,512	100,000	100,000	100,000	-	1,762,512	-	-	-	1,762,512
Total Long-Term Liabilities	<u>8,817,645</u>	<u>385,158</u>	<u>1,728,110</u>	<u>187,600</u>	<u>(5,372,826)</u>	<u>5,745,687</u>	<u>2,664,783</u>	<u>5,252,628</u>	<u>(5,593,442)</u>	<u>8,069,656</u>
NET ASSETS										
Unrestricted	30,838,881	(467,532)	(792,689)	(654,297)	-	28,924,363	(2,066,762)	(2,229,816)	-	24,627,785
Temporarily Restricted	92,384	-	-	-	-	92,384	629,746	265,000	-	987,130
Total Net Assets	<u>30,931,265</u>	<u>(467,532)</u>	<u>(792,689)</u>	<u>(654,297)</u>	<u>-</u>	<u>29,016,747</u>	<u>(1,437,016)</u>	<u>(1,964,816)</u>	<u>-</u>	<u>25,614,915</u>
Total Liabilities and Net Assets	<u>\$ 47,208,258</u>	<u>\$ 187,226</u>	<u>\$ 1,256,924</u>	<u>\$ (321,340)</u>	<u>\$ (5,372,826)</u>	<u>\$ 42,958,242</u>	<u>\$ 1,599,326</u>	<u>\$ 4,016,080</u>	<u>\$ (5,593,442)</u>	<u>\$ 42,980,206</u>

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

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS
YEAR ENDED JUNE 30, 2018**

	RSN	California						Total Page 1
		RMS	RSSP	RLS	ROMO	RDP	RBM	
UNRESTRICTED NET ASSETS								
REVENUES								
LCFF State Aid	\$ -	\$ 1,072,636	\$ 2,825,171	\$ 4,546,620	\$ 3,547,548	\$ 4,060,171	\$ 5,424,756	\$ 21,476,902
Apportionment Revenue	-	-	-	-	-	-	-	-
Property Taxes	-	3,767,827	1,385,513	32,733	1,967,579	152,097	27,524	7,333,273
Other State Revenue	-	1,142,990	1,008,596	972,592	1,432,694	1,294,307	1,391,076	7,242,255
Federal Revenue	293,775	782,749	579,999	701,705	758,962	657,475	724,720	4,499,385
Other Local Revenue	15,330,180	8,973	2,652	162	344	-	3,300	15,345,611
Contributions	5,793,550	112,159	46,760	47,406	49,966	58,410	55,088	6,163,339
Amounts Released from Restriction	41,763	-	-	-	-	-	-	41,763
Total Unrestricted Revenues	21,459,268	6,887,334	5,848,691	6,301,218	7,757,093	6,222,460	7,626,464	62,102,528
EXPENSES								
Program Expenses:								
Educational Programs	1,279,807	5,456,788	5,040,303	5,230,885	6,196,606	5,445,354	6,264,227	34,913,970
Supporting Services:								
Site Supports and Program Development	12,441,682	-	-	-	-	-	-	12,441,682
Administration and General	7,023,529	914,913	778,634	905,539	1,120,350	850,760	1,037,898	12,631,623
Total Supporting Services	19,465,211	914,913	778,634	905,539	1,120,350	850,760	1,037,898	25,073,305
Total Expenses	20,745,018	6,371,701	5,818,937	6,136,424	7,316,956	6,296,114	7,302,125	59,987,275
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	714,250	515,633	29,754	164,794	440,137	(73,654)	324,339	2,115,253
TEMPORARILY RESTRICTED NET ASSETS								
Amounts Released from Restriction	(41,763)	-	-	-	-	-	-	(41,763)
Contributions	100,000	-	-	-	-	-	-	100,000
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	58,237	-	-	-	-	-	-	58,237
INCREASE (DECREASE) IN NET ASSETS	772,487	515,633	29,754	164,794	440,137	(73,654)	324,339	2,173,490
Net Assets - Beginning of Year	9,269,325	2,508,515	3,432,347	2,488,089	2,928,415	574,932	1,294,037	22,495,660
NET ASSETS - END OF YEAR	<u>\$ 10,041,812</u>	<u>\$ 3,024,148</u>	<u>\$ 3,462,101</u>	<u>\$ 2,652,883</u>	<u>\$ 3,368,552</u>	<u>\$ 501,278</u>	<u>\$ 1,618,376</u>	<u>\$ 24,669,150</u>

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2018

	From Page 1	California						Total Page 2
		RSA	RSK	RFZ	RRWC	RRS	RFA	
UNRESTRICTED NET ASSETS								
REVENUES								
LCFF State Aid	\$ 21,476,902	\$ 4,133,985	\$ 3,404,567	\$ 3,953,833	\$ 1,415,912	\$ 3,486,135	\$ 1,367,567	\$ 39,238,901
Apportionment Revenue	-	-	-	-	-	-	-	-
Property Taxes	7,333,273	159,150	2,036,013	1,955,936	827,685	1,894,158	1,060,170	15,266,385
Other State Revenue	7,242,255	1,031,615	1,185,594	1,107,249	405,905	1,014,868	232,344	12,219,830
Federal Revenue	4,499,385	751,507	699,514	719,830	329,625	689,565	476,348	8,165,774
Other Local Revenue	15,345,611	-	2,699	5,139	921,405	5,156	13,922	16,293,932
Contributions	6,163,339	41,099	48,993	42,673	44,518	52,011	407,652	6,800,285
Amounts Released from Restriction	41,763	-	-	-	-	-	-	41,763
Total Unrestricted Revenues	62,102,528	6,117,356	7,377,380	7,784,660	3,945,050	7,141,893	3,558,003	98,026,870
EXPENSES								
Program Expenses:								
Educational Programs	34,913,970	5,336,437	5,674,696	6,175,565	2,992,471	5,332,932	2,651,731	63,077,802
Supporting Services:								
Site Supports and Program Development	12,441,682	-	-	-	-	-	-	12,441,682
Administration and General	12,631,623	815,692	1,062,897	1,082,970	398,558	999,744	419,322	17,410,806
Total Supporting Services	25,073,305	815,692	1,062,897	1,082,970	398,558	999,744	419,322	29,852,488
Total Expenses	59,987,275	6,152,129	6,737,593	7,258,535	3,391,029	6,332,676	3,071,053	92,930,290
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	2,115,253	(34,773)	639,787	526,125	554,021	809,217	486,950	5,096,580
TEMPORARILY RESTRICTED NET ASSETS								
Amounts Released from Restriction	(41,763)	-	-	-	-	-	-	(41,763)
Contributions	100,000	-	-	-	-	-	-	100,000
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	58,237	-	-	-	-	-	-	58,237
INCREASE (DECREASE) IN NET ASSETS	2,173,490	(34,773)	639,787	526,125	554,021	809,217	486,950	5,154,817
Net Assets - Beginning of Year	22,495,660	2,214,156	2,228,205	(68,496)	(815,362)	264,663	(542,378)	25,776,448
NET ASSETS - END OF YEAR	\$ 24,669,150	\$ 2,179,383	\$ 2,867,992	\$ 457,629	\$ (261,341)	\$ 1,073,880	\$ (55,428)	\$ 30,931,265

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2018

	From Page 2	Tennessee			Eliminations	RSED Total	Wisconsin	DC	Eliminations	Total
		RNNE	RUA	RPP						
UNRESTRICTED NET ASSETS										
REVENUES										
LCFF State Aid	\$ 39,238,901	\$ -	\$ -	\$ -	\$ -	\$ 39,238,901	\$ -	\$ -	\$ -	\$ 39,238,901
Apportionment Revenue	-	4,100,435	5,402,129	425,932	-	9,928,496	4,138,735	10,138,348	-	24,205,579
Property Taxes	15,266,385	-	-	-	-	15,266,385	-	-	-	15,266,385
Other State Revenue	12,219,830	-	-	13,553	-	12,233,383	73,416	2,210,386	-	14,517,185
Federal Revenue	8,165,774	566,570	664,405	673,459	-	10,070,208	1,065,681	1,815,858	-	12,951,747
Other Local Revenue	16,293,932	756,175	14,768	6,127	(12,055,555)	5,015,447	26,830	8,118	(2,076,782)	2,973,613
Contributions	6,800,285	4,474	-	100,000	-	6,904,759	131,854	970,245	-	8,006,858
Amounts Released from Restriction	41,763	-	-	-	-	41,763	32,550	596,325	-	670,638
Total Unrestricted Revenues	98,026,870	5,427,654	6,081,302	1,219,071	(12,055,555)	98,699,342	5,469,066	15,739,280	(2,076,782)	117,830,906
EXPENSES										
Program Expenses:										
Educational Programs	63,077,802	4,862,156	5,310,185	1,655,084	-	74,905,227	4,878,229	13,854,536	-	93,637,992
Supporting Services:										
Site Supports and Program Development	12,441,682	-	-	-	-	12,441,682	-	-	-	12,441,682
Administration and General	17,410,806	720,048	863,152	85,078	(12,055,555)	7,023,529	782,730	2,083,443	(2,076,782)	7,812,920
Total Supporting Services	29,852,488	720,048	863,152	85,078	(12,055,555)	19,465,211	782,730	2,083,443	(2,076,782)	20,254,602
Total Expenses	92,930,290	5,582,204	6,173,337	1,740,162	(12,055,555)	94,370,438	5,660,959	15,937,979	(2,076,782)	113,892,594
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	5,096,580	(154,550)	(92,035)	(521,091)	-	4,328,904	(191,893)	(198,699)	-	3,938,312
TEMPORARILY RESTRICTED NET ASSETS										
Amounts Released from Restriction	(41,763)	-	-	-	-	(41,763)	(32,550)	(596,325)	-	(670,638)
Contributions	100,000	-	-	-	-	100,000	347,296	165,000	-	612,296
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	58,237	-	-	-	-	58,237	314,746	(431,325)	-	(58,342)
INCREASE (DECREASE) IN NET ASSETS	5,154,817	(154,550)	(92,035)	(521,091)	-	4,387,141	122,853	(630,024)	-	3,879,970
Net Assets - Beginning of Year	25,776,448	(312,982)	(700,654)	(133,206)	-	24,629,606	(1,559,869)	(1,334,792)	-	21,734,945
NET ASSETS - END OF YEAR	<u>\$ 30,931,265</u>	<u>\$ (467,532)</u>	<u>\$ (792,689)</u>	<u>\$ (654,297)</u>	<u>\$ -</u>	<u>\$ 29,016,747</u>	<u>\$ (1,437,016)</u>	<u>\$ (1,964,816)</u>	<u>\$ -</u>	<u>\$ 25,614,915</u>

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS
YEAR ENDED JUNE 30, 2018

	California							Total Page 1
	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 772,487	\$ 515,633	\$ 29,754	\$ 164,794	\$ 440,137	\$ (73,654)	\$ 324,339	\$ 2,173,490
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:								
Depreciation	130,739	39,396	28,792	28,214	20,568	19,212	5,962	272,883
(Increase) Decrease in Operating Assets:								
Accounts Receivable	(605,567)	(118,693)	(90,709)	(86,901)	(130,392)	(341,732)	(33,451)	(1,407,445)
Grants Receivable	52,944	-	-	-	-	-	-	52,944
Prepaid Expenses and Deposits	131,129	(68,896)	6,428	(325,471)	(442)	(476,123)	(4,100)	(737,475)
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	432,577	12,201	41,536	38,012	80,127	134,024	110,016	848,493
Deferred Revenue	-	-	(1,963)	(1,975)	88,212	91,185	88,835	264,294
Deferred Rent Liability	-	30	84,653	(1,062)	75,104	-	67,113	225,838
Net Cash Flows from Operating Activities	<u>914,309</u>	<u>379,671</u>	<u>98,491</u>	<u>(184,389)</u>	<u>573,314</u>	<u>(647,088)</u>	<u>558,714</u>	<u>1,693,022</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	-	-	(5,409)	-	(70,706)	(78,285)	-	(154,400)
Net Cash Flows from Investing Activities	<u>-</u>	<u>-</u>	<u>(5,409)</u>	<u>-</u>	<u>(70,706)</u>	<u>(78,285)</u>	<u>-</u>	<u>(154,400)</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	(936,966)	(192,058)	99,948	135,100	203,520	459,792	155,625	(75,039)
Proceeds from Debt	200,000	-	-	-	-	-	-	200,000
Repayment of Debt	(1,300,000)	-	-	-	-	-	-	(1,300,000)
Net Cash Flows from Financing Activities	<u>(2,036,966)</u>	<u>(192,058)</u>	<u>99,948</u>	<u>135,100</u>	<u>203,520</u>	<u>459,792</u>	<u>155,625</u>	<u>(1,175,039)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,122,657)	187,613	193,030	(49,289)	706,128	(265,581)	714,339	363,583
Cash and Cash Equivalents - Beginning of Year	<u>3,421,526</u>	<u>858,833</u>	<u>2,580,790</u>	<u>1,110,771</u>	<u>2,620,874</u>	<u>611,871</u>	<u>1,360,071</u>	<u>12,564,736</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,298,869</u>	<u>\$ 1,046,446</u>	<u>\$ 2,773,820</u>	<u>\$ 1,061,482</u>	<u>\$ 3,327,002</u>	<u>\$ 346,290</u>	<u>\$ 2,074,410</u>	<u>\$ 12,928,319</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	<u>\$ 11,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,611</u>

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2018

	From Page 1	California						Total Page 2
		RSA	RSK	RFZ	RRWC	RRS	RFA	
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 2,173,490	\$ (34,773)	\$ 639,787	\$ 526,125	\$ 554,021	\$ 809,217	\$ 486,950	\$ 5,154,817
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:								
Depreciation	272,883	19,238	8,000	4,282	7,838	2,980	17,658	332,879
(Increase) Decrease in Operating Assets:								
Accounts Receivable	(1,407,445)	74,858	206,612	40,867	146,642	25,778	(426,217)	(1,338,905)
Grants Receivable	52,944	-	-	-	-	-	-	52,944
Prepaid Expenses and Deposits	(737,475)	12,546	(68,242)	8,448	24,669	(52,759)	11,304	(801,509)
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	848,493	(15,446)	21,929	(43,936)	(46,849)	(9,960)	(82,792)	671,439
Deferred Revenue	264,294	212,366	131,319	-	-	(181)	23,466	631,264
Deferred Rent Liability	225,838	61,835	(1)	151,729	(66,660)	(32,289)	-	340,452
Net Cash Flows from Operating Activities	1,693,022	330,624	939,404	687,515	619,661	742,786	30,369	5,043,381
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	(154,400)	-	-	-	-	-	(8,071)	(162,471)
Net Cash Flows from Investing Activities	(154,400)	-	-	-	-	-	(8,071)	(162,471)
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	(75,039)	100,785	119,690	107,956	(494,533)	135,547	219,322	113,728
Proceeds from Debt	200,000	-	-	-	-	-	-	200,000
Repayment of Debt	(1,300,000)	-	(62,512)	(62,512)	(83,328)	(124,996)	-	(1,633,348)
Net Cash Flows from Financing Activities	(1,175,039)	100,785	57,178	45,444	(577,861)	10,551	219,322	(1,319,620)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	363,583	431,409	996,582	732,959	41,800	753,337	241,620	3,561,290
Cash and Cash Equivalents - Beginning of Year	12,564,736	947,172	1,638,264	925,684	204,786	288,025	220,893	16,789,560
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,928,319</u>	<u>\$ 1,378,581</u>	<u>\$ 2,634,846</u>	<u>\$ 1,658,643</u>	<u>\$ 246,586</u>	<u>\$ 1,041,362</u>	<u>\$ 462,513</u>	<u>\$ 20,350,850</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	\$ 11,611	\$ -	\$ 117	\$ 105	\$ 658	\$ 2,292	\$ -	\$ 14,783

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – SCHOOLS (CONTINUED)
YEAR ENDED JUNE 30, 2018

	From Page 2	Tennessee			RSED Total	Wisconsin	D.C.	Total
		RNNE	RUA	RPP				
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 5,154,817	\$ (154,550)	\$ (92,035)	\$ (521,091)	\$ 4,387,141	\$ 122,853	\$ (630,024)	\$ 3,879,970
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:								
Depreciation	332,879	2,939	3,153	-	338,971	36	-	339,007
(Increase) Decrease in Operating Assets:								
Accounts Receivable	(1,338,905)	256,085	(355,780)	(1,573)	(1,440,173)	355,823	31,411	(1,052,939)
Grants Receivable	52,944	-	-	-	52,944	(608,532)	(351,129)	(906,717)
Prepaid Expenses and Deposits	(801,509)	(27,138)	24,091	121,245	(683,311)	(22,771)	33,950	(672,132)
Increase (Decrease) in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	671,439	(4,251)	54,008	(61,608)	659,588	139,645	1,212,642	2,011,875
Deferred Revenue	631,264	-	-	(100,000)	531,264	-	(29,942)	501,322
Deferred Rent Liability	340,452	(31,373)	179,882	-	488,961	32,861	1,665,012	2,186,834
Net Cash Flows from Operating Activities	5,043,381	41,712	(186,681)	(563,027)	4,335,385	19,915	1,931,920	6,287,220
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of Property, Plant, and Equipment	(162,471)	(5,125)	-	(35,102)	(202,698)	(20,255)	-	(222,953)
Net Cash Flows from Investing Activities	(162,471)	(5,125)	-	(35,102)	(202,698)	(20,255)	-	(222,953)
CASH FLOWS FROM FINANCING ACTIVITIES								
Intracompany Loans	113,728	(320,982)	504,636	85,078	382,460	365,846	(1,498,306)	(750,000)
Proceeds from Debt	200,000	-	-	-	200,000	-	-	200,000
Repayment of Debt	(1,633,348)	-	-	-	(1,633,348)	-	-	(1,633,348)
Net Cash Flows from Financing Activities	(1,319,620)	(320,982)	504,636	85,078	(1,050,888)	365,846	(1,498,306)	(2,183,348)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,561,290	(284,395)	317,955	(513,051)	3,081,799	365,506	433,614	3,880,919
Cash and Cash Equivalents - Beginning of Year	16,789,560	401,905	454,369	116,483	17,762,317	547,725	2,020,323	20,330,365
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 20,350,850</u>	<u>\$ 117,510</u>	<u>\$ 772,324</u>	<u>\$ (396,568)</u>	<u>\$ 20,844,116</u>	<u>\$ 913,231</u>	<u>\$ 2,453,937</u>	<u>\$ 24,211,284</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	\$ 14,783	\$ -	\$ -	\$ -	\$ 14,783	\$ -	\$ -	\$ 14,783

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

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF INSTRUCTIONAL MINUTES)
YEAR ENDED JUNE 30, 2018**

	2017-18 Minutes		Traditional Days	Status
	Requirement	Actual		
Kindergarten/Transitional Kindergarten				
RMS	36,000	55,145	178	In compliance
RSSP	36,000	63,240	180	In compliance
RLS	36,000	59,055	180	In compliance
ROMO	36,000	58,485	180	In compliance
RDP	36,000	66,825	180	In compliance
RBM	36,000	53,850	180	In compliance
RSA	36,000	63,225	180	In compliance
RSK	36,000	26,570	180	Not In compliance
RFZ	36,000	61,200	180	In compliance
RRWC	36,000	55,710	180	In compliance
RFA	36,000	54,840	180	In compliance
RRS	36,000	61,350	180	In compliance
Grade 1:				
RMS	50,400	55,080	178	In compliance
RSSP	50,400	64,545	180	In compliance
RLS	50,400	55,620	180	In compliance
ROMO	50,400	56,190	180	In compliance
RDP	50,400	56,520	180	In compliance
RBM	50,400	54,150	180	In compliance
RSA	50,400	60,030	180	In compliance
RSK	50,400	56,115	180	In compliance
RFZ	50,400	55,860	180	In compliance
RRWC	50,400	54,480	180	In compliance
RFA	50,400	54,840	180	In compliance
RRS	50,400	57,750	180	In compliance
Grade 2:				
RMS	50,400	54,915	178	In compliance
RSSP	50,400	70,425	180	In compliance
RLS	50,400	55,620	180	In compliance
ROMO	50,400	55,050	180	In compliance
RDP	50,400	59,460	180	In compliance
RBM	50,400	55,455	180	In compliance
RSA	50,400	61,665	180	In compliance
RSK	50,400	57,345	180	In compliance
RFZ	50,400	55,860	180	In compliance
RRWC	50,400	54,480	180	In compliance
RFA	50,400	54,840	180	In compliance
RRS	50,400	57,750	180	In compliance

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

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF INSTRUCTIONAL MINUTES – CALIFORNIA (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	2017-18 Minutes		Traditional Days	Status
	Requirement	Actual		
Grade 3:				
RMS	50,400	55,080	178	In compliance
RSSP	50,400	70,755	180	In compliance
RLS	50,400	55,620	180	In compliance
ROMO	50,400	55,050	180	In compliance
RDP	50,400	56,520	180	In compliance
RBM	50,400	57,015	180	In compliance
RSA	50,400	45,415	180	Not In compliance
RSK	50,400	33,890	180	Not In compliance
RFZ	50,400	56,520	180	In compliance
RRWC	50,400	55,950	180	In compliance
RFA	50,400	51,510	180	In compliance
RRS	50,400	58,485	180	In compliance
Grade 4:				
RMS	54,000	58,145	178	In compliance
RSSP	54,000	70,755	180	In compliance
RLS	54,000	55,620	180	In compliance
ROMO	54,000	58,320	180	In compliance
RDP	54,000	56,520	180	In compliance
RBM	54,000	57,015	180	In compliance
RSA	54,000	60,525	180	In compliance
RSK	54,000	58,815	180	In compliance
RFZ	54,000	56,520	180	In compliance
RRWC	54,000	37,230	180	Not In Compliance
RRS	54,000	60,855	180	In compliance
Grade 5:				
RMS	54,000	58,145	178	In compliance
RSSP	54,000	70,755	180	In compliance
RLS	54,000	55,620	180	In compliance
ROMO	54,000	58,320	180	In compliance
RDP	54,000	56,520	180	In compliance
RBM	54,000	57,585	180	In compliance
RSA	54,000	61,830	180	In compliance
RSK	54,000	62,190	180	In compliance
RFZ	54,000	56,850	180	In compliance
RRWC	54,000	55,950	180	In compliance

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

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF AVERAGE DAILY ATTENDANCE – CALIFORNIA
YEAR ENDED JUNE 30, 2018**

	Second		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades TK/K-3:				
RMS	370.13	370.80	368.66	369.93
RSSP	306.71	306.93	305.68	305.84
RLS	340.22	340.44	337.36	337.51
ROMO	412.32	414.55	411.77	413.59
RDP	351.87	352.34	349.86	350.43
RBM	393.88	394.32	390.96	391.44
RSA	322.17	323.20	322.34	323.08
RSK	434.74	437.09	433.63	437.88
RFZ	452.45	453.90	452.77	453.82
RRWC	172.62	172.84	172.36	172.63
RRS	473.38	473.38	471.17	471.39
RFA	268.30	269.76	274.33	274.78
Subtotal	<u>4,298.79</u>	<u>4,309.55</u>	<u>4,290.89</u>	<u>4,302.32</u>
Grades 4-6:				
RMS	172.56	173.69	172.94	173.78
RSSP	108.92	109.12	108.11	108.25
RLS	112.22	112.22	110.81	110.83
ROMO	137.25	137.77	137.30	137.62
RDP	120.91	120.91	120.88	120.93
RBM	145.82	145.86	144.46	144.51
RSA	165.95	166.18	164.48	164.64
RSK	133.84	134.44	132.52	133.26
RFZ	133.05	133.44	132.54	132.83
RRWC	82.45	82.65	81.23	81.37
RRS	58.33	58.33	58.57	58.57
Subtotal	<u>1,371.30</u>	<u>1,374.61</u>	<u>1,363.84</u>	<u>1,366.59</u>
Grand Total	<u><u>5,670.09</u></u>	<u><u>5,684.16</u></u>	<u><u>5,654.73</u></u>	<u><u>5,668.91</u></u>

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

	RMS	RSSP	RLS	ROMO	RDP	RBM
June 30, 2018 Annual Financial Report Fund Balances (Net Assets)	\$ 2,871,770	\$ 3,373,863	\$ 2,621,374	\$ 3,560,151	\$ 923,707	\$ 1,501,868
Increase (Decrease) of Fund Balance (Net Assets):						
Cash and cash equivalents	48,774	(34,063)	(16,806)	(64,329)	(23,707)	(27,857)
Accounts receivable	86,881	147,560	51,759	(134,397)	567,703	347,657
Prepaid expenses and deposits	437,996	(3,999)	323,298	-	600,499	(5,000)
Intracompany receivable	192,058	-	-	-	-	-
Property, plant & equipment, net	(299,496)	13,092	(28,214)	29,799	25,683	26,403
Accounts payable	133,161	55,906	(75,153)	123,017	(34,218)	(42,669)
Deferred revenue	-	-	-	70,706	59,551	-
Deferred rent liability	(446,996)	(1,952)	(88,275)	(12,875)	180,554	(26,401)
Intracompany payable	-	(88,306)	(135,100)	(203,520)	(1,798,494)	(155,625)
Net Adjustments and Reclassifications	152,378	88,238	31,509	(191,599)	(422,429)	116,508

June 30, 2018 Audited Financial Statement Fund Balances (Net Assets)	\$ 3,024,148	\$ 3,462,101	\$ 2,652,883	\$ 3,368,552	\$ 501,278	\$ 1,618,376
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	RSA	RSK	RFZ	RRWC*	RRS	RFA*
June 30, 2018 Annual Financial Report Fund Balances (Net Assets)	\$ 2,293,918	\$ 3,077,361	\$ 324,015	\$ 198,956	\$ 886,756	\$ (575,392)
Increase (Decrease) of Fund Balance (Net Assets):						
Cash and cash equivalents	4,552	(72,398)	(29,825)	74,240	(85,693)	105,186
Accounts receivable	(33,304)	(132,100)	193,983	76,613	128,987	318,224
Prepaid expenses and deposits	(4,544)	362,089	(4,000)	(4,297)	67,666	(4,125)
Property, plant & equipment, net	22,918	232	1	16,328	-	(8,116)
Accounts payable	5,374	118,587	81,411	(248)	149,029	492,761
Deferred revenue	-	-	-	-	181	529,056
Current portion of loans payable	-	-	-	(41,668)	-	(62,500)
Accrued interest	-	-	(3,844)	(3,055)	(2,522)	(2,522)
Deferred rent liability	(8,746)	(366,089)	103,844	-	-	-
Intracompany payable	(100,785)	(119,690)	(107,956)	(475,000)	(135,547)	(583,967)
Loans payable	-	-	(100,000)	(103,210)	65,023	(264,033)
Net Adjustments and Reclassifications	(114,535)	(209,369)	133,614	(460,297)	187,124	519,964

June 30, 2018 Audited Financial Statement Fund Balances (Net Assets)	\$ 2,179,383	\$ 2,867,992	\$ 457,629	\$ (261,341)	\$ 1,073,880	\$ (55,428)
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*RRWC and RFA reported their unaudited actuals on the modified accrual basis of accounting and some of the variances shown are a result of the audited consolidated financial statements presented on the accrual basis of accounting.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA	Total Page
U.S. Department of Education											
Pass Through Program From:											
California Department of Education											
Title I, Part A, Basic Grants											
Low-Income and Neglected											
	84.010	14329	\$ -	\$ 248,620	\$ 157,962	\$ 222,906	\$ 223,376	\$ 198,373	\$ 232,491	\$ 221,474	\$ 1,505,202
Metro Nashville Public Schools											
Title I, Part A, Basic Grants											
Low-Income and Neglected											
	84.010	N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction											
Title I, Part A, Basic Grants											
Low-Income and Neglected											
	84.010	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education											
Title I, Part A, Basic Grants											
Low-Income and Neglected											
	84.010	N/A	-	-	-	-	-	-	-	-	-
Title I, Part A, Basic Grants											
<i>Low-Income and Neglected Totals</i>											
			-	248,620	157,962	222,906	223,376	198,373	232,491	221,474	1,505,202
Pass Through Program From:											
California Department of Education											
Title II											
	84.367	14341	-	28,589	24,599	23,938	26,378	21,845	26,972	24,295	176,616
Metro Nashville Public Schools											
Title II											
	84.367	N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction											
Title II											
	84.367	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education											
Title II											
	84.367	N/A	-	-	-	-	-	-	-	-	-
Title II Totals											
			-	28,589	24,599	23,938	26,378	21,845	26,972	24,295	176,616

N/A – Not Available

ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Wisconsin	DC	Federal Expenditures
U.S. Department of Education												
Pass Through Program From:												
California Department of Education												
Title I, Part A, Basic Grants												
Low-Income and Neglected	84.010	14329	\$ 1,505,202	\$ 191,526	\$ 196,936	\$ 94,289	\$ 143,898	\$ 104,269	\$ -	\$ -	\$ -	\$ 2,236,120
Metro Nashville Public Schools												
Title I, Part A, Basic Grants												
Low-Income and Neglected	84.010	N/A	-	-	-	-	-	-	379,359	-	-	379,359
Wisconsin Department of Public Instruction												
Title I, Part A, Basic Grants												
Low-Income and Neglected	84.010	N/A	-	-	-	-	-	-	-	268,533	-	268,533
DC State Board of Education												
Title I, Part A, Basic Grants												
Low-Income and Neglected	84.010	N/A	-	-	-	-	-	-	-	-	464,463	464,463
Low-Income and Neglected Totals												
			1,505,202	191,526	196,936	94,289	143,898	104,269	379,359	268,533	464,463	3,348,475
Pass Through Program From:												
California Department of Education												
Title II												
	84.367	14341	176,616	24,143	24,780	12,355	17,623	14,269	-	-	-	269,786
Metro Nashville Public Schools												
Title II												
	84.367	N/A	-	-	-	-	-	-	23,327	-	-	23,327
Wisconsin Department of Public Instruction												
Title II												
	84.367	N/A	-	-	-	-	-	-	-	31,399	-	31,399
DC State Board of Education												
Title II												
	84.367	N/A	-	-	-	-	-	-	-	-	97,908	97,908
Title II Totals												
			176,616	24,143	24,780	12,355	17,623	14,269	23,327	31,399	97,908	422,420

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	RSN	RMS	RSP	RLS	ROMO	RDP	RBM	RSA	Total Page
Pass Through Program From:											
California Department of Education											
Title III - Immigrant Education Program	84.365	15146	\$ -	\$ 892	\$ -	\$ -	\$ -	\$ 555	\$ -	\$ -	\$ 1,447
Title III - Limited English Proficiency	84.365	14356	-	30,784	21,766	26,534	29,618	28,711	35,241	26,534	199,188
Wisconsin Department of Public Instruction											
Title III	84.365	N/A	-	-	-	-	-	-	-	-	-
Title III Totals			-	31,676	21,766	26,534	29,618	29,266	35,241	26,534	200,635
Pass Through Program From:											
U.S. Department of Education											
DC State Board of Education											
Title IV	84.027A	N/A	-	-	-	-	-	-	-	-	-
Title IV Totals			-	-	-	-	-	-	-	-	-
Pass Through Program From:											
U.S. Department of Education											
Charter School Program Cluster	84.282M	N/A	293,775	-	-	-	-	-	-	-	293,775
			293,775	-	-	-	-	-	-	-	293,775
Pass Through Program From:											
U.S. Department of Education											
Special Education IDEA											
Special Education IDEA	84.027	13379	-	76,387	65,659	64,366	75,353	62,298	78,455	105,116	527,634
Metro Nashville Public Schools											
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction											
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education											
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	-	-	-
Special Education IDEA Totals			-	76,387	65,659	64,366	75,353	62,298	78,455	105,116	527,634
Pass Through Program From:											
Wisconsin Department of Public Instruction											
Special Education IDEA Preschool	84.173	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education											
Special Education IDEA Preschool	84.173	N/A	-	-	-	-	-	-	-	-	-
Special Education IDEA Preschool Totals			-	-	-	-	-	-	-	-	-
Special Education Cluster			-	76,387	65,659	64,366	75,353	62,298	78,455	105,116	527,634
Total U.S Department of Education			293,775	385,272	269,986	337,744	354,725	311,782	373,159	377,419	2,703,862

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Wisconsin	DC	Federal Expenditures
Pass Through Program From:												
California Department of Education												
Title III - Immigrant Education Program	84.365	15146	\$ 1,447	\$ 555	\$ -	\$ -	\$ 675	\$ -	\$ -	\$ -	\$ -	\$ 2,677
Title III - Limited English Proficiency	84.365	14356	199,188	28,504	25,264	21,559	27,882	18,346	-	-	-	320,743
Wisconsin Department of Public Instruction												
Title III	84.365	N/A	-	-	-	-	-	-	-	44,410	-	44,410
Title III Totals			200,635	29,059	25,264	21,559	28,557	18,346	-	44,410	-	367,830
Pass Through Program From:												
U.S. Department of Education												
DC State Board of Education												
Title IV	84.027A		-	-	-	-	-	-	-	10,000	10,000	20,000
Title IV Totals			-	-	-	-	-	-	-	10,000	10,000	20,000
Pass Through Program From:												
U.S. Department of Education												
Charter School Program Cluster	84.282M	N/A	293,775	-	-	-	108,470	160,502	655,825	124,945	803,107	2,146,624
			293,775	-	-	-	108,470	160,502	655,825	124,945	803,107	2,146,624
Pass Through Program From:												
U.S. Department of Education												
Special Education IDEA												
84.027	84.027	13379	527,634	76,387	80,393	37,353	60,101	16,027	-	-	-	797,895
Metro Nashville Public Schools												
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	134,607	-	-	134,607
Wisconsin Department of Public Instruction												
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	-	96,458	-	96,458
DC State Board of Education												
Special Education IDEA	84.027	N/A	-	-	-	-	-	-	-	-	124,754	124,754
Special Education IDEA Totals			527,634	76,387	80,393	37,353	60,101	16,027	134,607	96,458	124,754	1,153,714
Pass Through Program From:												
Wisconsin Department of Public Instruction												
Special Education IDEA Preschool	84.173	N/A	-	-	-	-	-	-	-	11,638	-	11,638
DC State Board of Education												
Special Education IDEA Preschool	84.173	N/A	-	-	-	-	-	-	-	-	4,078	4,078
Special Education IDEA Preschool Totals			-	-	-	-	-	-	-	11,638	4,078	15,716
Special Education Cluster												
			527,634	76,387	80,393	37,353	60,101	16,027	134,607	108,096	128,832	1,169,430
Total U.S Department of Education			2,703,862	321,115	327,373	165,556	358,649	313,413	1,193,118	587,383	1,504,310	7,474,779

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

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	RSN	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA	Total Page
U.S. Department of Agriculture:											
Pass Through Program From											
California Department of Education											
National School Lunch Program	10.555	N/A	\$ -	\$ 198,817	\$ 154,286	\$ 194,504	\$ 209,338	\$ 173,642	\$ 174,179	\$ 199,982	\$ 1,304,748
Metro Nashville Public Schools											
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction											
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education											
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	-
National School Lunch Program Totals			-	198,817	154,286	194,504	209,338	173,642	174,179	199,982	1,304,748
California Department of Education											
School Breakfast Program	10.553	N/A	-	168,285	129,341	140,436	164,097	147,944	146,366	144,800	1,041,269
NSLP Commodities	10.553	N/A	-	27,634	23,645	26,280	28,061	21,366	28,275	26,565	181,826
Metro Nashville Public Schools											
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	-
Wisconsin Department of Public Instruction											
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	-
Donated Commodities - Noncash	10.555	N/A	-	-	-	-	-	-	-	-	-
DC State Board of Education											
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	-
School Breakfast Program and Commodities Totals			-	195,919	152,986	166,716	192,158	169,310	174,641	171,365	1,223,095
Child Nutrition Cluster			-	394,736	307,272	361,220	401,496	342,952	348,820	371,347	2,527,843
Total U.S. Department of Agriculture:			-	394,736	307,272	361,220	401,496	342,952	348,820	371,347	2,527,843
U.S. Department of Health and Human Services:											
Pass Through Program From											
California Department of Education:											
Medicaid	93.778	N/A	-	2,741	2,741	2,741	2,741	2,741	2,741	2,741	19,187
Pass Through Program From											
Wisconsin Department of Health Services:											
Medical Assistance Program	93.778	N/A	-	-	-	-	-	-	-	-	-
Total U.S. Department of Health and Human Services			-	2,741	2,741	2,741	2,741	2,741	2,741	2,741	19,187
Total Federal Expenditures			\$ 293,775	\$ 782,749	\$ 579,999	\$ 701,705	\$ 758,962	\$ 657,475	\$ 724,720	\$ 751,507	\$ 5,250,892

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	PTID	Total Previous Page	RSK	RFZ	RRWC	RRS	RFA	Tennessee	Wisconsin	DC	Federal Expenditures
U.S. Department of Agriculture:												
Pass Through Program From												
California Department of Education												
National School Lunch Program	10.555	N/A	\$ 1,304,748	\$ 192,679	\$ 207,202	\$ 74,856	\$ 199,433	\$ 99,280	\$ -	\$ -	\$ -	\$ 2,078,198
Metro Nashville Public Schools												
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	412,637	-	-	412,637
Wisconsin Department of Public Instruction												
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	276,173	-	276,173
DC State Board of Education												
National School Lunch Program	10.555	N/A	-	-	-	-	-	-	-	-	201,541	201,541
National School Lunch Program Totals			<u>1,304,748</u>	<u>192,679</u>	<u>207,202</u>	<u>74,856</u>	<u>199,433</u>	<u>99,280</u>	<u>412,637</u>	<u>276,173</u>	<u>201,541</u>	<u>2,968,549</u>
California Department of Education												
School Breakfast Program	10.553	N/A	1,041,269	152,283	153,955	75,425	107,020	56,633	-	-	-	1,586,585
NSLP Commodities												
	10.553	N/A	181,826	30,696	28,559	12,392	21,722	5,626	-	-	-	280,821
Metro Nashville Public Schools												
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	298,679	-	-	298,679
Wisconsin Department of Public Instruction												
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	173,978	-	173,978
Donated Commodities - Noncash												
	10.553	N/A	-	-	-	-	-	-	-	21,647	-	21,647
DC State Board of Education												
School Breakfast Program	10.553	N/A	-	-	-	-	-	-	-	-	110,007	110,007
School Breakfast Program and Commodities Totals			<u>1,223,095</u>	<u>182,979</u>	<u>182,514</u>	<u>87,817</u>	<u>128,742</u>	<u>62,259</u>	<u>298,679</u>	<u>195,625</u>	<u>110,007</u>	<u>2,471,717</u>
Child Nutrition Cluster			<u>2,527,843</u>	<u>375,658</u>	<u>389,716</u>	<u>162,673</u>	<u>328,175</u>	<u>161,539</u>	<u>711,316</u>	<u>471,798</u>	<u>311,548</u>	<u>5,440,266</u>
Total U.S. Department of Agriculture:			<u>2,527,843</u>	<u>375,658</u>	<u>389,716</u>	<u>162,673</u>	<u>328,175</u>	<u>161,539</u>	<u>711,316</u>	<u>471,798</u>	<u>311,548</u>	<u>5,440,266</u>
U.S. Department of Health and Human Services:												
Pass Through Program From												
California Department of Education:												
Medicaid	93.778	N/A	19,187	2,741	2,741	1,396	2,741	1,396	-	-	-	30,202
Pass Through Program From												
Wisconsin Department of Health Services:												
Medical Assistance Program	93.778	N/A	-	-	-	-	-	-	-	6,500	-	6,500
Total U.S. Department of Health and Human Services			<u>19,187</u>	<u>2,741</u>	<u>2,741</u>	<u>1,396</u>	<u>2,741</u>	<u>1,396</u>	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>36,702</u>
Total Federal Expenditures			<u>\$ 5,250,892</u>	<u>\$ 699,514</u>	<u>\$ 719,830</u>	<u>\$ 329,625</u>	<u>\$ 689,565</u>	<u>\$ 476,348</u>	<u>\$ 1,904,434</u>	<u>\$ 1,065,681</u>	<u>\$ 1,815,858</u>	<u>\$ 12,951,747</u>

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

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

PURPOSE OF SCHEDULES

NOTE 1 CONSOLIDATING STATEMENTS

These statements provide detailed financial information of each charter school.

NOTE 2 SCHEDULE OF INSTRUCTIONAL MINUTES - 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 (ADA) - CALIFORNIA

Average daily attendance is a measurement of the number of pupils attending classes of Rocketship Schools in California. 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, 2018. 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). 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.

ROCKETSHIP EDUCATION AND ITS AFFILIATES
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 6 INDIRECT COST RATE

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

**INDEPENDENT AUDITOR'S 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 and its Affiliates
Redwood City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Rocketship Education and its Affiliates (RSEA), which comprise the consolidated statement of financial position as of June 30, 2018, 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 January 30, 2019.

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) to determine the 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs (see Finding 2018-001), we identified certain deficiencies in internal control that we consider to be a material weakness as well as (see Finding 2018-003) certain deficiencies in internal control that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RSEA’s financial statements are free of 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 determination of financial statement amounts. 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*.

The School’s Response to Findings

The School’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
January 30, 2019

**INDEPENDENT AUDITOR'S 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 and its Affiliates
Redwood City, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of Rocketship Education and its Affiliates (RSEA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. RSEA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of RSEA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RSEA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of RSEA's compliance.

Opinion on Each Major Federal Program

In our opinion, RSEA complied, in all material respects, with the types of 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, 2018.

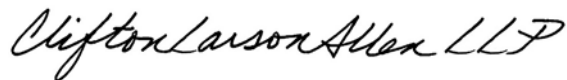
Report on Internal Control Over Compliance

Management of RSEA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered RSEA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RSEA's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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
January 30, 2019

INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE - CALIFORNIA

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

We have audited Rocketship Education and its Affiliates’ (RSEA) compliance with the types of compliance requirements described in the *2017-2018 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, 2018. RSEA’s State compliance requirements are identified in the table below.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on RSEA’s compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the RSEA’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of RSEA’s compliance.

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:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
Before/After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	No ¹
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Yes

¹ We did not perform testing for independent study because the independent study ADA was under the level which requires testing.

Opinion on State Compliance

In our opinion, RSEA complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2018.

Other Matters


The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and which are described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-004. Our opinion on each state program is not modified with respect to these matters.

The Organization’s Response to Findings

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

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
January 30, 2019

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

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? X yes no
 - Significant deficiency(ies) identified? X yes none reported
3. Noncompliance material to financial statements noted? yes X no

Federal Awards

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

Identification of Major Federal Programs

CFDA Number(s)

84.027
10.553, 10.555

Name of Federal Program or Cluster

Special Education IDEA
Child Nutrition Cluster

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

\$ \$750,000

Auditee qualified as low-risk auditee?

 yes X no

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

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
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

Finding 2018-001 – Internal Control Relating to Closing Process **30000**

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Criteria: Internal control processes should be followed throughout the year to ensure accurate financial information in accordance with Generally Accepted Accounting Principles.

Condition: Throughout the audit process, revisions to the trial balance were made by management to correct balances and transactions after the audit process began. The number of journal entries required indicates that internal control processes were not operating effectively throughout the fiscal year and that the closing process was not completed in a timely manner.

Effect: Potential errors in reporting account balances and risk that material errors may not be prevented or detected and corrected on a timely basis.

Cause: Month-end closing procedures were not sufficient to ensure correct balances at the time of the audit. The issue was caused by a change in accounting personnel.

Questioned Costs and Units: None.

Recommendation: We recommend RSED review its current internal control procedures related to month-end closings and to ensure it has adequate capacity to perform all functions of its internal control processes.

Corrective Action Plan: RSED has employed external consultants since May 2018 to improve and clarify its monthly close and to improve all accounting processes and controls. This has included additional resourcing, implementation and review of new closing checklists, and additional accounting system investments to support process. In addition, RSED has employed new senior accounting personnel to review activity and controls.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Section III – Findings and Questioned Costs – Major Federal Programs

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

Section IV – Findings and Questioned Costs – State Compliance

2018-002 – Teaching Credential 10000

Rocketship Redwood City Prep	#1736
Rocketship Spark Academy	#1526
Rocketship Alma Academy	#1394

Criteria: Education Code Section 47605(l) states that all teachers who are either providing classroom instruction, or who are authorized to provide classroom instruction, must possess a valid teaching credential issued from the California Commission on Teaching Credential (CCTC).

Condition: It was noted during testing that four teachers did not have valid credentials for the full period under review that resulting in an instructional minute deficiency.

Effect: Four teachers who provided classroom instruction were not credentialed for the entire period they were providing instruction.

Cause: Internal controls for tracking teacher credentials were insufficient to ensure compliance.

Questioned Costs and Units: Due to disallowed instructional time from non-credentialed teachers, RSED had an instructional minutes finding at 2018-004. See this finding for questioned costs.

Recommendation: It is recommended that RSED review its process for verifying teacher credentials and modify it accordingly to avoid any lapse in teaching credential periods.

Corrective Action Plan: As of May 2018, RSED has implemented a plan with several elements to ensure all teachers have required credentials. This includes the addition of specific Credential Analyst staff with responsibility for monitoring and testing for credential accuracy. Other steps include: utilizing human resources software to track teacher credential status and needs; monitoring compliance and upcoming renewals on a weekly basis; increasing communication and support to teachers with upcoming renewals and implementing of mandatory summer credentialing professional development sessions. As a result, per RSED's corrective actions all required teachers in 2018/19 have credentials in place. RSED management has also requested that the auditors perform a full review of all California teacher's credentialing for the audit year ending 06/30/2019.

2018-003 – Teaching Credential – Wisconsin Charter Schools 10000

Criteria: Under §118.40 (2r)(d), Wisconsin Statutes, a charter school shall ensure all instructional staff hold a valid license or permit to teach issued by the department.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Condition: RSED employed a special education individual who taught outside the license grade range issued by the department. The individual is licensed to teach students in K5 – 5th grade; however, the individual supported a K4 student.

Cause: RSED did not follow up to verify the employee had the proper license.

Effect: RSED is not in compliance with Wisconsin state statutes.

Identification of a Repeat Finding: This is a repeat finding. See 2017-001.

Recommendation: We recommend RSCP verify that all staff have an appropriate license within the grade range they are teaching.

Corrective Action Plan: The Organization will ensure that all instructional staff hold a valid license or permit within the grade range they are teaching. A new staff member has been hired for FY18-19 to specifically focus on monthly review of licensing and credentialing.

2018-004 – Instructional Minutes

40000

Rocketship Redwood City Prep	#1736
Rocketship Spark Academy	#1526
Rocketship Alma Academy	#1394

Criteria: Pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5, minimum instructional minutes required by grade are as follows: 36,000 for grades TK-K, 50,400 for grades 1-3, and 54,000 for grades 4-5.

Condition: Due to finding 2018-002, some instructional minutes were disallowed that led to the three sites listed at the beginning of this section offering insufficient instructional time.

Effect: After disallowing core instruction minutes for the teachers in question, the total instructional minutes to the amounts shown in the Schedule of Instructional Minutes – California. This resulted in non-compliance with the instructional minute minimum requirement.

Cause: Instructional time under non-credentialed teachers were subtracted from the total instructional minutes, which resulted in the shortage of instructional minutes.

Questioned Costs and Units: The questioned cost generated from not meeting the annual minutes per site is as follows, determined using the penalty calculation worksheet from the California Department of Education:

- Rocketship Redwood City Prep - \$117,626
- Rocketship Spark Academy - \$238,295
- Rocketship Alma Academy - \$46,169

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

2018-004 – Instructional Minutes (continued)

40000

Recommendation: It is recommended that a process for annually verifying teaching credentials for all teachers be established along with a method to keep track of credentials to avoid instructional minutes being affected.

Corrective Action Plan: See corrective action plan for finding 2018-002.

**ROCKETSHIP EDUCATION AND ITS AFFILIATES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

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.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS—STATE COMPLIANCE

2017-001 – Special Education Ineligible Staff

Condition: RSCP employed a special education individual that taught outside the license grade range issued by the department.

Status: See current year finding 2018-003.

Reason for finding's recurrence: See current year finding 2018-003.

Corrective Action: See current year finding 2018-003.

RPS National Organizational Chart

National Governing Board of Directors

CEO

Chief Financial Officer

Finance & Accounting (17)

Facilities & Capital Finance (2)

Legal (2)

Chief Talent & Strategy Officer

Talent Recruitment (9)

Talent Development (4)

Talent Operations (6)

HR/Culture (4)

Strategy & Scalability (3)

Analytics (5)

Chief Growth & Community Engagement Officer

Regional Community Engagement (9)

Family Recruitment (6)

Parent Leadership (6)

VP of Marketing & Communications

Marketing & Communications (5)

Development (2)

VP of Operations

National Operations (3)

IT Solutions (1)

Compliance (2)

Achievement (12)

Humanities

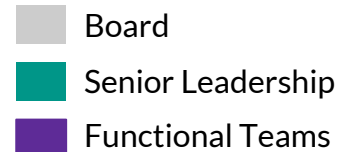
STEM

Personalized Learning

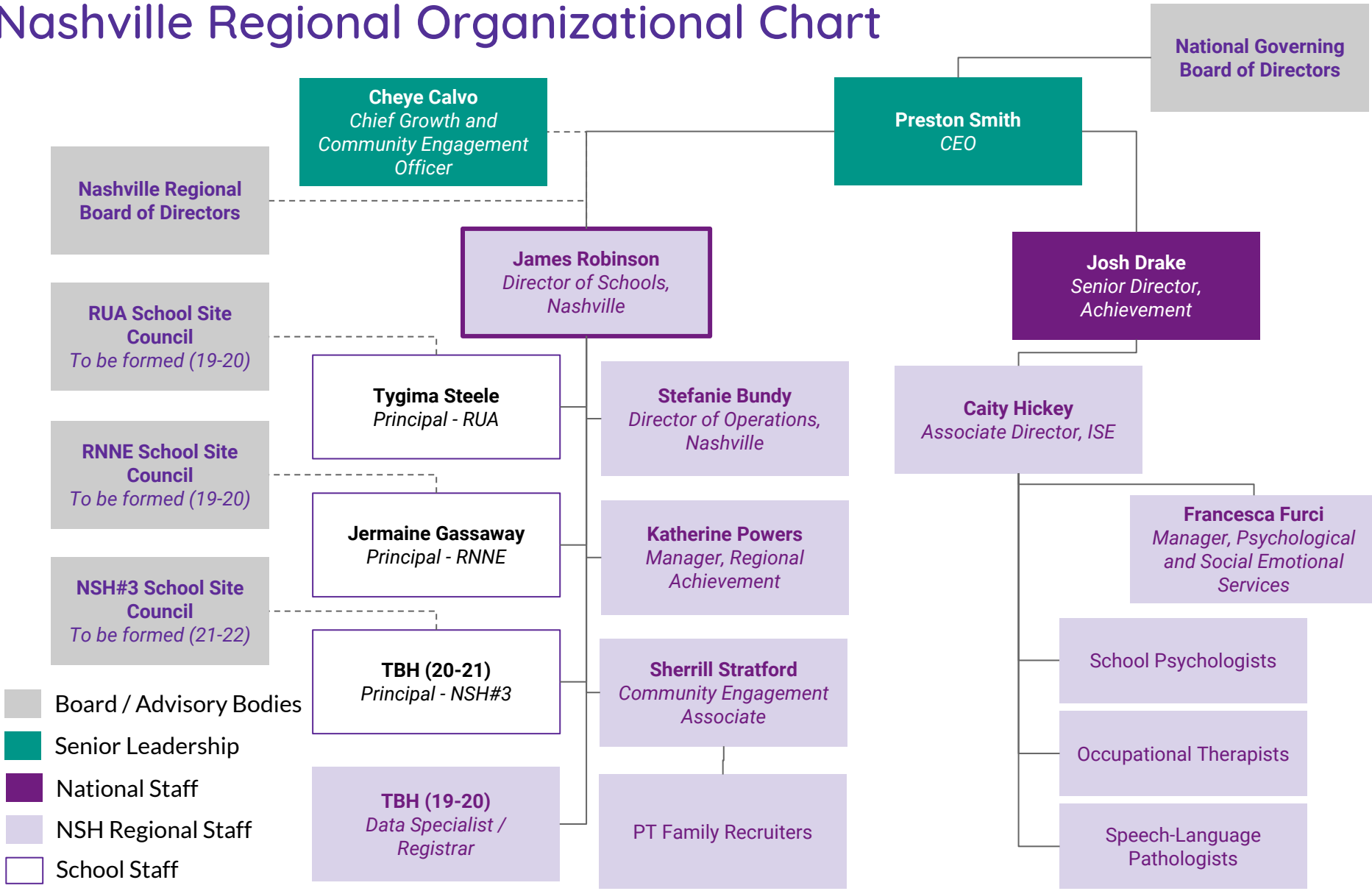
ISE

School Leadership (13)

Regional Ops (5)



Nashville Regional Organizational Chart



- Board / Advisory Bodies
- Senior Leadership
- National Staff
- NSH Regional Staff
- School Staff

Note: We have invested in building our regional team in Nashville and believe we have the right foundation in place. As we continue to grow schools in Tennessee, we will grow our regional team accordingly. In 2019-20 we are looking to add a Data Specialist / Registrar and, as detailed in Section 2.15, in the following years we intend to layer in additional roles and supports including a Director of Development and Speech-Language Pathologists. Please see Section 2.12 for a discussion of roles and responsibilities.

Attachment P: Budget Narrative

Please find as Attachment O a detailed budget for the Rocketship Nashville #3 Elementary School (NSH3). The following narrative details assumptions and revenue estimates.

STUDENTS: ENROLLMENT, DEMOGRAPHICS, AND AVERAGE DAILY ATTENDANCE

Enrollment and Demographics

Revenues for NSH3 will depend on the number of students enrolled and their demographics. The proposed school, NSH3, will open in 2021-22 with 456 students enrolled across five grades (K-4). Our first Nashville school, Rocketship Nashville Northeast, exceeded this target in its first year. Each year, we will continue to add additional cohorts of students to reach full enrollment of 560 students in 2025-26.

Based on the demographics of schools in the Antioch and Can Ridge clusters and Rocketship United Academy (RUA), our current school in South Nashville, we assume the following demographics:

- 40% English learners (ELs) in K-4th
- 75% Free and reduced-price lunch (FRL)
- 10% Special Education (SPED)

Attendance

Average Daily Attendance (ADA) is the aggregate attendance of a school during a reporting period divided by the number of days school is in session during this period. ADA is used to calculate many revenue sources. Historical averages at Rocketship schools have been approximately 95%. To allow for conservatism, this budget assumes a 93% average daily attendance rate.

Table A: Enrollment & ADA

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	<i>Year 0</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
Enrollment & ADA						
Projected Enrollment by Grade						
Kindergarten	-	-	-	-	-	-
1st Grade	-	112	112	112	112	112
2nd Grade	-	112	112	112	112	112
3rd Grade	-	60	100	100	112	112
4th Grade	-	60	60	100	112	112
5th Grade	-	-	-	-	-	-
Total	-	456	496	536	560	560
Average Daily Attendance						
ADA %	0%	93%	93%	93%	93%	93%
Total	-	424	461	498	521	521

REVENUES

Summary of State Revenue

Factoring in all revenues at the school, per-pupil funding will be around \$12,600/ADA at NSH3. Please note Federal Funding in Year 1 has slight increase due to Federal Startup Grant and Private Startup Grants. State revenue streams provide the largest source of funding, constituting over 80% of charter school funding in Tennessee. All revenues are monitored throughout the year as funding estimates are refined and recalculated.

Table B: Summary of Projected Revenues

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Summary of Revenue Programs (Thousands)						
State Revenue	-	\$4,392	\$4,777	\$5,163	\$5,394	\$5,394
Federal Revenue	\$180	\$1,039	\$814	\$759	\$793	\$793
Local Revenue	-	\$11	\$10	\$11	\$11	\$11
Philanthropy	\$20	\$450	\$400	\$350	-	-
Total Revenues	\$200	\$5,892	\$6,001	\$6,282	\$6,198	\$6,198
% of State Revenues	-	74.5%	79.6%	82.2%	87.0%	87.0%
Revenues per ADA		\$13,893	\$13,010	\$12,603	\$11,900	\$11,900

Revenues

State revenues are estimated based on the Basic Education Program (with Transportation). The projections assume per-pupil state aid of \$10,357 per student for K-4th grade, which includes transportation revenue. Federal revenues including Startup Grant (Department of Education Charter School Program-CSP) are estimated based on the specific programs detailed below.

Table C: Projected State & Federal Revenues

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
State Revenues (Thousands)						
Basic Education Program (with Transportation)	-	\$4,392	\$4,777	\$5,163	\$5,394	\$5,394
	-	-	-	-	-	-
Total State Revenue	-	\$4,392	\$4,777	\$5,163	\$5,394	\$5,394

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Federal Revenues (Thousands)						
Title I	-	\$199	\$216	\$234	\$244	\$244
Title II	-	-	-	-	-	-
Title III	-	-	-	-	-	-
Federal Startup Grant (CSP)	\$180	\$393	\$112	-	-	-
IDEA	-	\$157	\$171	\$185	\$193	\$193
National School Lunch Program	-	\$289	\$315	\$340	\$355	\$355
Total Federal Revenue	\$180	\$1,039	\$814	\$759	\$793	\$793

Title I

Title I funding is used to improve the academic achievement of economically disadvantaged students. The funding is calculated based on the number of students qualifying for free and reduced-price meals. We project \$625 per identified pupil.

Startup Grant (Department of Education Charter School Program-CSP)

In 2017, Rocketship Public Schools received a grant from the Department of Education Charter School Program (CSP) in the amount of \$12,582,678 to support the opening of new Rocketship schools through September 2022. Current projections indicate approximately \$393,000 of allowable reimbursable start-up expenses during the first year of operations at NSH3. The central team will work with school leaders to ensure that we are utilizing this fund to help start of school cost. We have mapped out two years of cross-functional milestones to ensure adherence to timeline and budget relating to our CSP grant. The grant budget and allocations per team is revisited on a quarterly basis to allow for changing circumstances and ensuring that funds are being used in a manner that is most appropriate and beneficial to the school.

Free and Reduced-Price Meal Eligibility

The federally funded National School Lunch Program provides free and reduced-price meals for lunch and breakfast to eligible students based on parent/guardian income levels. NSH3 provides universal breakfast to all of our students and is fully reimbursed by the USDA School Breakfast Program. For this budget, we assume that 75% of our students will be classified as “free” or “reduced” and the school will be eligible to receive federal reimbursements each day for lunch. For operational purposes, we project that 75% of all students take lunch, based on historical percentages. Additional receipts from paid student meals are included in the budget as local revenue. Serving staff expenses are included in classified salaries and benefits.

EXPENSES

Summary of Expenses

The projected expenditures through 2025-26 are shown below and are followed by a summary of assumptions.

Table E: Summary of Projected Expenses

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Summary of Projected Expenses (Thousands)						
Certificated Salaries	\$53	\$1,224	\$1,306	\$1,390	\$1,418	\$1,446
Classified Salaries	\$64	\$476	\$554	\$572	\$588	\$601
Employee Benefits	\$36	\$593	\$650	\$678	\$687	\$695
Total Compensation	\$153	\$2,293	\$2,510	\$2,640	\$2,693	\$2,742
Books & Supplies	\$16	\$567	\$317	\$323	\$326	\$326
Food Service	\$13	\$341	\$369	\$398	\$416	\$416
Other Operating Expenses	-	\$1,499	\$1,518	\$1,516	\$1,259	\$1,267
Professional Services	-	\$1,186	\$1,246	\$1,367	\$1,410	\$1,375
Interest & Capital Outlay	-	-	-	-	-	-
Total Non-Comp	\$29	\$3,593	\$3,450	\$3,604	\$3,410	\$3,383
Total Expenses	\$182	\$5,886	\$5,960	\$6,244	\$6,103	\$6,126

Salaries, Employee Benefits, and Staffing Model Summary

Approximately 40% of total expenses are due to compensation to ensure we have the appropriate staffing to serve our students, including our special education population. Total compensation costs (salary and benefits) remain relatively constant at approximately 40% of total expenditures after the continued expansion of the school until fully staffed in the 2025-26 school year. “Compensation” includes the salary costs of all staff, including those who work full-time and part-time. Compensation also incorporates all staff benefits including Social Security, state teachers’ retirement, Medicare, and workers’ compensation.

NSH3’s teacher staffing levels are based upon enrollment projections. In a traditional elementary school, if a teacher’s homeroom class is receiving services from another teacher, the homeroom teacher does not instruct another class of students. Because NSH3 teachers engage in a team approach, they are able to teach more than one class of students each day. In addition, our students spend a portion of their day in groups in the Learning Lab. By using a team approach in conjunction with the Learning Lab, Rocketship is able to have an overall school-wide ratio of certificated teachers to students between 34:1 and 36:1, while maintaining an actual classroom ratio of certificated teachers to students of around 28:1.

Rocketship's unique rotational model and approach to instruction, which includes students spending a portion of their day in the Learning Lab, allows for students to receive instruction in core academic subjects at student-teacher ratios of no more than 28:1. Using our Year 1 kindergarten class as an example, we will explain how these ratios are achieved.

Table A shows we will enroll 112 kindergarten students in Year 1. At any given time throughout the day, 28 of those students will be in the Learning Lab receiving additional practice in math and literacy at their current level of instruction through online learning, active reading, tutoring, and enrichment. We will hire three certificated Kindergarten teachers in Year 1. The remaining 84 students will be split between these three teachers, receiving instruction in core academic subjects. This results in a student-teacher ratio of 28:1.

To understand how this works in greater detail, it is helpful to take a closer look at the bell schedule. As described above, NSH3's 112 Kindergarteners will then be divided into four homerooms or cohorts of students ($112/4=28$), split across three credentialed teachers and the Learning Lab. Students rotate through classes, remaining with this same cohort throughout the entire day. The first cohort of kindergarteners will begin their day in Humanities class and are provided instruction at a 28:1 ratio with a credentialed teacher. This cohort of Rocketeers spends approximately 170 minutes in this classroom every day. At the same time, the second cohort of kindergarteners is also receiving instruction from a second credentialed teacher in a separate humanities classroom, again at a 28:1 ratio. Similar to the first cohort, they will spend 170 minutes in this classroom. The third cohort of kindergarteners is in the STEM class with the third credentialed teacher, again at a 28:1 student-teacher ratio. This cohort will spend 85 minutes in this class. The final cohort of kindergarteners are in the Learning Lab at a 28:1 ratio with an Individualized Learning Specialist (ILS), a highly-qualified tutor, that guides this class through online learning, tutoring, and active reading.

After 85 minutes, the third and fourth cohort of kindergarteners will then switch classroom spaces (the third cohort of students goes to the Learning Lab with the ILS and the fourth cohort of students goes to STEM). Again, they will remain in their same cohort and maintain the ratio of 28:1. This completes the first half of the school day for these students.

After completing these classes and 170 minutes of instruction, the entire grade level will then rotate. After this total of 170 minutes across the grade level, the first and second cohorts will then remain in their homerooms, but each will move to STEM and the other cohort will go to Learning Lab for their separate 85 minute blocks. The third and fourth cohorts will at that same time then rotate to their humanities classes and spend 170 minutes in these spaces with the same credentialed teachers that instructed the first and second cohorts of students at the beginning of the day.

It is through this 'rotational model' that NSH3 will be able to ensure that student-teacher ratios remain at a level of 28:1 throughout the school day as well as ensuring that students, teachers, and families are able to build deep relationships and learning communities by remaining with the same homeroom of students throughout the day and year. This rotational model also allows for teachers to be not only grade-level specialists, but subject experts.

The Rocketship instructional model employs a mix of qualified instructional staff including teachers and tutors (or "ILS") in each school. All of these positions are engaged in full-time student instruction, some providing group instruction in the classroom, and others providing personalized instruction, with students rotating to different subject areas during the day. This unique structure means that while instruction is being delivered, there are never more than 28 students working with a certificated teacher. In terms of ratios, as shown below in Table F, the

ratio of instructional staff to students is 22:1 at full enrollment. This table also shows the planned staffing levels across the school and Table G provides detailed staffing projections on a grade-by-grade basis.

Table F: Teacher - Instructional Staff Ratio

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	<i>Year 0</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
<i>Instructional Staff Ratio</i>						
Total Enrollment	-	456	496	536	560	560
Teachers	-	15	16	17	17	17
Tutors	-	4	5	5	5	5
Special Education Teachers	-	2	2	2	2	2
Para-Professionals	-	1	1	1	1	1
Total Instructional Staff	-	22	24	25	25	25
<i>Student : Instructional Staff Ratio</i>	-	21	21	21	22	22

At full enrollment in Year 4 of operations, teachers at NSH3 will be supported by a principal and two assistant principals. NSH3 will have support staff to assist with operations and tutors to assist with personalized learning within the Learning Lab. Additionally, in order to serve the special education demographics in NSH3’s target neighborhood, NSH3 will be staffed with 2 special education specialists and 1 paraprofessional from Year 1. Rocketship Public Schools will continue to monitor student needs throughout the year to determine the appropriate staffing. Caseload monitoring and evaluation is a service that is provided out of the central office.

The staffing tables associated with our financial projections are shown below.

Table G: Staffing Model

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Staffing Model						
Instructional Staff						
Teachers						
Kindergarten	-	3.0	3.0	3.0	3.0	3.0
1st Grade	-	3.0	3.0	3.0	3.0	3.0
2nd Grade	-	3.0	3.0	3.0	3.0	3.0
3rd Grade	-	2.0	3.0	3.0	3.0	3.0
4th Grade	-	2.0	2.0	3.0	3.0	3.0
EL	-	2.0	2.0	2.0	2.0	2.0
Special Education Specialists	-	2.0	2.0	2.0	2.0	2.0
Total Teachers	-	17.0	18.0	19.0	19.0	19.0
Tutors/Para-Professionals						
ILS/Tutors	-	4.0	5.0	5.0	5.0	5.0
Para-Professional	-	1.0	1.0	1.0	1.0	1.0
Total Tutors/Para-Professionals	-	5.0	6.0	6.0	6.0	6.0
Total Instructional Staff	-	22.0	24.0	25.0	25.0	25.0
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Staffing Model						
Non-Instructional Staff						
School Leaders						
Principal	0.5	1.0	1.0	1.0	1.0	1.0
Assistant Principal	-	2.0	2.0	2.0	2.0	2.0
Total School Leaders	0.5	3.0	3.0	3.0	3.0	3.0
Other Non-Instructional Staff						
Office Manager	0.5	1.0	1.0	1.0	1.0	1.0
Business Operations Manager	0.5	1.0	1.0	1.0	1.0	1.0
Enrichment Coordinators	-	2.0	3.0	3.0	3.0	3.0
Part-time Support Staff (Est. as FTE)	-	4.5	4.8	5.1	5.4	5.5
Total Other Non-Instructional Staff	1.0	8.5	9.8	10.1	10.4	10.5
Total Non-Instructional Staff	1.5	11.5	12.8	13.1	13.4	13.5
Total Instructional and Non-Instructional Staffing	1.5	33.5	36.8	38.1	38.4	38.5

The Office Manager is hired in the March prior to opening to assist in the start-up of the school, specifically with student recruitment. In addition, the Business Office Manager and Principal are hired prior to the start of school to establish the necessary operational infrastructure for the school opening in summer of 2021.

The average salary structure for key FTE staff positions is listed in Table H. The budget assumes an annual cost of living adjustment starting in Year 2 of operations of 2%. It should be noted, the projected total salary amounts also include part-time support staff costs.

Table H: Average Budgeted Salary by Position

	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 1	Year 2	Year 3	Year 4	Year 5
Average Budgeted Salary by Position					
Instructional Positions					
Teachers (incl. Special Ed Teachers)	\$56,055	\$57,176	\$58,320	\$59,486	\$60,676
Tutors/Para-Professionals	\$30,058	\$30,659	\$31,272	\$31,897	\$32,535
Non-Instructional Positions					
Principal	\$105,545	\$107,656	\$109,809	\$112,005	\$114,245
Assistant Principal	\$82,820	\$84,476	\$86,166	\$87,889	\$89,647
Office Manager	\$55,045	\$56,146	\$57,269	\$58,414	\$59,582
Business Operations Manager	\$73,730	\$75,205	\$76,709	\$78,243	\$79,808

Another major expense component is employee benefits. Within employee benefits, most benefits are statutory and are determined by either state or federal mandate and are based on current rate factors. Statutory benefits are cost factors applied to the salary factor. These benefits differ by type of employee (certificated and classified) and by the period of time they work (full-time, part-time, and hourly). NSH3’s employees participate in some combination of TN and Metro Nashville Retirement benefits, Social Security, Medicare, and workers’ compensation depending upon position. Other employee benefits include health care insurance for employees who are scheduled to work at least 30 hours per week.

Books, Supplies, and Food

Many of the core programming cost projections are based upon a per pupil allotment, such as food, instructional supplies, textbooks, and some assessments. With technology an innovative component of our school model, schools spend approximately \$20,000 on online-learning curricula each year for use in the learning labs. The online-learning program spending is captured in curriculum expenses. Chromebooks are projected based on new student enrollment and pre-determined life-cycle for existing equipment. The budget assumes a 3:1 student to Chromebook ratio, with a 33% breakage rate.

Table I: Books, Supplies, & Food

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Books & Supplies (Thousands)						
Curriculum	-	\$181	\$106	\$109	\$109	\$109
Instructional Supplies	-	\$33	\$32	\$33	\$33	\$33
Non-Instructional Supplies	-	\$107	\$104	\$106	\$107	\$107
Software Programs (Admin & Assessments)	-	\$80	\$21	\$22	\$23	\$23
Student Computer Equipment	-	\$53	\$22	\$22	\$22	\$22
Other Non-Cap. Equipment & Furniture	\$16	\$113	\$32	\$32	\$31	\$31
Total Books & Supplies	\$16	\$567	\$317	\$323	\$326	\$326
Food Service (Thousands)						
Student Food Services	\$13	\$341	\$369	\$398	\$416	\$416
Total Food Service	\$13	\$341	\$369	\$398	\$416	\$416

Other Discretionary Expenses

Many of the operating cost projections are based upon historical averages experienced at our Rocketship schools, such as transportation, communication costs, utilities, insurance, and copier lease costs. Costs for insurance are an enrollment-based allocation of Rocketship’s overall schools’ commercial insurance package.

Table J: Other Discretionary Expenses

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Other Operating Expenses (Thousands)						
Transportation	-	\$440	\$440	\$440	\$440	\$440
Travel & Conferences	-	\$4	\$5	\$5	\$5	\$5
Dues & Memberships	-	-	-	-	-	-
Communications	-	\$25	\$28	\$29	\$29	\$29
Insurance	-	\$11	\$12	\$13	\$14	\$14
Utilities	-	\$81	\$81	\$81	\$81	\$81
Copier Leases	-	\$15	\$15	\$15	\$15	\$15
Facility Maintenance & Repairs	-	\$10	\$25	\$20	\$28	\$36
Facility Lease Expense	-	\$912	\$913	\$913	\$647	\$647
Total Other Operating Expenses	-	\$1,499	\$1,518	\$1,516	\$1,259	\$1,267

Facilities

Traditional public schools have a significant cost advantage for facilities costs compared to charter schools for several reasons: (a) much of the facility cost for existing traditional public schools is based on schools that were built many years ago when the cost of land and building were significantly lower than the cost of land acquisition and construction that Rocketship schools are forced to pay today; (b) Rocketship is obligated to finance its own buildings and land, and is not permitted to access low-cost state financing like traditional public schools nor is it permitted to access additional sources like parcel taxes to offset costs; and (c) most of Rocketship's schools are built in high-density areas rather than on land that was previously used for other, less congested (e.g. agricultural) purposes.

Once Rocketship secures a permanent facility, the lease expense line item is determined based on a number of facility-related components including:

- Debt service, covering land acquisition and construction
- Ground leases, when required
- Taxes & insurance
- Maintenance and cap-ex reserves
- Property management fees

Rocketship budgets Facility Expenses based on lease payments determined by its real estate development partners based on the cost of each project. Both the Project Budget and the resulting Facility Expense are finalized and agreed to by all parties prior to project financing, and memorialized by an industry-standard lease document. The Facility Expense is comprised of normal and customary components of market rents including; project costs, property management fees, taxes, insurance, and reserves for replacement of capital items. This methodology results in market-based rents for Rocketship.

The projections model an annual lease expense of approximately \$912K. Lease expenses have been modeled to be similar to Rocketship's experience in constructing its Rocketship United Academy campus. After three years, we anticipate the buy out and refinancing of the original construction financing, which will lower the lease payments to \$647K.

Expenses in this next section are primarily based on preliminary negotiations with prospective service providers or based on historical amounts from Rocketship's operational schools. We make note of items below as needed to explain our budgeting assumptions.

Professional Service Expenses

Many of the professional services cost projections are based upon historical averages experienced at our other Rocketship schools.

Table K: Professional Service Expenses

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Professional Services (Thousands)						
Professional Development	-	\$49	\$50	\$51	\$51	\$51
SPED Consultants	-	\$133	\$158	\$200	\$119	\$119
Other Consultants	-	\$31	\$33	\$33	\$34	\$34
IT Support	-	\$50	\$25	\$25	\$60	\$25
Custodial Services	-	\$52	\$53	\$55	\$55	\$55
Health & Testing	-	\$21	\$26	\$26	\$26	\$26
Substitutes	-	\$22	\$24	\$25	\$25	\$25
Field Trips	-	\$23	\$11	\$23	\$23	\$23
Other Services	-	\$63	\$61	\$62	\$113	\$113
Authorizer Oversight	-	\$30	\$30	\$30	\$30	\$30
SPED Admin Fee	-	-	-	-	-	-
Central Office Allocation Fee	-	\$712	\$775	\$837	\$875	\$875
Total Professional Services	-	\$1,186	\$1,246	\$1,367	\$1,410	\$1,375

Professional Development

Professional development includes both certification costs and costs for other professional development for administrators, teachers, and staff. Professional development budget is strictly used to cover staff development costs.

Special Education Consultants

In developing this budget, we assumed a special education population of approximately 10%, reflective of Antioch and Cane Ridge’s student population. Special education consultant costs include all service provider costs. This includes psychological, speech language and occupational therapy services to NSH3’s students with Independent Education Plans (IEPs). School leaders also have an option to contract services provided by providers like Centerstone, but they are not limited to those providers. The central team will work with school leaders to determine if any additional support is required on campus. These costs are based on historical experience at Rocketship schools.

Substitute Teacher Costs

Teacher substitute provisions are included for both projected sick and personal leave days as well as for professional staff development leave. Ten days per year per teacher FTE are projected for all forms of leave. For each day of leave per teacher FTE, \$250 has been assumed for teacher

substitute provisions. Projections estimate substitutes will be needed for 30% of paid time off. Estimates are based off of historical experience at Rocketship’s existing schools.

Field Trips

Schools are budgeted \$5,500/grade for field trips; these costs have been projected based on historical experience at Rocketship schools.

Other Services

The budget line item for “Other Services” includes the following external expenses: certification, audit fees, security services, relocation costs, and parent and staff appreciation.

Authorizer Oversight Fee

Authorizer oversight is the fee charged by each charter authorizer. We assume 1% of general purpose revenue is budgeted for all our Rocketship schools in Tennessee.

Central Office Expense Allocation Fee and Network Services

Rocketship is focused on easing the administrative burden of our schools so they can focus exclusively on instruction and student achievement. We do this by centralizing a full range of school services that directly supports the operations of our schools, much like a school district supports the operations of the schools it supports. In addition, our Achievement Team and our Schools Team are part of Rocketship’s centralized Network Support Team. Those teams are charged with developing the instructional vision, supports, mentoring, and professional development of our school leaders and teacher across all schools. This centralized model provides more efficient and effective delivery of various support services. These centralized services include, but are not limited to

Programmatic Services:

- Curriculum & Assessment
- Instructional Leadership
- Recruitment
- Lottery Management
- Student Data Analysis
- Parent & Community Engagement

Operational Services:

- Payroll
- Accounting & Financial Reporting

- Procurement
- Human Resources
- Legal Support and IT Support
- Operational Policy Support
- Authorizer Relations

To cover the cost of these services listed above, the schools are charged 15% revenue which is transferred to the central office (Note: some reimbursed revenues are not included, i.e. lunch revenues).

Other Outgo and Transfers

Rocketship provides financial support to our schools in their startup years as they grow enrollment to achieve sustainability. Each year we will reevaluate the cash position to ensure NSH3 has the appropriate cash balance. In the event that a contingency is required, NSH3 will be able to rely on the RPS network to provide internal financial support through internal grants, internal loans, or the deferral of network service costs.

Have the schools in the network demonstrated success in raising student achievement levels by meeting/exceeding state and national standards for most students?									
Region	Assessment	Metric	School	Math			ELA		
				2016-17	2017-18	YoY Change	2016-17	2017-18	YoY Change
CA	CAASPP	% Met/Exceeded Standard	RMS	59%	62%	3%	47%	49%	2%
CA	CAASPP	% Met/Exceeded Standard	RSSP	52%	56%	4%	37%	37%	0%
CA	CAASPP	% Met/Exceeded Standard	RLS	51%	46%	-5%	37%	41%	4%
CA	CAASPP	% Met/Exceeded Standard	ROMO	61%	69%	8%	50%	61%	11%
CA	CAASPP	% Met/Exceeded Standard	RDP	49%	57%	8%	46%	45%	-1%
CA	CAASPP	% Met/Exceeded Standard	RBM	43%	46%	3%	37%	41%	4%
CA	CAASPP	% Met/Exceeded Standard	RSA	52%	44%	-8%	41%	47%	6%
CA	CAASPP	% Met/Exceeded Standard	RSK	70%	71%	1%	63%	61%	-2%
CA	CAASPP	% Met/Exceeded Standard	RFZ	47%	57%	10%	39%	56%	17%
CA	CAASPP	% Met/Exceeded Standard	RRWC	51%	44%	-7%	49%	47%	-2%
CA	CAASPP	% Met/Exceeded Standard	RRS	44%	69%	25%	39%	46%	7%
CA	CAASPP	% Met/Exceeded Standard	RFA		43%	n/a		34%	n/a
CA	CAASPP	% Met/Exceeded Standard	Rocketship CA	54%	57%	3%	44%	49%	5%
CA	CAASPP	% Met/Exceeded Standard	CA State Avg	40%	42%	2%	45%	49%	4%
CA	CAASPP	% Met/Exceeded Standard	Local District Avg*	38%	40%	2%	42%	45%	3%
WI	Forward	% Proficient/Advanced	RSCP	46%	32%	-14%	23%	25%	2%
WI	Forward	% Proficient/Advanced	Rocketship WI	46%	32%	-14%	23%	25%	2%
WI	Forward	% Proficient/Advanced	WI State Avg	46%	47%	1%	45%	43%	-2%
WI	Forward	% Proficient/Advanced	MPS	17%	18%	1%	19%	18%	-1%
TN	TN Ready	% On-Track/Mastered	RNNE	21%	12%	-9%	20%	17%	-3%
TN	TN Ready	% On-Track/Mastered	RUA	36%	40%	4%	13%	32%	19%
TN	TN Ready	% On-Track/Mastered	Rocketship TN	28%	27%	-1%	17%	25%	8%
TN	TN Ready	% On-Track/Mastered	TN State Avg	40%	40%	0%	34%	36%	2%
TN	TN Ready	% On-Track/Mastered	MNPS	29%	28%	-1%	25%	27%	2%
DC	PARRC	% Met/Exceeded Standard	RISE		27%	n/a		25%	n/a
DC	PARRC	% Met/Exceeded Standard	Rocketship DC		27%	n/a		25%	n/a
DC	PARRC	% Met/Exceeded Standard	DC Avg		41%			31%	
DC	PARRC	% Met/Exceeded Standard	Ward 8		25%			19%	

Provide detailed student achievement and growth results for each school in the network as Attachment R.						
2017-18 NWEA MAP % Above 50th Percentile and Avg Growth Years						
SchoolYear	Region	SchoolName	Achievement: NWEA % Above 50th Percentile		Growth: NWEA Fall-to-Spring Growth Years	
			Mathematics	Reading	Mathematics	Reading
2017-2018	CA	Rocketship Mateo Sheedy Elementary	63	55	1.23	1.12
2017-2018	CA	Rocketship Si Se Puede	65	47	1.22	0.98
2017-2018	CA	Rocketship Los Suenos Academy	58	50	1.17	1.06
2017-2018	CA	Rocketship Mosaic Elementary	76	71	1.35	1.37
2017-2018	CA	Rocketship Discovery Prep	64	52	1.2	1.11
2017-2018	CA	Rocketship Alma Academy	63	55	1.27	1.24
2017-2018	CA	Rocketship Brilliant Minds	56	50	1.07	0.99
2017-2018	CA	Rocketship Spark Academy	79	75	1.18	1.22
2017-2018	CA	Rocketship Fuerza Community Prep	62	63	1.08	1.11
2017-2018	CA	Rocketship Redwood City Prep	57	51	1.14	1.19
2017-2018	CA	Rocketship Futuro Academy	57	38	1.35	1.03
2017-2018	CA	Rocketship Rising Stars Academy	73	61	1.52	1.33
2017-2018	DC	Rocketship Rise Academy	49	43	1.34	1.25
2017-2018	DC	Rocketship Legacy Prep	72	57	1.66	1.38
2017-2018	TN	Rocketship Nashville Northeast Elementary	31	36	0.99	1.09
2017-2018	TN	Rocketship United Academy	55	56	1.17	1.28
2017-2018	TN	Rocketship Partners Community Prep	53	47	1.39	1.13
2017-2018	WI	Rocketship Southside Community Prep	49	35	1.16	0.98
2017-2018	Network	Network Avg	60	54	1.22	1.16

School Name	Year Opened	City	State	Grades Served	Total Enrollment	Demographics and Socioeconomic				
						% African American	% Hispanic	% White	% Other Race/Ethnicity	% FRPL
Rocketship Mateo Sheedy	2008	San Jose	CA	TK-5	541	6.8	86.5	1.1	3.7	87.8
Rocketship Si Se Puede	2009	San Jose	CA	TK-5	415	1.2	87	2.4	9.2	90.6
Rocketship Los Suenos	2010	San Jose	CA	TK-5	454	0.7	68.7	0.7	5.3	91.4
Rocketship Mosaic	2011	San Jose	CA	K-5	579	2.2	50.8	1.6	39.7	76
Rocketship Discovery Prep	2011	San Jose	CA	TK-5	523	1.3	79.7	1.5	12.4	82
Rocketship Brilliant Minds	2012	San Jose	CA	TK-5	586	0.9	78.7	0.9	14	76.8
Rocketship Alma	2012	San Jose	CA	TK-5	514	6.6	85	2.9	5.4	86.4
Rocketship Spark	2013	San Jose	CA	TK-5	608	3.3	51.6	0.5	38.8	68.9
Rocketship Fuerza	2014	San Jose	CA	TK-5	628	0.8	79.6	1	12.7	80.1
Rocketship Rising Stars	2015	San Jose	CA	TK-5	624	2.4	65.2	2.1	28	75.2
Rocketship Redwood City Prep	2016	Redwood City	CA	TK-5	269	2.6	96.7	0.7	0.7	83.6
Rocketship Futuro	2016	Concord	CA	TK-4	424	4	85.4	1.9	3.1	77.6
Rocketship Delta Prep	2018	Antioch	CA	TK-4	422	38.4	46.7	4.3	0.5	76.8
Rocketship Community Prep	2014	Milwaukee	WI	K4-5	493	1.8	95.7	1.8	0.2	77.3
Rocketship Transformation Prep	2018	Milwaukee	WI	K4-4	79	81	11.4	2.5	2.5	72.2
Rocketship Rise	2016	Washington	DC	P3-4	618	97.7	1.1	0.3	0	70.4
Rocketship Legacy Prep	2018	Washington	DC	P3-3	466	97.6	1.5	0.2	0	62
Rocketship Nashville Northeast	2014	Nashville	TN	K-4	432	67.4	23.4	2.8	3	49.3
Rocketship United Academy	2015	Nashville	TN	K-4	544	37.1	46	12.1	0	41

mics		School Contact Info			
% SPED	% ELL	Contact Name	Contact Title	Contact Email	Contact Phone
5.7	43.4	Maria O'Hollearn	San Jose Regional Director	mohollearn@rsed.org	408-495-3640
8.2	50.4	Maria O'Hollearn	San Jose Regional Director	mohollearn@rsed.org	408-495-3640
8.4	44.9	Maria O'Hollearn	San Jose Regional Director	mohollearn@rsed.org	408-495-3640
9.2	44.6	Maria O'Hollearn	San Jose Regional Director	mohollearn@rsed.org	408-495-3640
7.3	52	Maria O'Hollearn	San Jose Regional Director	mohollearn@rsed.org	408-495-3640
9.2	42	Maria O'Hollearn	San Jose Regional Director	mohollearn@rsed.org	408-495-3640
8.2	40.5	Maria O'Hollearn	San Jose Regional Director	mohollearn@rsed.org	408-495-3640
7.4	34.5	Maria O'Hollearn	San Jose Regional Director	mohollearn@rsed.org	408-495-3640
7.2	47.8	Maria O'Hollearn	San Jose Regional Director	mohollearn@rsed.org	408-495-3640
65.2	42.5	Maria O'Hollearn	San Jose Regional Director	mohollearn@rsed.org	408-495-3640
8.2	46.5	Marie Gil	Bay Area Regional Director	mgil@rsed.org	707-312-0752
8	54.7	Marie Gil	Bay Area Regional Director	mgil@rsed.org	707-312-0752
7.1	18.2	Marie Gil	Bay Area Regional Director	mgil@rsed.org	707-312-0752
14.4	45.6	Brittany Kinser	Wisconsin Regional Director	bkinser@rsed.org	415-940-9350
13.9	1.3	Brittany Kinser	Wisconsin Regional Director	bkinser@rsed.org	415-940-9350
12.8	1.6	Joyanna Smith	D.C. Regional Director	jsmith@rsed.org	202-491-4328
8.2	1.1	Joyanna Smith	D.C. Regional Director	jsmith@rsed.org	202-491-4328
11.1	14.8	James Robinson	Director of Schools, Nashville	jrobinson@rsed.org	585-957-6278
7	35.3	James Robinson	Director of Schools, Nashville	jrobinson@rsed.org	585-957-6278

Authorizer Contact Information

Authorizing Organization	Contact Name	Contact Title	Contact Email
Santa Clara County Office of Education	Michelle Johnson	Assistant Director, Charter Schoo	michelle_johnson@sccoe.org
Santa Clara County Office of Education	Michelle Johnson	Assistant Director, Charter Schoo	michelle_johnson@sccoe.org
Santa Clara County Office of Education	Michelle Johnson	Assistant Director, Charter Schoo	michelle_johnson@sccoe.org
Franklin-McKinley Office of Education	Juan Cruz	Superintendent	juan.cruz@fmsd.org
Santa Clara County Office of Education	Michelle Johnson	Assistant Director, Charter Schoo	michelle_johnson@sccoe.org
Santa Clara County Office of Education	Michelle Johnson	Assistant Director, Charter Schoo	michelle_johnson@sccoe.org
Santa Clara County Office of Education	Michelle Johnson	Assistant Director, Charter Schoo	michelle_johnson@sccoe.org
Franklin-McKinley Office of Education	Juan Cruz	Superintendent	juan.cruz@fmsd.org
Santa Clara County Office of Education	Michelle Johnson	Superintendent	michelle_johnson@sccoe.org
Santa Clara County Office of Education	Michelle Johnson	Assistant Director, Charter Schoo	michelle_johnson@sccoe.org
Redwood City School District	John Baker	Superintendent	jbaker@rcsdk8.org
State Board of Education	Lisa Constancio	Director, Charter Schools Divisor	charters@cde.ca.gov
Antioch Unified School District	Stephanie Anello	Superintendent	stephanieanello@antiochschools.net
UWM Office of Charter Schools	Adrienne Woods	Director, UWM Charter Schools	chartersch@uwm.edu
UWM Office of Charter Schools	Adrienne Woods	Director, UWM Charter Schools	chartersch@uwm.edu
Public Charter School Board	Scott Pearson	Executive Director	dcpublic@dcpcsb.org
Public Charter School Board	Scott Pearson	Executive Director	dcpublic@dcpcsb.org
Metro Nashville Public Schools	John Thomas	Coordinator of Charter Schools	john.thomas@mnps.org
Metro Nashville Public Schools	John Thomas	Coordinator of Charter Schools	john.thomas@mnps.org



Contact Phone

- 408-453-3602
- 408-453-3602
- 408-453-3602
- 408-283-6006
- 408-453-3602
- 408-453-3602
- 408-453-3602
- 408-283-6006
- 408-453-3602
- 408-453-3602
- 650-482-2200
- 916-322-6029
- 925-779-7500
- 414-229-4682
- 414-229-4682
- 202-328-2660
- 202-328-2660
- 615-259-8598
- 615-259-8598

**STAFF ANALYSIS AND PROPOSED FINDINGS OF FACT REGARDING REVIEW OF
ROCKETSHIP FUERZA COMMUNITY PREP CHARTER SCHOOL DISTRICT APPEAL RENEWAL PETITION**

October 24, 2018

Rocketship Fuerza Community Prep Charter School (Fuerza) is seeking approval to renew a Santa Clara County independent, district appeal charter elementary school serving students in grades TK-5. Fuerza was initially approved on June 18, 2014, for a five year term, opened in August of 2014, and has proposed renewal for a term of five years from July 2019 through June 2024. Rocketship Fuerza Community Prep Charter School, located in the Alum Rock Union District (ARUSD), currently serves 600 students.

PROCEDURAL STATUS

The Charter School’s Office, Santa Clara County Office of Education (County Office of Education or SCCOE) received a district appeal renewal charter Petition (Petition), from Rocketship Fuerza Community Prep Charter School (Rocketship Fuerza or Fuerza or RSF) on August 31, 2018. Education Code 47607(a)(1), requires that “each renewal shall be for a period of five years.” If the charter is renewed by the County Board, the new term of the charter would begin on July 1, 2019, and run through and including June 30, 2024. Renewals and material revisions of district appeal charters are governed by the standards and criteria set forth in Education Code Section 47605 and 47607 and California Code of Regulations, Title 5, Section 11966.5.

On September 19, 2018, Santa Clara County Board of Education (SCCBOE) held a public hearing on the Fuerza renewal Petition. On September 25, 2018, SCCOE Staff conducted a site visit and held a renewal interview with Fuerza parents, students, staff, and board members.

Per California Code of Regulations, Title 5, Section 11966.5 if the County Board does not approve or deny the renewal petition within 60 days of receipt of the petition, the charter petitioner may appeal the renewal to the State Board of Education. The parties may extend this timeline by an additional 30 days.

SCCOE and Rocketship Fuerza Charter School developed a Memorandum of Understanding (MOU), which was signed by Petitioner on October 17, 2018, which governs the respective fiscal, operational, and administrative responsibilities, legal relationships, and other matters not otherwise addressed or resolved by the terms of the Charter, pending any further direction or recommendations by the SCCBOE.

The complete petition is attached to the agenda and is also available for review at:

<https://www.sccoe.org/supoffice/charter-schools-office/Pending/Fuerza%20Renewal%20Petition%208.31.2018.pdf>

CRITERIA FOR RENEWAL OF A CHARTER PETITION

A petition submitted for renewal per Education Code Section 47607 shall be considered by the governing board upon receipt with all of the following requirements (California Code of Regulations, Title 5, Section 11966.5):

(1) A Determination of Pupil Academic Performance

Education Code Section 47607(b), establishes minimum required academic performance criteria for the renewal of charter schools that have been in operation for four years:

1. *Attained its Academic Performance Index (API) growth target in the prior year or in two of the last three years both schoolwide and for all groups of pupils served by the charter school.*
2. *Ranked in deciles 4 to 10, inclusive, on the API in the prior year or in two of the last three years.*
3. *Ranked in deciles 4 to 10, inclusive, on the API for demographically comparable schools in the prior year or in two of the last three years.*
4. *The entity that granted the charter determines that the academic performance of the charter school is at least equal to the academic performance of the public schools that the charter school pupils would otherwise have been required to attend, as well as the academic performance of the schools in the school district in which the charter school is located, taking into account the composition of the pupil population that is served at the charter school.*

State Level Data Availability

With the recent changes in assessment results, school rankings, and API growth calculations, the state level data is not available for charter school renewals. In the absence of state level data and assessment results, three proxies are authorized by Education Code Section 52052(e), in lieu of the standards in Education Code Section 47607(b), they are the following:

1. The most recent API calculation;
2. An average of the three most recent annual API calculations; or
3. Alternative measures that show increases in pupil academic achievement for all groups of pupils' school wide and among significant student groups.

(2) A Copy of the Renewal Charter Petition

The renewal petition shall include a reasonably comprehensive description of any new requirements of charter schools enacted into law after the charter was originally granted or last renewed. (Education Code Section 47607(a)(2))

(3) Increases in pupil academic achievement for all groups of pupils served by the charter school

Additionally, the authority that granted a charter is required to consider **increases** in pupil academic achievement for all numerically significant pupil subgroups as the most important factor in deciding whether to renew the Charter. (Education Code Section 47607(a)(3))

(4) Past performance of the school's academics, finances, and operation in evaluating the likelihood of future success, along with future plans for improvement if any.

When considering a petition for renewal, the governing board shall consider the past performances of the school's academics, finances, and operations in evaluating the likelihood of future success, along with future plans for improvement if any.

CRITERIA FOR APPROVAL OF A CHARTER PETITION RENEWAL

Education Code § 47605(b) makes clear that governing boards are to be aware “of the intent of the Legislature that charter schools are and should become an integral part of the California educational system and that establishment of charter schools should be encouraged. The [County Board of Education] shall grant a charter for the operation of a school under this part if it is satisfied that granting the charter is consistent with sound educational practice. The [County Board of Education] shall not deny a petition for the [renewal] of a charter school unless it makes written factual findings to support one or more of the following findings”:

1. The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.
2. The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.
3. The petition does not contain an affirmation of each of the conditions required by statute.
4. The petition does not contain reasonably comprehensive descriptions of the required elements.
5. The petition does not contain a declaration of whether or not the charter school shall be deemed the exclusive public employer of the employees of the charter school for the purposes of the Educational Employees Relations Act (EERA).

Determination Criteria for Renewal of Rocketship Fuerza Charter School

Academic Performance

Table 1: ALL STUDENTS

2016-2017 SBAC (ELA: gr. 3-5)		
Grade	Fuerza	ARUSD
3	37	33
4	37	35
5	54	37
All	39	35

2016-2017 SBAC (Math: gr. 3-5)		
Grade	Fuerza	ARUSD
3	43	40
4	49	31
5	50	22
All	47	31

Table 2: ALL STUDENTS

3 year Trend SBAC (ELA: gr. 3-5)			
	14-15	15-16	16-17
Fuerza	35	40	39
ARUSD	32	34	35

3 year Trend SBAC (Math: gr. 3-5)			
	14-15	15-16	16-17
Fuerza	45	44	47
ARUSD	25	28	31

Table 3: Fuerza SBAC (Three Year Trend)

ELA			
Grade	14-15	15-16	16-17
3	34	35	37
4	37	40	37
5		54	54
All	35	40	39

Math			
Grade	14-15	15-16	16-17
3	43	49	48
4	49	54	43
5		42	35
All	45	44	47

Table 4: Fuerza SBAC (Three Year Trend, Subgroups)

SPED	ELA			SPED	Math		
	14-15	15-16	16-17		14-15	15-16	16-17
All		6	0	All		25	8

Hispanic	ELA			Hispanic	Math		
	14-15	15-16	16-17		14-15	15-16	16-17
All	28	37	35	All	39	40	41

SES	ELA			SES	Math		
	14-15	15-16	16-17		14-15	15-16	16-17
All	30	35	38	All	40	38	45

Table 5: Fuerza 2018 SBAC Results

Student Group	ELA		Student Group	MATH	
	2017	2018		2017	2018
ALL	39	56	ALL	46	57
SES	38	52	SES	45	54
Hispanic	35	51	Hispanic	41	52
EL	22	44	EL	24	46
SPED	0	9	SPED	8	9

The Tables above reflect the CAASPP information produced by SCCOE staff (<https://caaspp.cde.ca.gov/sb2017>) in determining Rocketship Fuerza Community Prep Charter’s student performance and progress relative to the districts with the largest student population enrolled at RSF. Table 1 reflects the 2016-2017 SBAC (Smarter Balanced Assessment Consortium) results. RSF’s overall performance is above those of students attending Alum Rock Union School District.

Table 2 reflects student progress across the last three years of SBAC assessment for district and Fuerza students. Results continue to reflect a rate of progress for Fuerza students that are slightly above their peers in the neighboring district in ELA, but significantly above in Math.

Table 3 reflects grade level, year over year, progress for Fuerza students. After review of the data, there is a slight decline in ELA overall from 15-16 to 16-17, and a decline specifically in 4th grade. In math, 4th grade declined from 15-16 to 16-17. However, when cohort data is reviewed for 4th grade in comparison to the students’ previous 3rd grade scores, these students made growth in both ELA and Math. Table 4 reflects year over year performance for students in subgroups for special education, socioeconomically disadvantaged and ethnicity (Hispanic). Of concern is the decline for special education students in both ELA and Math.

Upon review of the California Dashboard, in ELA for all students, Fuerza maintained, but, declined in numerous subgroups: English Learners (-6.4 points), Homeless (-8.4 points), Students with Disabilities (-10.2 points), and Hispanic (-4.5 points). In the area of Math, Fuerza students increased for all subgroups except Students with Disabilities which declined 12 points.

During the public hearing, Fuerza shared its 2017-18 embargoed CAASPP data. This data was un-embargoed during the renewal petition review process. Per the 2017-18 CAASPP data, Fuerza's students made *significant gains* for *all* subgroups in *all* areas for 2018-19. (See Table 5 above)

Fuerza has met the EC 47607(b) alternative minimum academic performance criteria, "Alternative measures that show increases in pupil academic achievement for all groups of pupils' school wide and among significant student groups." Additionally, the increases in pupil academic performance on the 2017-18 CAASPP for all subgroups in all areas supports renewal pursuant to the requirement that "the authority that granted a charter is required to consider increases in pupil academic achievement for all numerically significant pupil subgroups as the most important factor in deciding whether to renew the Charter. (Education Code Section 47607(a)(3))."

Finances

Rocketship Fuerza has demonstrated satisfactory fiscal performance in the past. Rocketship's Independent Auditor's Report and Consolidated Annual Financial Report for the Year Ended June 30, 2017, reports an Unmodified Opinion on the financial statements as a whole, as well as on State and Federal compliance with various laws and regulations. In addition, there were no significant deficiencies or material weaknesses noted in regard to internal controls over financial statements and internal control over compliance for fiscal year 2016-17.

For the current fiscal year 2018-19, Rocketship Fuerza continues to submit all fiscal reports required by law in a timely manner to SCCOE (i.e. Adopted Budget, First Interim Report). Charter Department Fiscal Staff is not aware of any significant financial concerns for Rocketship Fuerza to date. In addition, as mentioned below in the Supplemental Section, Rocketship Fuerza appears to project a healthy financial condition for the projected fiscal years 2018-19 through 2023-24 for their petition renewal.

REVIEW OF THE CHARTER PETITION

Staff reviewed the renewal Petition using the criteria established in California Education Code 47605(b) and County Board Policy 0420.4 (c) and found:

1. Sound Education Program

The Rocketship Fuerza Community Prep Renewal Petition presented a research based educational program that substantially meets all the required elements of a sound educational program. As one of the 10 Rocketship schools in Santa Clara County, it benefits from a charter management (CMO or Rocketship Public Schools or RPS) wide structured systematic and congruent educational program. RSF, along with the other schools in this portfolio, operates under three foundational pillars (1) Teachers and Leaders elevating and celebrating success, (2) Rocketeer students with personalized learning and growth, and (3) Rocketeers parents being leaders in home, school and community. Instruction is provided through a blended learning model using standards aligned curriculum (Common Core State Standards and Next Generation Science Standards), delivered through a block schedule with 90 minutes of independent learning (learning lab). ELA focuses on explicit teaching of literacy, reading comprehension skills, application of literacy and reading comprehension skills, and the explicit teaching of writing skills and writing process. Fuerza has taken on a thematic approach for the English Language Arts block so that students have an opportunity to go deeper into the topics and make connections across the literacy domains with what they are studying. Mathematics begin with Practice standards (allowing learners to engage with the subject matter), while preparing them for the actual content standards. Next Generation Science Standards are delivered through the Integrated Content Instruction, where social studies and science are embedded and explored through ELA and Math instruction. In addition, Fuerza is piloting a different

approach to how the Learning Lab time is used. While some students are working with online learning programs, other students may be in a reading nook enjoying a variety of reading material or engaged in a hands on project or investigation with one of the Individualized Learning Specialists that compliments learning done in the classroom. PE and enrichment (folclorico dance) are provided to all students.

Each Rocketship school has four core values (respect, responsibility, persistence, and empathy), with a fifth value selected by the school itself. RSF has added “Ganas” for their school. The Online Learning Program (OLP) is individualized and adaptive, providing students on demand insight into performance and progress. The OLP also yields classroom and school wide data.

Students Performing Below Grade Level:

The OLP allows all students to identify and receive immediate support from staff in remediating challenges, and accelerating strengths.

Special Education:

RSF has 6.9 % of students identified as special education eligible, with these students being eligible with mild to moderate needs. Special education students are supported through RSF’s Integrated Special Education (ISE) model where Individualized Education Plan (IEP) goals are delivered with the maximum amount of inclusion as appropriate. RSF has two ISE specialists and two ISE support staff providing support for identified special education students through small group pull out or push-in model, co-teaching with general education staff, and individual support as appropriate. The prescriptive nature of the educational day allows a higher level of adult support per eligible special education student. RSF, along with the other schools in the Rocketship portfolio, has a lower percentage of special education eligible students relative to the district of location (ARUSD = 11.5%). Fuerza serves as its own LEA for the purposes of compliance with the IDEIA and is a member of the El Dorado County Charter SELPA. As part of SCCOE’s oversight and monitoring, RSF has improved in its special education file compliance, but SCCOE will continue to monitor.

English Learners (EL):

RSF has 57% of its student population identified as English Learners. RSF has instituted a compliant systematic process that addresses the identification of students as English Language Learners from day one, while making sure each student’s educational and language development progress is measured annually to help determine individual growth, and schoolwide performance. The English Language Development (ELD) Standards are broken down into three parts that allow for (1) meaningful interaction with English language, (2) meaningful application of English language, and (3) foundational skills for beginning EL students. ELD standards are delivered through integrated and designated instructional environments. EL students are provided individual and small group instruction depending on their stages of language development (emerging, expanding and bridging) within integrated classroom environments. The intent of the designated ELD periods is to focus on oral language development as well as reading and writing tasks to develop awareness of how the English language works. During the annual visits, informal observations, and discussions with RPS staff, RSF agreed that although all staff had been trained, more training and follow-through is needed. For this reason RSF has contracted with BeGlad to provide additional coaching and support during the year. RSF and a GLAD coach have developed a coaching model with time built in for teachers to observe and apply some of the GLAD strategies that RSF have identified as the area of focus for this year. In addition RPS continues to partner with the SCCOE multilingual team to increase their knowledge and application of best practices for meeting the needs of English Learners.

Staff concluded that Rocketship Fuerza does provide sufficient information in the Renewal Petition to substantiate all of the required elements for a sound educational program.

2. Ability to successfully implement the program set forth in the Petition

Staff found facts that demonstrate that the Petitioners are likely to successfully implement the program.

3. Affirmation of each of the conditions required by statute 47605(b)(4)

Staff found that the Petition does contain the required affirmations.

4. Reasonably comprehensive description of the required elements

In order for the description of each element to be considered “reasonably comprehensive,” it is not enough that the renewal Petition include a description, but rather the description should be acceptable to SCCOE and be consistent with and not contrary to SCCOE’s standards and expectations for charter schools under its oversight. SCCOE Staff notes that Staff’s indication that it believes the description of an element is “reasonably comprehensive” should not be interpreted to mean that Staff does not believe that additional or different terms relative to that element would need to be agreed to by the Petitioner through the Memorandum of Understanding process. Further, while Staff may make recommendations for remediation in an area, this does not mean that other areas may not need additional correction to be included in the Memorandum of Understanding or in an addendum. Staff found that the Petition provides a sufficiently comprehensive description of the required elements for approval, though, as indicated in the Charter and on the conditions on approval, additional specificity and requirements governing Fuerza’s operations, including its compliance with the required charter elements, will need to be included in a MOU among Fuerza, its governing entity, Rocketship Public Schools (RPS), and the SCCOE.

Staff found that the Petition does provide a sufficiently comprehensive description of all of the required elements.

A. Element One: Description of the Educational Program/Plan for Student Academic Achievement

Staff concluded that Rocketship Fuerza provided sufficient information in the renewal Petition to substantiate all of the required elements for a sound educational program. However, implementation of all the elements in the Petition, need additional support and practice.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

B. Element Two: Measurable Student Outcomes

RSF’s petition included a Local Control Accountability Plan (LCAP) that addresses all 8 required elements. Parent input was solicited through a survey to all Rocketship parents, followed by a designated meeting in April, 2018 where the required components of the LCAP were shared. Charter wide parental input was considered as RSF parents and staff determined the best way to utilize their Local Control funding Formula (LCFF) funds. RSF’s LCAP sets achievable benchmarks that scaffold across the 3 year span, utilizing student (plus sub-groups) proficiency levels on CAASPP in English Language Arts and Math as the academic

criteria. Additional academic metrics involve student performance and progress on the English Language Proficiency Assessments for California (ELPAC). Attendance, absenteeism, suspension and expulsion rates, with achievable benchmark goals help provide corresponding metrics in determining student outcomes. Parent satisfaction survey results and frequency of parent-teacher conferences and community meetings help round out additional measurable outcomes in describing their comprehensive LCAP.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

C. Element Three: Method by Which Pupil Progress in Meeting Outcomes will be Measured

RSF's assessment plan utilizes multiple measures that include baseline, formative, interim and summative assessments. Baseline and formative assessment (beginning-year Core CMO/teacher assessments) provide individual and classroom feedback to inform instruction for students and staff. Interim assessments (Measures of Academic Progress (MAP), mid-year Core CMO/teacher assessments) provide standardized data that can be aggregated and analyzed to both inform and predict student performance and progress. Summative data (SBAC, ELPAC, Physical Fitness Testing, and end of year Core CMO/teacher assessments), provide school and CMO-wide information relative to student performance and success. Student data is merged with demographics using Schoolzilla, and RSF is supported by the Achievement and Analytic team who provide, and lead frequent discussions throughout the school year in helping staff reflect on student performance and growth. It is clear that every student's performance and progress is measured and adult support/intervention is "adapted" to target for student success.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

D. Element Four: Governance Structure

In accordance with Education Code section 47604, all Rocketship campuses will be operated by Rocketship Public Schools (RPS), a California non-profit public benefit corporation with 501(c)(3) status. All staff will be employees of RPS. RPS will be governed by a Board of Directors ("the Board") pursuant to its corporate bylaws as adopted, and as subsequently amended from time to time, which shall be consistent with this charter. Board meetings are held in accordance with Brown Act, and public participation is accessed through a manned teleconferencing location. Rocketship describes the establishment of an "Advisory Board", formed by regional representation of parents, teachers, and civic and business leaders that will serve as a formal structure giving voice to Rocketship student, family and community needs. RSF has established a School Site Council (SSC) and English Language Advisory Committee (ELAC) that meets four times per year. In addition, there are monthly "cafecitos" that allow more informal opportunities for parents to interact and engage with RSF staff. The Charter specifies that RSF shall comply with the Brown Act, the Political Reform Act of 1974, Government Code Section 1090 *et seq.*, and no interested person (as identified in the corporate bylaws) is permitted to serve on RSF's Board of Directors.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

E. Element Five: Employee Qualifications

Rocketship Public Schools recruits professional, effective and qualified personnel for all administrative, instructional, instructional support, and non-instructional support capacities who believe in the instructional philosophy outlined in its vision statement. In accordance with Education Code 47605(d)(1), Rocketship shall be nonsectarian in its employment practices and all other operations. Rocketship shall not discriminate against any individual (employee or student) on the basis of the characteristics listed in Education Code Section 220 (actual or perceived disability, gender, gender identity, gender expression, nationality, race or ethnicity, religion, sexual orientation, or any other characteristic that is contained in the definition of hate crimes set forth in Section 422.55 of the Penal Code or association with an individual who has any of the aforementioned characteristics).

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

F. Element Six: Health and Safety

RSF provided a detailed description of all Health and Safety Policies, and addresses fingerprinting and background checks for all employees. All staff are expected to comply with Ed. Code and legal requirements and RSF is committed to providing a safe, compliant working environment.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

G. Element Seven: Racial and Ethnic Balance

RSF strives through recruitment and admissions practices, to achieve a racial and ethnic balance among its students that is reflective of the general population residing within the territorial jurisdiction of the local school district. RSF's strategy includes, but not necessarily limited to, (1) printing and distributing materials in English, Spanish, and other languages reflecting the needs of the community. (2) An enrollment process that is scheduled and adopted to include a timeline that allows for a broad-based application process. (3) The development and distribution of promotional and informational material that reaches out to all of the various racial and ethnic groups represented in the territorial jurisdiction of the local school district. (4) Continuous outreach activities throughout the community.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

H. Element Eight: Admissions Policies and Procedures Consistent with Education Code Section 47605(d)

Staff notes that this provision of the Charter Schools Act has been revised, effective January 1, 2018, and the Act now provides greater direction on admission preferences in particular. Additionally, this element now requires a reasonably comprehensive description not of "admission requirements," but of "admission policies and procedures," so the actual procedures, including how the preferences and public random drawing will be implemented in compliance with the Charter Schools Act, should be described in the Charter.

Rocketship Fuerza has articulated Student admission policies and procedures. The school is nonsectarian, tuition free, and does not discriminate against any pupil on the basis of protected characteristics. In the event of a Public Random drawing, RSF does specify its intent to implement the following preferences in the following order:

1. Siblings of currently enrolled Rocketship Fuerza students
2. Children of staff, teachers and founders of Rocketship Fuerza (not to exceed 10% of total enrollment)
3. Residents of Alum Rock Union District
4. Other California residents

Admission to the school is not determined by place of residence of pupil, or parent, except in the case of public random drawing. While SCCOE is aware that Rocketship Fuerza has a formalized procedure for implementing its public random drawing should one become necessary, with the change in the Charter Schools Act the specifics of the drawing, including the means by which the admissions preferences are implemented should be included. While the basics of the drawing procedure are identified in the Charter, Charter Schools Office Staff recommends that more specificity be provided through an addendum to the MOU.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description with the addition of the specific drawing procedures in an addendum to the MOU.

I. Element Nine: Financial Audit

Rocketship Fuerza states in the Petition that the audit will be conducted in accordance with Education Code Sections 47605(b)(5)(I) and 47605(m), generally accepted accounting procedures, and with applicable provisions within the California Code of Regulations governing audits of charter schools as published in the State Controller's K-12 Audit Guide. The petition states Rocketship Fuerza financial audit procedure, which includes how the independent auditor will be selected and retained, the qualifications the independent auditor needs to possess, the timing of the audit, how any deficiencies will be resolved, and how this will be communicated to the necessary outside parties.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

J. Element Ten: Student Suspension/Expulsion Procedures

Staff notes that this is another provision of the Charter Schools Act that has been revised, effective January 1, 2018, specifying additional provisions that must be included in a charter school's discipline procedures, though many of these now mandated provisions have often already been included by charter schools.

Fuerza sets forth all procedures by which students can be suspended or expelled (Ed. Code 47605(b)(5)(j)), and Fuerza's Student Suspension and Expulsion Procedures have been updated to comply with the new laws. These requirements are consistent with SCCOE's usual practices and are consistent with the changes to this portion of the Charter Schools Act.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

K. Element Eleven: Employee Retirement System

All full-time employees of Rocketship will participate in a qualified retirement plan. All full-time employees will be offered a 403(b) program with a 3% match from RSED. Full-time certificated teachers may also participate in the State Teachers' Retirement System ("STRS"),

and all part time employees and full-time non-certificated employees will participate in the federal social security system. Rocketship employees may have access to additional Rocketship-sponsored retirement plans according to policies developed by the board of directors and adopted as Rocketship employee policies.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

L. Element Twelve: Public School Attendance Alternatives

No student may be required to attend RSF. Students who reside within Santa Clara County may attend other district schools or pursue an intra- or inter-district transfer in accordance with existing district enrollment and transfer policies. Parents and guardians of each student enrolled in RSF will be informed on admissions forms that the students have no right to admission in a particular school of any local education agency as a consequence of enrollment in the Charter School, except to the extent that such a right is extended by the local education agency.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

M. Element Thirteen: Description of the Rights of An Employee of the County Office of Education, Upon Leaving the Employment of the County Office of Education, to be Employed by the Charter School

Upon appeal to the County Board of Education, Fuerza should have updated this Element of the Charter to address the rights of employees of the County Superintendent of Schools who choose to leave the employment of the County Superintendent to work at the Charter School, and any rights of return to the County Superintendent's employment after employment at the Charter School. Fuerza did not update this Element of the Charter at that time or during the updated renewal Petition, so all references continue to be to employment by a public school district and rights of District employees.

Therefore, this entire Element must be updated to reflect the County Board as the authorizer and the County Superintendent of Schools as the employer of all employees at SCCOE. Overall the discussion in this Element is complete, and provides that such employees have no automatic rights of return and only such rights as the County Superintendent may choose to provide, and that employment at Rocketship Fuerza Community Prep does not provide any rights of employment at any other entity, including in the case of closure of Fuerza.

There also continue to be other references in the Charter that indicate that the "District" is the authorizer. All such references should be interpreted as referring to the SCCBOE/SCCOE and should be updated accordingly.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description if it is updated to reflect the appropriate authorizing agency.

N. Element Fourteen: Dispute Resolution

RSF includes a proposed dispute resolution procedure in the Petition. However, RSF cannot bind the County to any dispute resolution process to which it did not agree. As part of the

SCCOE standards of excellence contained in the MOU, RSF has now agreed to the terms which are forth in the MOU and have replaced the language proposed in the Charter.

The Charter Schools Office Staff believes that this section of the Petition does include a reasonably comprehensive description as the alternative procedures have been mutually agreed upon between SCCOE and RSF.

O. Element Fifteen: Closure Protocol

Rocketship Fuerza outlines an adequate process to be used if the charter school closes. Once documented as official action by RSED Board, there is a process addressing notification of all entities, and to ensure smooth transition of students/records to suitable alternative programs. RSF will provide a Final Audit, and plans for disposition of assets and liabilities and transfer of public records. On closure the school shall remain solely responsible for all liabilities arising from the operation of the school. As a non-profit public benefit corporation, the school board will follow the California Corporation Code for the dissolution and file all necessary filings with appropriate state and federal agencies.

The Charter Schools Office Staff believes that this section does include a reasonably comprehensive description.

Required Supplemental Information

Staff reviewed Fuerza's Petition, which includes Appendix BO-1; the Budget Narrative; and Fuerza Budget (Fiscal Years 2018-19 through 2022-23). Staff has also reviewed additional documents such as clarifications provided by Fuerza Staff during prior and current year financial statements, audits, annual visits, attendance reports, budgets, monthly reports, and the FCMAT LCFF Calculator, version v19.2b, which was re-created by SCCOE Staff to recalculate the LCFF Revenue sources reported on the Petition.

ADA

In the past five years, Fuerza's ADA has grown 25% from 470 (FY 2014-15) to 587 (FY 2017-18). Fuerza anticipates a continued enrollment of 621 and an ADA of 584.

Revenues

Per review of the Appendix BO-1, the Budget Narrative, Budget for Fiscal Years 2018-19 through 2022-23, and the FCMAT Calculator v19.2b, the projected revenue sources appear to be accurately stated.

Fuerza currently budgeted a 30% increase in SB 740 revenue from the actual revenues in year 2017-18. However, this amount will not materially affect the budget as a whole.

Expenses

Rocketship Fuerza has ample revenue to meet its financial obligations. Per review of the Appendix BO-1, the Budget Narrative, Budget for Fiscal Years 2018-19 through 2022-23, the projected expenditure costs appear to be accurately stated and demonstrate satisfactory ability to meet all of Fuerza's monthly financial obligations.

Cash Flow

With the review of the monthly bank statements, Unaudited Actuals, Audit Report, Interims, Budgets, Cash Reserves, CMO agreement, and assuming the funding resolution stays intact, staff has no reason to believe that Fuerza’s monthly obligations will not be met.

Potential Civil Liability Effects on the School and County Office

Fuerza is in compliance with its current MOU. There is no reason to believe that Fuerza will not continue to abide by SCCOE’s requirements and the executed MOU.

5. Exclusive Public Employer

As required by the Charter Schools Act, the Charter specifies that the Rocketship Public Schools shall be deemed the exclusive public employer of the employees of the Charter School for the purposes of Educational Employment Relations Act (“EERA”).

6. Requirements for Grade-Levels Served, Facility Location, and Students Served

Rocketship Fuerza currently serves TK-5. It will be located in Alum Rock Union School District and sets forth specific requirements for its facility needs.

Staff found that the Petitioners are able to meet the requirements for grade levels served, facility location and students served.

7. Any Other Criteria Set Forth in the Statute

None found.

CONCLUSION

Staff reviewed the renewal Petition for Rocketship Community Prep Charter School utilizing the criteria for charter approval set forth in Education Code Sections 47605 and 47607 and California Code of Regulations, Title 5 Section 11966.5.

It is the recommendation of the Charter Staff to approve the Renewal Petition as reviewed in the Staff Analysis and Proposed Findings of Fact, adopt the Board Resolution for approval of renewal of Rocketship Fuerza Charter School, for the period of July 1, 2019, through June 30, 2024.

Student Impact

The Charter School office provides oversight and monitoring for 22 County Board of Education authorized charter schools. Rocketship Fuerza Community Prep was authorized in 2014 and currently serves 600 students.

ROCKETSHIP NASHVILLE
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018

COMPRISED OF:

Rocketship Nashville Northeast Elementary
Rocketship United Academy
Rocketship Partners Community Prep

OPERATED BY:

Rocketship Education, Inc.

**ROCKETSHIP NASHVILLE
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Rocketship Nashville, comprised of Tennessee Public Charter Schools, operated by Rocketship Education Inc. (RSED), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Rocketship Nashville's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Rocketship Nashville, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of Rocketship Nashville's proportionate share of the net pension liability, schedule of School pension contributions, and schedule of changes in net pension liability (asset) and related ratios on participation in the Metro Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rocketship Nashville's basic financial statements. The schedule of expenditures of federal awards and state assistance is presented for purposes of additional analysis as required by requirements of the State of Tennessee Comptroller of the Treasury's Audit Manual, and is also not a required part of the financial statements.

The combining schedules and the schedule of expenditures of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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.

Board of Directors
Rocketship Education, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019, on our consideration of Rocketship Nashville'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 Rocketship Nashville'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 Rocketship Nashville's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
January 30, 2019

**ROCKETSHIP NASHVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

This section of the Rocketship Nashville Northeast Elementary (Rocketship Nashville) annual financial report presents our discussion and analysis of Rocketship Nashville's financial performance for the fiscal year ended June 30, January 30, 2019. Please read it in conjunction with the audited financial statements, which immediately follow this section.

Financial Highlights

- The liabilities of Rocketship Nashville exceeded its assets at the close of the fiscal year by \$1,791,905 (net position).
- As of the close of the current fiscal year, Rocketship Nashville's governmental fund reported ending fund balance of \$291,448.
- The assets of Rocketship Nashville's governmental fund are comprised cash, accounts receivable and prepaid assets. The liabilities of Rocketship Nashville's governmental fund at the close of the fiscal year are \$1,136,024, which is comprised of accounts payable.
- Rocketship Nashville's governmental fund had revenues of \$12,728,027 and program expenses of \$11,672,824 for the year ended June 30, 2018.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

**ROCKETSHIP NASHVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In this case, Rocketship Nashville's liabilities significantly exceeded assets by approximately \$1,791,905.

**Rocketship Nashville
Net Position**

	Governmental Activities 2017	Governmental Activities 2018
Assets		
Current Assets	\$ 1,527,325	\$ 1,427,472
Noncurrent Assets	85,470	166,164
Total Assets	1,612,795	1,593,636
Deferred Outflows of Resources		
Deferred Outflows of Resources - Pensions	668,013	587,279
Total Deferred Outflows of Resources	668,013	587,279
Liabilities		
Current Liabilities	851,311	1,136,024
Noncurrent Liabilities	2,086,913	2,422,263
Total liabilities	2,938,224	3,558,287
Deferred Inflows of Resources		
Deferred Inflows of Resources - Pensions	331,641	414,533
Total Deferred Outflows of Resources	331,641	414,533
Net Position		
Invested in Capital Assets	57,771	91,906
Unrestricted	(1,046,828)	(1,883,811)
Total Net Position	\$ (989,057)	\$ (1,791,905)

The current assets balance is primarily accounts receivable at June 30, 2018 that were due from the State of Tennessee, cash, and prepaid assets. The total noncurrent assets are comprised of capital assets that were purchased with an original cost of \$5,000 or more. The current liabilities balance is a combination of accounts payable that were due but not paid at June 30, net pension liability, deferred rent liability and inter-company payables related to management fee expense.

**ROCKETSHIP NASHVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

**Rocketship Nashville
Changes in Net Position**

	Governmental Activities 2017	Governmental Activities 2018
	<u>2017</u>	<u>2018</u>
General Revenues		
Tennessee Basic Education Program Revenue	\$ 10,171,029	\$ 9,928,496
Other State Revenues	-	13,553
Federal Grant Revenue	1,446,660	1,904,434
Private Grants and Contributions	315	104,474
All Other Revenue	30,262	777,070
Total General Revenues	<u>11,648,266</u>	<u>12,728,027</u>
Expenses		
Governmental Activities - Education Programs	10,151,331	11,859,601
Supporting Services	1,595,114	1,671,274
Total Expenses	<u>11,746,445</u>	<u>13,530,875</u>
Change in Net Position	(98,179)	(802,848)
Net Position - Beginning of Year	<u>(890,878)</u>	<u>(989,057)</u>
Net Position - End of Year	<u>\$ (989,057)</u>	<u>\$ (1,791,905)</u>

Governmental Fund

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

General Fund Revenues

During this year of Rocketship Nashville's operations, the primary source of revenue is Basic Education Program revenue from the State of Tennessee, federal funding, private grants, and contributions.

General Fund Expenses

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

**ROCKETSHIP NASHVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Fund Financial Analysis

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

**Revenue by Source
General Fund**

	2017	2018
Revenues by Source		
General Revenues	\$ 10,171,029	\$ 9,928,496
Program Revenues	1,477,237	2,799,531
Total Revenues	\$ 11,648,266	\$ 12,728,027

**Expenditures by Source
General Fund**

	2017	2018
Expenditures by Function		
Educational Programs	\$ 10,183,314	\$ 11,672,824
Supporting Services	1,595,114	1,668,274
Capital Outlay	-	40,227
Total Expenditures	\$ 11,778,428	\$ 13,381,325

As of the end of the current fiscal year, Rocketship Nashville's general fund reported an ending fund balance of \$291,448.

Capital Assets and Debt Administration

Capital Assets

Rocketship Nashville had capital assets net of depreciation of \$91,906 as of June 30, 2018.

Long-term Debt

Rocketship Nashville had \$300,000 of long-term debt outstanding as of June 30, 2018.

Economic Factors

For fiscal year 2018/19 enrollment at Rocketship Nashville schools are projected to be 1007 students which represents an increase of 3.2%. This increase in students will require increased staffing and other instructional costs. Rocketship Nashville estimates that the per-student Basic Education Program (BEP) funding will increase by 2.6% in 2018/19 versus 2017/18. Accordingly, the total BEP funding will increase due to both increased enrollment and higher per student funding

**ROCKETSHIP NASHVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Contacting Rocketship Nashville's Financial Management

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

ROCKETSHIP NASHVILLE
STATEMENT OF NET POSITION AND GENERAL FUND BALANCE SHEET
JUNE 30, 2018

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 889,834	\$ -	\$ 889,834
Accounts Receivable	423,468	-	423,468
Prepaid Expenses	114,170	-	114,170
Total Current Assets	<u>1,427,472</u>	<u>-</u>	<u>1,427,472</u>
NONCURRENT ASSETS			
Net Pension Asset	-	74,258	74,258
Capital Assets, Net of Accumulated Depreciation	-	91,906	91,906
Total Assets	<u>\$ 1,427,472</u>	<u>166,164</u>	<u>1,593,636</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Pensions		<u>587,279</u>	<u>587,279</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 1,136,024	\$ -	\$ 1,136,024
Total Current Liabilities	<u>1,136,024</u>	<u>-</u>	<u>1,136,024</u>
NONCURRENT LIABILITIES			
Accrued Liabilities	-	9,421	9,421
Deferred Rent Liability	-	522,715	522,715
Net Pension Liability	-	120,813	120,813
Intracompany Payable	-	1,469,314	1,469,314
Loans Payable	-	300,000	300,000
Total Noncurrent Liabilities	<u>-</u>	<u>2,422,263</u>	<u>2,422,263</u>
Total Liabilities	<u>1,136,024</u>	<u>2,422,263</u>	<u>3,558,287</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Pensions		<u>414,533</u>	<u>414,533</u>
FUND BALANCE			
Nonspendable for Prepaid Expenses	114,170	(114,170)	-
Unassigned	177,278	(177,278)	-
Total Fund Balance	<u>291,448</u>	<u>(291,448)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,427,472</u>		
NET POSITION			
Invested in Capital Assets, Net of Related Debt		91,906	91,906
Unrestricted		<u>(1,883,811)</u>	<u>(1,883,811)</u>
Total Net Position		<u>\$ (1,791,905)</u>	<u>\$ (1,791,905)</u>

See accompanying Notes to Financial Statements.

**ROCKETSHIP NASHVILLE NORTHEAST ELEMENTARY
STATEMENTS OF ACTIVITIES AND GENERAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
REVENUES			
General Revenues:			
Tennessee Basic Education Program	\$ 9,928,496	\$ -	\$ 9,928,496
Program Revenues:			
Other State Revenue	13,553	-	13,553
Federal Grant Revenues	1,904,434	-	1,904,434
Private Grants and Contributions	104,474	-	104,474
All Other Local Revenues	777,070	-	777,070
Total Revenues	<u>12,728,027</u>	<u>-</u>	<u>12,728,027</u>
EXPENSES			
Program Expenses - Educational Programs	11,672,824	186,777	11,859,601
Supporting Services	1,668,274	3,000	1,671,274
Capital Outlay	40,227	(40,227)	-
Total Expenses	<u>13,381,325</u>	<u>149,550</u>	<u>13,530,875</u>
OTHER FINANCING SOURCES AND USES			
Other Financing Sources	589,714	(589,714)	-
Other Financing Uses	(320,982)	320,982	-
Total Other Sources and Uses	<u>268,732</u>	<u>(268,732)</u>	<u>-</u>
CHANGE IN FUND BALANCE/NET POSITION	(384,566)	(418,282)	(802,848)
Fund Balance/Net Position - Beginning of Year	<u>676,014</u>	<u>(1,665,071)</u>	<u>(989,057)</u>
FUND BALANCE/NET POSITION - END OF YEAR	<u>\$ 291,448</u>	<u>\$ (2,083,353)</u>	<u>\$ (1,791,905)</u>

See accompanying Notes to Financial Statements.

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SCHOOL AND SIGNIFICANT ACCOUNTING POLICIES

General

Rocketship Education (RSED) is a California nonprofit public benefit corporation incorporated in 2006. RSED was formed to manage, guide, direct, and promote a network of public elementary charter schools and has previously opened schools in California and Wisconsin. RSED began school operations in Tennessee in the 2014/2015 fiscal year. Rocketship Nashville's support is derived primarily from State of Tennessee public education monies, foundation contributions and various government agency grants.

Accounting Policies

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

Measurement Focus and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Governmental Fund Financial Statements

Rocketship Nashville's general fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Rocketship Nashville considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of revenues related to private grants, which are included in revenue if received within six months after year-end. Expenditures generally are recorded when a liability is incurred under accrual accounting. Rocketship Nashville accounts for all of its operating activities in its general fund.

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SCHOOL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Financial Statement Presentation (Continued)

Governmental Fund Financial Statements (Continued)

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

Cash and Cash Equivalents

Rocketship Nashville 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.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items. In the governmental fund balance sheet, there is a reservation of fund balance equal to the amount of prepaid items, as these amounts are not available for expenditure.

Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all capital assets is provided on a straight-line basis over the estimated useful lives of the capital assets ranging from 3 to 35 years.

Deferred Outflows / Inflows of Resources

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

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

Deferred Outflow – Pension

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

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SCHOOL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows / Inflows of Resources (Continued)

Deferred Inflow – Pension

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

Revenues

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

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

Unearned Revenue

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

Fund Balances

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

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

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SCHOOL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

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

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

The differences are described below:

Fund Balance - June 30, 2018	\$ 291,448
Capital assets in governmental activities are not financial resources and, therefore, are not reported as assets in the general fund.	91,906
Net pension liability (asset) is not carried on the general fund balance sheet	(46,555)
Pension activity recorded during the fiscal year are removed/added from fund expenses and are recorded as a deferred outflow/inflow of resources. This amount will be recognized as an adjustment of the net pension liability in the subsequent year.	172,746
Accrued interest is not due and payable in the current period and, therefore, are not reported as liabilities in the general fund.	(9,421)
Deferred rent liability is not due and payable in the current period and, therefore, are not reported as liabilities in the general fund.	(522,715)
Intracompany payable is not due and payable in the current period and, therefore, are not reported as liabilities in the general fund.	(1,469,314)
Long-term debt is not due and payable in the current period and, therefore, are not reported as liabilities in the general fund.	<u>(300,000)</u>
Net Position - June 30, 2018	<u>\$ (1,791,905)</u>

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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

The differences are described below:

Net Change in Fund Balance - For the Year Ended June 30, 2018	\$ (384,566)
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense (depreciation).	40,227
Pension contributions made during the fiscal year are removed/added from fund expenses and are recorded as a deferred outflow/inflows of resources. This amount will be recognized as a reduction of the net pension liability in the subsequent year.	(31,594)
Increases in the liability for accrued interest are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In the statement of activities, changes in accrued interest are recognized as expenses.	(9,674)
Changes in the liability for deferred rent are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In the statement of activities, changes in deferred rent are recognized as expenses.	(148,509)
Increases in the liability for intracompany payables are recorded as expenditures in governmental funds because they have been liquidated with current financial resources. In the statement of activities, changes in intercompany liabilities are recognized as expenses.	<u>(268,732)</u>
Change in Net Position - For the Year Ended June 30, 2018	<u><u>\$ (802,848)</u></u>

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 CASH AND EQUIVALENTS

Cash and equivalents as of June 30, 2018 are held entirely with financial institutions. Rocketship Nashville manages its cash and cash equivalents on a School-wide basis. At times individual school balances may reflect a cash deficit; however, each school's liabilities are covered by the home office cash balance.

Custodial Credit Risk

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

Rocketship Nashville 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 5 ACCOUNTS RECEIVABLE

Accounts receivable primarily consist of funds due from various governmental units. Management believes all of these amounts are collectible; therefore no provisions for uncollectible accounts were recorded. As of June 30, 2018, all amounts are considered collectible within one year.

Accounts receivable consisted of the following as of June 30, 2018:

Federal and State Government	\$ 423,461
Other	7
Total	<u>\$ 423,468</u>

NOTE 6 CAPITAL ASSETS AND DEPRECIATION

Capital assets and depreciation consisted of the following:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Capital Assets, being				
Depreciated:				
Buildings	\$ 66,521	\$ -	\$ -	\$ 66,521
Equipment	5,607	40,197	-	45,804
Total Capital Assets, being Depreciated	72,128	40,197	-	112,325
Less: Accumulated Depreciation for:				
Equipment	(14,357)	(6,062)	-	(20,419)
Total Accumulated Depreciation	(14,357)	(6,062)	-	(20,419)
Total Capital Assets, being Depreciated, Net	57,771	34,135	-	91,906
Governmental Activities Capital Assets, Net	<u>\$ 57,771</u>	<u>\$ 34,135</u>	<u>\$ -</u>	<u>\$ 91,906</u>

Depreciation and amortization expense was \$6,062 for the year ended June 30, 2018.

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 RISK MANAGEMENT

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

NOTE 8 COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards and Grants

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

Litigation

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

Operating Leases

Rocketship Nashville has a 29-year lease beginning September 2014, payable \$50,999 per month. Due to an uneven payment schedule, lease expense is accrued on a straight-line basis over the life of the lease. The following is a schedule of future minimum lease payments required under the operating lease:

<u>Year Ended June 30,</u>	<u>RNNE</u>	<u>RUA</u>
2019	\$ 575,000	\$ 646,893
2020	575,000	646,893
2021	575,000	660,647
2022	575,000	675,511
2023	575,000	690,710
Thereafter	16,674,998	18,695,862
Total	<u>\$ 19,549,998</u>	<u>\$ 22,016,516</u>

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 EMPLOYEE PENSION PLANS

TCRS Teacher Legacy Pension Plan

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

TCRS Teacher Retirement Plan

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

Metro Retirement Plan

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

Teacher Legacy Pension Plan - General Information

Plan Description

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014, of Rocketship Nashville 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. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) 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. The TCRS issues a publically available financial report that can be obtained at www.treasury.state.tn.us/tcrs.

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

Teacher Legacy Pension Plan - General Information (Continued)

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for nonservice related disability eligibility. The service related and nonservice related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Rocketship Nashville for the year ended June 30, 2018, to the Teacher Legacy Pension Plan were \$40,519 which is 9.08% 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.

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

Pension Liability

At June 30, 2018, Rocketship Nashville reported an asset of \$7,370 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. Rocketship Nashville's proportion of the net pension asset was based on Rocketship Nashville's employer contributions to the pension plan during the year ended June 30, 2017, relative to the contributions of all LEAs for the year ended June 30, 2017. At the June 30, 2017, measurement date, Rocketship Nashville's proportion was 0.022521%.

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, Rocketship Nashville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 4,442	\$ 152,128
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,119	-
Changes in assumptions	62,408	-
Changes in Proportion on Net Pension Liability (Asset)	141,508	-
Contributions Subsequent to the Measurement Date of June 30, 2017	<u>40,519</u>	<u>N/A</u>
Total	<u>\$ 249,996</u>	<u>\$ 152,128</u>

Rocketship Nashville employer contributions of \$40,519, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a change in net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2019	\$ (9,009)
2020	66,374
2021	24,728
2022	(24,745)
2023	-
Thereafter	-

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

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

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

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

Actuarial Assumptions (Continued)

<u>Asset Class</u>	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	5.69 %	31 %
Developed Market International Equity	5.29 %	14 %
Emerging Market International Equity	6.36 %	4 %
Private Equity and Strategic Lending	5.79 %	20 %
U.S. Fixed Income	2.01 %	20 %
Real Estate	4.32 %	10 %
Short-Term Securities	0.00 %	1 %
Total		<u>100 %</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25% based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents Rocketship Nashville's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25%, as well as what Rocketship Nashville's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Rocketship's Proportionate Share of the Net Pension Liability (Asset)	\$ 661,178	\$ (7,370)	\$ (559,966)

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

Pension Plan Fiduciary Net Position

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

Teacher Legacy Pension Plan - Payable to the Pension Plan

At June 30, 2018, Rocketship Nashville reported a payable of \$-0- for the outstanding amount of contributions to the pension plan.

Teacher Pension Plan - General Information

Plan Description

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 are provided with pensions through the Teacher Retirement 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. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs 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. The TCRS issues a publically available financial report that can be obtained at www.treasury.state.tn.us/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for nonservice related disability eligibility. The service related and nonservice related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent.

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

Teacher Pension Plan - General Information (Continued)

Benefits Provided (Continued)

A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2018 to the Teacher Retirement Plan were \$92,641 which is 4% 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.

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

Pension Asset

At June 30, 2018, Rocketship Nashville reported an asset of \$66,888 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. Rocketship Nashville's proportion of the net pension asset was based on Rocketship Nashville's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017 Rocketship Nashville's proportion was 0.253528%.

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, Rocketship Nashville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,344	\$ 5,031
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,599
Changes in assumptions	5,877	-
Changes in Proportion on Net Pension Liability (Asset)	1,389	1,705
Contributions Subsequent to the Measurement Date of June 30, 2017	<u>92,641</u>	<u>N/A</u>
Total	<u>\$ 102,251</u>	<u>\$ 10,335</u>

Rocketship Nashville employer contributions of \$92,641, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2019	\$ (399)
2020	(399)
2021	(605)
2022	(1,531)
2023	166
Thereafter	2,043

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

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

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

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; and decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 2.5%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69 %	31 %
Developed Market International Equity	5.29 %	14 %
Emerging Market International Equity	6.36 %	4 %
Private Equity and Strategic Lending	5.79 %	20 %
U.S. Fixed Income	2.01 %	20 %
Real Estate	4.32 %	10 %
Short-Term Securities	0.00 %	1 %
Total		<u>100 %</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25% based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents Rocketship Nashville's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25%, as well as what Rocketship Nashville's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Rocketship's proportionate share of the net pension liability (asset)	\$ 13,345	\$ (66,888)	\$ (125,743)

ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

Pension Plan Fiduciary Net Position

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

Teacher Pension Plan - Payable to the Pension Plan

At June 30, 2018, Rocketship Nashville reported a payable of \$-0- for the outstanding amount of contributions to the pension plan.

Metro Pension Plan - General Information

Plan Description Division B

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

Normal retirement for employees other than police officers and fire fighters occurs at the unreduced retirement age which is the earlier of (a) the date when the employee's age plus the completed years of credited employee service equals 85, but not before age 60; or (b) the date when the employee reaches age 65 and completes 5 years of credited employee service. The lifetime monthly benefit is calculated as 1/12 of the sum of 1.75% of average earnings based upon the previous 60 consecutive months of credited service which produce the highest earnings. Benefits fully vest on completing 5 years of service for employees employed on or between October 1, 2001 and December 31, 2012 who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and nonvested employees hired or rehired on or after January 1, 2013.

Normal retirement for police officers and fire fighters occurs any time after attaining the unreduced retirement age which is the date when the employee's age plus the completed years of credited police and fire service equals 75, but not before age 53 nor after age 60. The lifetime monthly benefit is 1/12 of the sum of 2% of average earnings for each year of credited fire and police service not in excess of 25 years; plus 1.75% of average earnings for each year that the credited police or fire service exceeds 25 years. Benefits fully vest on completing 5 years of service for employees employed on or between October 1, 2001 and December 31, 2012 who vest before leaving employment. Benefits fully vest on completing 10 years of service for employees and nonvested employees hired or rehired on or after January 1, 2013.

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

Metro Pension Plan - General Information (Continued)

Plan Description Division B (Continued)

An early retirement pension is available for retired employees if the termination occurs prior to the eligibility under normal retirement but after age 50 (45 for police and fire) and after the completion of 10 years of credited employee service. Such shall be payable as either a monthly deferred early employee service pension beginning the month after the attainment of the normal retirement age or an immediate monthly early employee service pension beginning on the first day of the month following termination. The lifetime monthly benefit for the immediate monthly early employee service pension is reduced by 4% for each of the first 5 years by which the retirement date precedes the normal retirement age, and by 8% for each additional year by which the retirement date precedes the normal retirement age; provided, however, that the immediate monthly benefit shall not be less than the actuarial equivalent of the deferred pension provided by the Metro Plan.

Any employee who terminates after the completion of at least 10 years of service (or 5 years of service if hired before January 1, 2013) and before eligibility for normal retirement or early retirement shall be eligible to receive a monthly deferred pension which shall commence on the first day of the month following the attainment of unreduced retirement age, computed and payable in accordance with the Metro Plan.

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

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

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

Contributions

The funding policy is to provide for periodic contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. All other funding is provided by the Government with an actuarially recommended employer contribution rate of 12.340% for the non-certificated employees of Metropolitan Nashville Public Schools and all other Metro employees.

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

Pension Liability

At June 30, 2018, Rocketship Nashville reported a liability of \$120,812 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial value as of that date. Rocketship Nashville's proportion of the net pension liability was based on Rocketship Nashville's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017 Rocketship Nashville's proportion was 0.14804%.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, Rocketship Nashville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 107,306
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	144,764
Changes in Proportion on Net Pension Liability (Asset)	134,647	-
Contributions Subsequent to the Measurement Date of June 30, 2017	<u>100,384</u>	<u>N/A</u>
Total	<u>\$ 235,031</u>	<u>\$ 252,070</u>

Rocketship Nashville employer contributions of \$100,384, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ended June 30, 2019.

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2019	\$ (12,221)
2020	(32,243)
2021	(87,338)
2022	(24,685)
2023	9,537
Thereafter	29,527

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

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	17 %
International Equity	16 %
Equity Hedge	7 %
Fixed Income	21 %
Fixed Income Alternatives	15 %
Real Assets	12 %
Private Equity	12 %
Total	100 %

There were no changes in the investment policy in the current year. Concentrations There are no individual investments in the Metro Plan or the Metro Education Plan that exceed 5% of plan assets at June 30, 2018.

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments of the Metro Plan, net of investment expense, was 6.79%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability Actuarial Assumptions

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

Asset Class	Long-Term Historical Real Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equity	7.10 %	5.10 %
International Equity	10.00 %	5.30 %
Equity Hedge	6.40 %	7.90 %
Fixed Income	3.40 %	2.30 %
Fixed Income Alternatives	3.40 %	2.70 %
Real Assets	2.30 %	4.90 %
Private Equity	7.10 %	7.90 %

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. Based on the Plan assumptions and funding policy, the fiduciary net position for each Plan was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1- percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Rocketship's Proportionate Share of the Net pension Liability (Asset)	\$ 666,253	\$ 120,813	\$ (370,193)

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 EMPLOYEE PENSION PLANS (CONTINUED)

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

Reconciliation of Net Pension Assets and Liabilities at June 30, 2018

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

	Total Pension Asset (Liability)	Deferred Outflows of Resources	Deferred Inflows of Resources
Teacher Legacy Plan	\$ 7,370	\$ 249,996	\$ (152,128)
Teacher Plan	66,888	102,251	(10,335)
Metro Plan	(120,813)	235,032	(252,070)
Total	<u>\$ (46,555)</u>	<u>\$ 587,279</u>	<u>\$ (414,533)</u>

Total Pension Expense — All Plans

For the year ended June 30, 2018, Rocketship Nashville recognized a total pension expense of \$213,254.

Hybrid Plan 401(k)

Rocketship Nashville makes contributions to the defined contribution component of the plan on behalf of each member of the Hybrid Plan, regardless of whether the member makes any employee contribution. The amount of the contribution is 5% of the member's compensation. During the year ended June 30, 2018, the contribution expense was \$79,722.

NOTE 10 SUBSEQUENT EVENTS

Rocketship Nashville has evaluated subsequent events through January 30, 2019, which is the date the financial statements were issued.

**REQUIRED SUPPLEMENTARY INFORMATION
AND OTHER SUPPLEMENTARY INFORMATION**

**ROCKETSHIP NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

RSED BOARD OF DIRECTORS

Member	Office	Term Expires
Fred Ferrer	President	2020
Louis Jordan	Treasurer	2019
Arra Yerganian	Secretary	2019
Alex Hernandez	Member	2019
Alex Terman	Member	2020
Deborah McGriff	Member	2019
Greg Stanger	Member	2020
Raymond Raven	Member	2019
Ralph Weber	Member	2019
Jolene Slotter	Member	2019
David Kaval	Member	2020
Don Shalvey	Member	2020
June Nwabara	Member	2020
Jean-Claude Brizard	Member	2019
Tennessee Advisory Board		
June Nwabara	Chair	2020
Abigail Spaulding	Member	2020
Brian Neal Williams	Member	2020
James Hildreth	Member	2020
Philip Elbert	Member	2020

ADMINISTRATORS

Preston Smith	Co-Founder, CEO and President
Keysha Bailey	Chief Financial Officer
Cheye Calvo	Chief Growth and Community Engagement Officer
Lynn Liao	Chief Programs Officer
Carolyn Davies Lynch	Vice President, Operations
Christopher Murphy	Vice President, Marketing and Communications

**ROCKETSHIP NASHVILLE
SCHEDULE OF ROCKETSHIP NASHVILLE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - RSI
YEAR ENDED JUNE 30, 2018**

	2015	2016	2017	2018
Organization's Proportion of the Net Pension Liability (Assets)	N/A*	0.044481%	0.022290%	0.022521%
Organization's Proportionate Share of the Net Pension Liability (Assets)	N/A*	\$ 5,932	\$ 137,302	\$ (7,370)
Organization's Covered Payroll		\$ 542,090	\$ 804,631	\$ 796,122
Organization's Proportionate Share of the Net Pension Liability (Assets) as a Percentage of its Covered Payroll		1.09%	17.31%	-0.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		99.81%	94.14%	100.14%

Teacher Hybrid:

	2015	2016	2017	2018
Organization's Proportion of the Net Pension Liability (Assets)	N/A*	0.203979%	0.226073%	0.253528%
Organization's Proportionate Share of the Net Pension Liability (Assets)	N/A*	\$ (8,206)	\$ (27,699)	\$ (66,888)
Organization's Covered Payroll		\$ 423,814	\$ 1,170,940	\$ 1,664,002
Organization's Proportionate Share of the Net Pension Liability (Assets) as a Percentage of its Covered Payroll		-1.94%	-2.37%	-4.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		127.46%	121.88%	126.81%

Metro Plan:

	2015	2016	2017	2018
Organization's Proportion of the Net Pension Liability (Assets)	N/A*	0.040830%	0.163999%	0.148040%
Organization's Proportionate Share of the Net Pension Liability (Assets)	N/A*	\$ 90,364	\$ 66,984	\$ 120,813
Organization's Covered Payroll		\$ 525,809	\$ 883,618	\$ 854,406
Organization's Proportionate Share of the Net Pension Liability (Assets) as a Percentage of its Covered Payroll		92.39%	98.64%	97.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		41.66%	7.58%	14.14%

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

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**ROCKETSHIP NASHVILLE
SCHEDULE OF PENSION CONTRIBUTIONS - RSI
YEAR ENDED JUNE 30, 2018**

	2015	2016	2017	2018
Contractually Required Contributions	\$ 49,005	\$ 72,739	\$ 71,970	\$ 40,519
Contributions in Relation to the Contractually Required Contribution	49,005	72,739	71,970	40,519
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Organization's Covered Payroll	<u>\$ 542,090</u>	<u>\$ 804,634</u>	<u>\$ 796,122</u>	<u>\$ 446,244</u>
Contributions as a Percentage of Covered Payroll	9.04%	9.04%	9.04%	9.08%

Teacher Hybrid:

	2015	2016	2017	2018
Contractually Required Contributions	\$ 10,595	\$ 29,306	\$ 66,560	\$ 92,641
Contributions in Relation to the Contractually Required Contribution	16,953	46,829	66,560	92,641
Contribution Deficiency (Excess)	<u>\$ (6,358)</u>	<u>\$ (17,523)</u>	<u>\$ -</u>	<u>\$ -</u>
Organization's Covered Payroll	<u>\$ 423,814</u>	<u>\$ 1,170,725</u>	<u>\$ 1,664,000</u>	<u>\$ 2,316,025</u>
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%

Metro Plan:

	2015	2016	2017	2018
Contractually Required Contributions	\$ 38,399	\$ 84,813	\$ 121,144	\$ 100,384
Contributions in Relation to the Contractually Required Contribution	38,399	84,813	121,144	100,384
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Organization's Covered Payroll	<u>\$ 209,716</u>	<u>\$ 525,809</u>	<u>\$ 883,618</u>	<u>\$ 854,406</u>
Contributions as a Percentage of Covered Payroll	18.31%	16.13%	13.71%	11.75%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

N/A – Not available.

**ROCKETSHIP NASHVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
FEDERAL AWARDS			
U.S. Department of Education			
Pass Through Program From Metro Nashville Public Schools:			
Title I, Part A, Basic Grants			
Low-Income and Neglected	84.010	N/A	\$ 379,359
Title II	84.367	N/A	23,327
Charter School Program Cluster	84.282M	N/A	655,825
Special Education Cluster:			
Special Education IDEA	84.027	N/A	134,607
Subtotal: Special Ed Cluster			<u>134,607</u>
Total U.S. Department of Education			<u>1,193,118</u>
U.S. Department of Agriculture			
Pass Through Program From Metro Nashville Public Schools:			
Child Nutrition Cluster			
National School Lunch Program	10.555	N/A	412,637
School Breakfast Program	10.553	N/A	298,679
Subtotal: Child Nutrition Cluster			<u>711,316</u>
Total U.S. Department of Agriculture			<u>711,316</u>
Total Federal Awards			<u>\$ 1,904,434</u>
STATE FINANCIAL ASSISTANCE			
Tennessee Department of Education			
Passed through Metro Nashville Public Schools:			
None			\$ -
Total State Financial Assistance			<u>\$ -</u>
Total Federal Awards and State Financial Assistance			<u>\$ 711,316</u>

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

ROCKETSHIP NASHVILLE
CONSOLIDATING STATEMENT OF NET POSITION BY LOCATION
JUNE 30, 2018

	Rocketship Northeast	Rocketship United Academy	Rocketship Partners Community Prep	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 117,510	\$ 772,324	\$ -	\$ 889,834
Accounts Receivable	(23,195)	445,090	1,573	423,468
Prepaid Expenses	73,579	26,943	13,648	114,170
Total Current Assets	<u>167,894</u>	<u>1,244,357</u>	<u>15,221</u>	<u>1,427,472</u>
NONCURRENT ASSETS				
Net Pension Asset	40,603	33,655	-	74,258
Capital Assets, Net of Accumulated Depreciation	19,332	12,567	60,007	91,906
Total Assets	<u>\$ 227,829</u>	<u>\$ 1,290,579</u>	<u>\$ 75,228</u>	<u>\$ 1,593,636</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources - Pensions	<u>278,892</u>	<u>277,126</u>	<u>31,261</u>	<u>587,279</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	\$ 269,600	\$ 321,503	\$ 544,921	\$ 1,136,024
Total Current Liabilities	<u>269,600</u>	<u>321,503</u>	<u>544,921</u>	<u>1,136,024</u>
NONCURRENT LIABILITIES				
Accrued Liabilities	3,844	3,055	2,522	9,421
Deferred Rent Liability	2,296	520,419	-	522,715
Net Pension Liability	60,418	60,395	-	120,813
Intracompany Payable	279,600	1,104,636	85,078	1,469,314
Loans Payable	100,000	100,000	100,000	300,000
Total Noncurrent Liabilities	<u>446,158</u>	<u>1,788,505</u>	<u>187,600</u>	<u>2,422,263</u>
Total Liabilities	<u>715,758</u>	<u>2,110,008</u>	<u>732,521</u>	<u>3,558,287</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources - Pensions	<u>214,890</u>	<u>199,643</u>	<u>-</u>	<u>414,533</u>
NET POSITION				
Invested in Capital Assets, Net of Related Debt	19,332	12,567	60,007	91,906
Unrestricted	<u>(443,259)</u>	<u>(754,513)</u>	<u>(686,039)</u>	<u>(1,883,811)</u>
Total Net Position	<u>\$ (423,927)</u>	<u>\$ (741,946)</u>	<u>\$ (626,032)</u>	<u>\$ (1,791,905)</u>

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

**ROCKETSHIP NASHVILLE
CONSOLIDATING STATEMENT OF ACTIVITIES BY LOCATION
YEAR ENDED JUNE 30, 2018**

	Rocketship Northeast	Rocketship United Academy	Rocketship Partners Community Prep	Total
REVENUES				
General Revenues:				
Tennessee Basic Education Program	\$ 4,100,435	\$ 5,402,129	\$ 425,932	\$ 9,928,496
Program Revenues:				
Other State Revenue	-	-	13,553	13,553
Federal Grant Revenues	566,570	664,405	673,459	1,904,434
Private Grants and Contributions	4,474	-	100,000	104,474
All Other Local Revenues	756,175	14,768	6,127	777,070
Total Revenues	<u>5,427,654</u>	<u>6,081,302</u>	<u>1,219,071</u>	<u>12,728,027</u>
EXPENSES				
Program Expenses - Educational Programs	4,859,724	5,376,054	1,623,823	11,859,601
Supporting Services	<u>720,048</u>	<u>863,152</u>	<u>88,074</u>	<u>1,671,274</u>
Total Expenses	<u>5,579,772</u>	<u>6,239,206</u>	<u>1,711,897</u>	<u>13,530,875</u>
CHANGE IN NET POSITION	(152,118)	(157,904)	(492,826)	(802,848)
Net Position - Beginning of Year	<u>(271,809)</u>	<u>(584,042)</u>	<u>(133,206)</u>	<u>(989,057)</u>
NET POSITION - END OF YEAR	<u><u>\$ (423,927)</u></u>	<u><u>\$ (741,946)</u></u>	<u><u>\$ (626,032)</u></u>	<u><u>\$ (1,791,905)</u></u>

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

ROCKETSHIP NASHVILLE
CONSOLIDATING STATEMENT OF GENERAL FUND BALANCE SHEET BY LOCATION
JUNE 30, 2018

	<u>Rocketship Northeast</u>	<u>Rocketship United Academy</u>	<u>Rocketship Partners Community Prep</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 117,510	\$ 772,324	\$ -	\$ 889,834
Accounts Receivable	(23,195)	445,090	1,573	423,468
Prepaid Expenses	73,579	26,943	13,648	114,170
Total Current Assets	<u>167,894</u>	<u>1,244,357</u>	<u>15,221</u>	<u>1,427,472</u>
Total Assets	<u>\$ 167,894</u>	<u>\$ 1,244,357</u>	<u>\$ 15,221</u>	<u>\$ 1,427,472</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	<u>\$ 269,600</u>	<u>\$ 321,503</u>	<u>\$ 544,921</u>	<u>\$ 1,136,024</u>
Total Current Liabilities	<u>269,600</u>	<u>321,503</u>	<u>544,921</u>	<u>1,136,024</u>
Total Liabilities	269,600	321,503	544,921	1,136,024
FUND BALANCE				
Nonspendable for Prepaid Expenses	73,579	26,943	13,648	114,170
Unassigned	<u>(175,285)</u>	<u>895,911</u>	<u>(543,348)</u>	<u>177,278</u>
Total Fund Balance	<u>(101,706)</u>	<u>922,854</u>	<u>(529,700)</u>	<u>291,448</u>
Total Liabilities and Fund Balance	<u>\$ 167,894</u>	<u>\$ 1,244,357</u>	<u>\$ 15,221</u>	<u>\$ 1,427,472</u>

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

ROCKETSHIP NASHVILLE
CONSOLIDATING STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE BY LOCATION
YEAR ENDED JUNE 30, 2018

	Rocketship Northeast	Rocketship United Academy	Rocketship Partners Community Prep	Total
REVENUES				
General Revenues:				
Tennessee Basic Education Program	\$ 4,100,435	\$ 5,402,129	\$ 425,932	\$ 9,928,496
Program Revenues:				
Other State Revenue	-	-	13,553	13,553
Federal Grant Revenues	566,570	664,405	673,459	1,904,434
Private Grants and Contributions	4,474	-	100,000	104,474
All Other Local Revenues	756,175	14,768	6,127	777,070
Total Revenues	<u>5,427,654</u>	<u>6,081,302</u>	<u>1,219,071</u>	<u>12,728,027</u>
EXPENSES				
Program Expenses - Educational Programs	4,890,590	5,127,150	1,655,084	11,672,824
Supporting Services	719,048	862,152	87,074	1,668,274
Capital Outlay	5,125	-	35,102	40,227
Total Expenses	<u>5,614,763</u>	<u>5,989,302</u>	<u>1,777,260</u>	<u>13,381,325</u>
OTHER CHANGES				
Other Financing Sources	-	504,636	85,078	589,714
Other Financing Uses	(320,982)	-	-	(320,982)
Total Other Changes	<u>(320,982)</u>	<u>504,636</u>	<u>85,078</u>	<u>268,732</u>
CHANGE IN FUND BALANCE	(508,091)	596,636	(473,111)	(384,566)
Fund Balance - Beginning of Year	<u>406,385</u>	<u>326,218</u>	<u>(56,589)</u>	<u>676,014</u>
FUND BALANCE - END OF YEAR	<u>\$ (101,706)</u>	<u>\$ 922,854</u>	<u>\$ (529,700)</u>	<u>\$ 291,448</u>

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

ROCKETSHIP NASHVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION AND
OTHER SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

The schedule presents information on Rocketship Nashville's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with Rocketship Nashville. Accounting standards require calculation of the proportionate share of the pension liability based on the plan information for the previous year. Rocketship Nashville was not yet in operation in the previous year and therefore has no calculated proportion share of the net pension liability for the year ended June 30, 2016. In the future, as data becomes available, 10 years of information will be presented.

NOTE 2 SCHEDULE OF SCHOOL CONTRIBUTIONS

The schedule presents information on Rocketship Nashville's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented. The accompanying schedule of expenditures of federal awards and state financial assistance includes the government grant activity of Rocketship Nashville and is presented on the accrual basis of accounting.

NOTE 3 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

The Schedule of Expenditures of Federal Awards and State Financial Assistance includes the grant activity of Rocketship Nashville, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Tennessee Comptroller of the Treasury's Audit Manual. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 4 SUPPLEMENTARY STATEMENTS BY LOCATION

The information in these statements is presented in accordance with the requirements of the State of Tennessee Comptroller of the Treasury's Audit Manual.

**INDEPENDENT AUDITOR'S 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 the governmental activities and each major fund of Rocketship Nashville, comprised of Tennessee Public Charter Schools, operated by Rocketship Education Inc. (RSED, as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rocketship Nashville's internal control over financial reporting (internal control) to determine the 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 Rocketship Nashville's internal control. Accordingly, we do not express an opinion on the effectiveness of Rocketship Nashville'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 Rocketship Nashville'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs (see Finding 2018-001), we identified certain deficiencies in internal control that we consider to be a material weakness.

Compliance and Other Matters

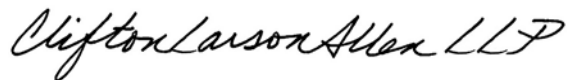
As part of obtaining reasonable assurance about whether Rocketship Nashville’s financial statements are free from material misstatement, we performed tests of Rocketship Nashville’s compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Response to Findings

Management’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Management’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
January 30, 2019

**ROCKETSHIP NASHVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Finding 2018-001 – Internal Control Relating to Closing Process

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Criteria: Internal control processes should be followed throughout the year to ensure accurate financial information in accordance with Generally Accepted Accounting Principles.

Condition: Throughout the audit process, revisions to the trial balance were made by management to correct balances and transactions after the audit process began. The number of journal entries required indicates that internal control processes were not operating effectively throughout the fiscal year and that the closing process was not completed in a timely manner.

Effect: Potential errors in reporting account balances and risk that material errors may not be prevented or detected and corrected on a timely basis.

Cause: Month-end closing procedures were not sufficient to ensure correct balances at the time of the audit. The issue was caused by a change in accounting personnel.

Questioned Costs and Units: None.

Recommendation: We recommend management review its current internal control procedures related to month-end closings and to ensure it has adequate capacity to perform all functions of its internal control processes.

Corrective Action Plan: Management has employed external consultants since May 2018 to improve and clarify its monthly close and to improve all accounting processes and controls. This has included additional resourcing, implementation and review of new closing checklists, and additional accounting system investments to support process. In addition, management has employed new senior accounting personnel to review activity and controls.

**ROCKETSHIP NASHVILLE
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

There were not findings or questioned costs related to the basic financial statements for the prior year.

**Rocketship Nashville
Statements of Activities**

	Year End 6/30/18 Audit			12/31/18 Unaudited 6 months
	General Fund	Adjustments	Statement of Activities	Statement of Activities
Revenue				
TN Basic Education	9,928,496		9,928,496	5,803,993
Federal	1,904,434		1,904,434	724,267
Private and Contributions	104,474		104,474	
All Other	790,623		790,623	311,591
Total Revenue	12,728,027	-	12,728,027	6,839,851
Expense				
Educational Program	11,672,824	186,777	11,859,601	5,168,138
Supporting Services	1,668,274	3,000	1,671,274	918,733
Capital Outlay	40,227	(40,227)	-	
Total Expense	13,381,325	149,550	13,530,875	6,086,871
Other Financing Sources Uses				
Other Financing Sources	589,714	(589,714)	-	
Other Financing Uses	(320,982)	320,982	-	
Total Other Sources and Uses	268,732	(268,732)	-	-
Change in Fund Balance/Net Positions	(384,566)	(418,282)	(802,848)	752,980



EXHIBIT 2

Charter School Performance Framework



Acknowledgements

The Tennessee State Board of Education would like to acknowledge and thank the National Association of Charter School Authorizers¹ for use of their framework templates, guidance, and assistance in the creation of this performance framework. In addition, we appreciate the assistance of the Tennessee Department of Education for guidance around the state's accountability framework and their thought-partnership during the development of this performance framework.



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¹ National Association of Charter School Authorizers, "Core Performance Framework and Guidance," March 2013, accessed August 26, 2014, available at www.qualitycharters.org.

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About the Performance Framework

With regard to its role as an appellate authorizer of charter schools, a mission of the Tennessee State Board of Education is laid out in State Board Policy 6.100. This policy states, “The mission of the State Board is to increase families’ access to high-quality charter schools.” Therefore, this document outlines the comprehensive benchmarks by which charter schools authorized by the Tennessee State Board of Education will be measured and evaluated in order to meet the mission stated above. The framework addresses the academic, financial, and organizational benchmarks by which schools will be scored to indicate the overall success and health of the charter school. A charter school’s performance on these measures will be published in the annual report produced by the State Board of Education.



Section I. Academic Performance & School Culture

Pursuant to Tennessee Code Annotated (T.C.A) § 49-13-102, two of the purposes of a charter school are to improve learning for all students and to ensure that children have the opportunity to reach proficiency on state academic assessments. In addition, the law states that “[t]he performance-related provisions within a charter agreement shall be based on a performance framework that clearly sets forth the academic and operational performance indicators, measures, and metrics that will guide the authorizer's evaluation of each public charter school.”² For students, families, and the community, the main question that needs to be answered is: “Is this school a high-achieving school?” With increased school autonomy, a bedrock of charter school authorization, comes the expectation of high academic achievement. The following pages outline the measures by which a charter school’s academic performance will be evaluated for purposes of yearly monitoring, potential interventions and plans of correction, and renewal and revocation decisions. A school will be evaluated on each performance measure and will receive a rating for each measure as well as a composite score that encompasses the entire academic performance framework. The State Board of Education’s Charter School Intervention Policy 6.700 lays out the possible interventions and sanctions for failure to meet the standards set forth in the performance framework.³

The Academic Performance framework is made up of three key areas, which are outlined below. Additional details and explanations around these areas are included in the pages that follow.

1. Student Achievement (50%)
2. Comparative Performance (30%)
3. School Culture (20%)

² T.C.A. § 49-13-143(a)

³ For example, the governing board of any school that receives a “Falls Far Below” rating in any category will receive a Notice of Concern detailing the areas of concern on the Performance Framework. Achievement of a rating of “Falls Far Below” in multiple areas or “Does Not Meet Standard” in a significant number of ratings will result in a Notice of Deficiency being issued to the school’s governing board and a Plan of Correction being developed. Additional information regarding possible interventions and sanctions, including charter revocation, are available in the Charter School Intervention Policy 6.700.



1: Student Achievement (50%)

Measure	Description	Falls Far Below Standard	Does Not Meet Standard	Meets Standard	Exceeds Standard	Total Weight
1a*	School academic performance, as measured by the Tennessee Department of Education	D	C	B	A	50%

**For schools in their first year of operation, see 1b in the next section.*

In December 2015, the Every Student Succeeds Act (ESSA) was signed into law. ESSA replaces the former federal education law, commonly referenced as No Child Left Behind, and reauthorizes the Elementary and Secondary Education Act of 1965. In 2017, the Tennessee Department of Education (TDOE) outlined a new district and school accountability framework that is aligned to ESSA. The TDOE’s school accountability framework measures school performance for all students and by subgroup on the following indicators:⁴

1. **Achievement:** Percent of students performing at “on track” or “mastered” on state assessments through two pathways:
 - a. Absolute achievement (relative to other schools); or
 - b. Performance on Annual Measureable Objectives (AMO) targets (growth in achievement);
2. **Growth:** TVAAS growth for all students and progress on all achievement levels for subgroups;
3. **Ready Graduate (High School Only):** Percent of high school graduates who demonstrate the necessary skills for postsecondary, military, and workforce readiness by meeting either ACT, Early Postsecondary Opportunities (EPSO), or military criteria through two pathways:
 - a. Absolute achievement (relative to other schools); or
 - b. Performance on AMO targets (growth in Ready Graduate indicator);
4. **Chronically Out of School:** Percent of students who are chronically out of school, defined as missing 10 percent or more of a school year due to absences or out of school suspensions, through two pathways:
 - a. Absolute achievement (relative to other schools); or
 - b. Performance on AMO targets (reduction in percent of students chronically out of school);
5. **English Language Proficiency Assessment (ELPA):** Progress toward English language proficiency through two pathways:
 - a. Percent of students exiting ESL services, weighted by initial ELP; or
 - b. Percent of students meeting or exceeding the growth standard based on prior English proficiency.

⁴ Tennessee Department of Education. (2017, April 3). *Every Student Succeeds Act: Building on Success in Tennessee*.



An A-D letter grade⁵ is assigned to each school evaluated by the TDOE. Due to the comprehensive nature of this state-determined school rating, each letter grade will correspond to the rating category as determined in the table above. Minus grades for schools designated as “focus” schools will not influence the overall ratings category of the school. For example, a school receiving a B- will be designated as “Meets Standard.”

1. b. Student Achievement for New Schools (Applicable for schools with only one year of data) (50%)

New schools in their first year of operations will not receive an A-D rating from the TDOE. Instead, new schools will be evaluated in the following areas in student achievement. The weight of the following areas makes up 50% of the final academic performance and school culture score, just as the 50% weight from the A-D letter grade. Each of the below indicators scoring weights align to the scoring weights used for each indicator in the A-D letter grade.

1. **Absolute Achievement:** Absolute achievement will be measured by the percentage of students scoring “On-Track” or “Mastered” on the Tennessee state assessments in the subject areas of ELA, math, science, and social studies. The total scoring weight for absolute achievement is 45% with each subject area consisting of 11.25% of the total 45%. If a school is not being tested in a certain area, the total of 45% will be reallocated equally among the total tested subject areas.
2. **Growth:** Growth in achievement will be measured by TVAAS overall composite index for the one-year trend. The total scoring weight for growth is 35%.
3. **Chronic Absenteeism:** Chronic absenteeism is defined as the percent of students missing 10% or more of enrolled school days. The total scoring weight for chronic absenteeism is 10%.
4. **English Language Proficiency Assessment (ELPA):** ELPA will be measured by the percentage of students meeting or exceeding the growth standard based on prior English proficiency. The total scoring weight for ELPA is 10%.

⁵ T.C.A. § 49-1-228

Adopted: 10/31/2014

Revised: 05/31/2019

Measure	Sub-Category	Description	Grade Level	Falls Far Below Standard	Does Not Meet Standard	Meets Standard	Exceeds Standard	Total Weight
		Points Total		1	2	3	4	
1b – Year 1	Absolute Achievement	Absolute performance in ELA, as measured by Tennessee State Assessments - Percent of students scoring On Track/Mastered	HS	Less than 20%	20%-29.9%	30%-50%	Greater than 50%	11.25%
			3-8	Less than 20%	20%-29.9%	30%-50%	Greater than 50%	
		Absolute performance in math, as measured by Tennessee State Assessments - Percent of students scoring On Track/Mastered	HS	Less than 10%	10%-19.9%	20%-40%	Greater than 40%	11.25%
			3-8	Less than 20%	20%-29.9%	30%-50%	Greater than 50%	
		Absolute performance in science, as measured by Tennessee State Assessments - Percent of students scoring On Track/Mastered	HS	Less than 40%	40%-49.9%	50%-70%	Greater than 70%	11.25%
			3-8	Less than 40%	40%-49.9%	50%-70%	Greater than 70%	
		Absolute performance in social studies, as measured by Tennessee State Assessments - Percent of students scoring On Track/Mastered	HS	Less than 20%	20%-29.9%	30%-50%	Greater than 50%	11.25%
			3-8	Less than 20%	20%-29.9%	30%-50%	Greater than 50%	
	Growth	TVAAS overall composite index for one-year trend.	All	Level 1	Level 2	Level 3 or 4	Level 5	35%
	Chronic Absenteeism	The percent of students missing 10 percent or more of enrolled school days	HS	Greater than 25%	20.1-25%	15%-20%	Less than 15%	10%
			K-8	Greater than 20%	15.1%-20%	10%-15%	Less than 10%	
	English Language Proficiency Assessment (ELPA)	Percent of students meeting or exceeding the growth standard based on prior English proficiency	HS	Less than 40%	Less than 50%	Less than 60%	At least 60%	10%
			K-8	Less than 40%	Less than 50%	Less than 60%	At least 60%	

2: Comparative Performance (30%)

Measure	Description		Falls Far Below Standard	Does Not Meet Standard	Meets Standard	Exceeds Standard	Total Weight
2a	School comparative performance to resident district in ELA	All Grades	More than 15 percentage points lower than the resident district	5.1-15 percentage points lower than the resident district	Up to 5 percentage points below or above the resident district	Greater than 5 percentage points higher than the resident district	25%
2b	School comparative performance to resident district in Math	All Grades	More than 15 percentage points lower than the resident district	5.1-15 percentage points lower than the resident district	Up to 5 percentage points below or above the resident district	Greater than 5 percentage points higher than the resident district	25%
2c	School comparative performance to resident district in Science	All Grades	More than 15 percentage points lower than the resident district	5.1-15 percentage points lower than the resident district	Up to 5 percentage points below or above the resident district	Greater than 5 percentage points higher than the resident district	25%
2d	School comparative performance to resident district in Social Studies	All Grades	More than 15 percentage points lower than the resident district	5.1-15 percentage points lower than the resident district	Up to 5 percentage points below or above the resident district	Greater than 5 percentage points higher than the resident district	25%

Comparison of charter performance to the resident district average allows for the evaluation of whether the charter school is providing a better option for students. Comparative achievement will be measured by evaluating the percentage of students who scored “mastered” or “on track” on the state assessments at the charter school, as compared to the resident district average.

- In grades 3-8, an average percent “mastered” or “on track” of all grades will be calculated for each tested subject.

○

- This average will be calculated by taking the total number of students scoring “mastered” or “on track” and dividing it by the total number of students who took the test in grades 3-8.
- In high school, an average percent “mastered” or “on track” will be calculated for End-of-Course (EOC) assessments in English I, and II, Algebra or Integrated Math I, Geometry or Integrated Math II, Algebra II or Integrated Math III, , Biology, and U.S. History.
 - This average will be calculated by taking the total number of students scoring “mastered” or “on track” and dividing it by the total number of students who took the tests, which will be grouped by subject.
 - EOC assessments will be grouped by subject in the following way:
 - ELA: English I and II
 - Math: Algebra or Integrated Math I, Geometry or Integrated Math II, Algebra II or Integrated Math III
 - Science: Biology
 - Social Studies: U.S. History

*If a school is not being tested in certain subject areas, the total weight will be reallocated equally among the total tested subject areas.

3: School Culture (20%)

Measure	Description	Grade Level	Falls Far Below Standard	Does Not Meet Standard	Meets Standard	Exceeds Standard	Total Weight
3a	Suspension rate	ES	5% or more	4% - 4.9%	3% - 3.9%	Less than 3%	33.3%
		MS	20% or more	13% - 19.9%	5% - 12.9%	Less than 5%	
		HS	10% or more	8% - 9.9%	4% - 7.9%	Less than 4%	
3b	Student attrition rate	All	35% or more	25%-34.9%	15%-24.9%	Less than 15%	33.3%
3c	Teacher retention rate	All	Less than 65%	65% - 74.9%	75% - 84.9%	85% or more	33.3%

3a: The suspension rate is measured as the percentage of individual students suspended one or more times at a school during the school year. This rate includes out-of-school suspensions only.

3b: The student attrition rate is measured as the total percentage of students who left the school for reasons other than completing the highest grade in one annual cycle between October 1 of a given year and October 1 of the next year.⁶ This annual cycle was selected to account for student attrition during the school year and during the summer months.

3c: Teachers who are non-renewed are not included as part of the teacher retention rate. This metric will also hold harmless teachers who move into a different role at the school or in the charter management organization.

Rating System:

Each school will receive points per measure based on where they fall on the range (from “Falls Far Below Standard” through “Exceeds Standard”). Then, the points for the measure will be weighted according to each measure’s assigned weight. Each rating will receive the following number of points:

Rating	Points
Falls Far Below Standard	1

⁶ October 1 is commonly used as the date by which schools track official enrollment numbers because typical beginning-of-year fluctuations in enrollment even out by October 1. The National Center for Education Statistics (NCES) also uses this date when referencing enrollment for a given year.



Does Not Meet Standard	2
Meets Standard	3
Exceeds Standard	4

The number of points received will be multiplied by the section weight to yield a final score for the academic and cultural section.

Example: ABC Charter School

Section	Indicator	Falls Far Below Standard	Does Not Meet Standard	Meets Standard	Exceeds Standard	Final Score	Percentage of Section Score	Percentage of Overall Score	Weighted Score
Student Achievement	School academic performance, as measured by TN's accountability system	1	2	3	4	3	100%	50%	1.5
Comparative Performance	School comparative performance to resident district in ELA	1	2	3	4	2	25%	30%	0.675
	School comparative performance to resident district in math	1	2	3	4	3	25%		
	School comparative performance to resident district in science	1	2	3	4	1	25%		
	School comparative performance to resident district in social studies	1	2	3	4	3	25%		
Culture	Suspension rate	1	2	3	4	2	33.3%	20%	0.532
	Student attrition rate	1	2	3	4	3	33.3%		
	Teacher retention rate	1	2	3	4	3	33.3%		
Average Total Rating* = 3 (Meets Standard)									

*To assign the final score determination, the "Average Total Rating" will be rounded to the nearest whole number. (For example, a score of 2.5 would be rounded up to a 3 and assigned the determination of "Meets Standard." A score of 2.4 would be rounded down to a 2 and a determination of "Does Not Meet Standard.")



Section II. Financial Performance

In addition to academic performance, another important indicator of short-term and long-term success of charter schools is the financial performance. Annually, a charter school will be rated on the following near term and sustainability indicators. Any school that receives a “Falls Far Below” rating in any category will receive an immediate Plan of Correction to assist in remedying the deficiencies in this financial area. Three or more successive years of ratings that include a measure in the “Falls Far Below” category may result in a recommendation of immediate revocation of the charter.

Indicators and Measures:

1. Near Term Indicators:
 - a. Current Ratio
 - b. Unrestricted Days Cash
 - c. Enrollment Variance
 - d. Default
2. Sustainability Indicators:
 - a. Total Margin
 - b. Debt to Asset Ratio
 - c. Cash Flow
 - d. Debt Service Coverage Ratio
 - e. Near Term Indicators

1. Near Term Indicators

1(a). Current Ratio:

Current Assets divided by Current Liabilities

- Meets Standard
- Current Ratio is greater than or equal to 1.1, OR
 - Current Ratio is between 1.0 and 1.1 and one-year trend is positive (current year ratio is higher than last year's)

Note: For schools in their first or second year of operation, the Current Ratio must be greater than or equal to 1.1.

- Does Not Meet Standard
- Current Ratio is between 0.9 and 1.0 or equal to 1.0, OR
 - Current Ratio is between 1.0 and 1.1 and one-year trend is negative

- Falls Far Below Standard
- Current Ratio is less than or equal to 0.9, OR
 - If a school is in their first or second year of operation, Current Ratio is less than 1.1.

1(b). Unrestricted Days Cash:

Unrestricted Days Cash divided by ((Total Expense minus Depreciation Expenses) Divided by 365)

- Meets Standard
- 60 Days Cash, OR
 - Between 30 and 60 Days Cash and one-year trend is positive

Note: For schools in their first or second year of operation, they must have a minimum of 30 days cash.

- Does Not Meet Standard
- Days Cash is between 15-30 days, OR

- Days Cash is between 30-60 days and one-year trend is negative

- Falls Far Below Standard
- Fewer than 15 days cash, OR
 - For schools in their first or second year of operation, Days Cash is less than 30 days

1(c). Average Daily Membership (ADM) to Budget Variance:

Actual ADM (June 30 ADM) divided by Enrollment Projection used in June 1 Charter School Board-Approved Budget

- Meets Standard
- ADM to Budget Variance equals or exceeds 95 percent in the most recent year

- Does Not Meet Standard
- ADM to Budget Variance is between 85 percent and 95 percent in the most recent year

- Falls Far Below Standard
- ADM to Budget Variance is less than 85 percent in the most recent year

1(d). Default:

- Meets Standard
- School is not in default of loan covenant(s) and/or is not delinquent with debt service payments

- Does Not Meet Standard
- School is in default of loan covenant(s), but has worked with lender(s) to restructure debt service payments



Falls Far Below Standard

- School is in default of loan covenant(s) and/or is delinquent with debt service payment

2. Sustainability Measures

2(a). Total Margin:

Total Margin is Net Income divided by Total Revenue and Aggregated Total Margin is Total Three-Year Net Income divided by Total Three-Year Revenues

- Meets Standard
- Aggregated Three-Year Total Margin is positive and the most recent year Total Margin is positive, OR
 - Aggregated Three-Year Total Margin is greater than -1.5 percent, the trend is positive for the last two years, and the most recent year Total Margin is positive

Note: For schools in their first or second year of operation, the cumulative Total Margin must be positive.

- Does Not Meet Standard
- Aggregated Three-Year Total Margin is greater than -1.5 percent, but trend does not “Meet Standard”

- Falls Far Below Standard
- Aggregated Three-Year Total Margin is less than or equal to -1.5 percent,
 - The most recent year Total Margin is less than -10 percent, OR
 - For schools in their first or second year of operation, the cumulative Total Margin is negative

2(b). Debt to Asset Ratio:

Total Liabilities divided by Total Assets

- Meets Standard
- Debt to Asset Ratio is less than 0.9

- Does Not Meet Standard
- Debt to Asset Ratio is between 0.9 and 1.0

- Falls Far Below Standard
- Debt to Asset Ratio is greater than 1.0

2(c). Cash Flow:

Multi-Year Cash Flow = Year 3 Total Cash – Year 1 Total Cash; One-Year Cash Flow = Year 2 Total Cash – Year 1 Total Cash

- Meets Standard
- Multi-Year Cumulative Cash Flow is Positive and Cash Flow is positive each year, OR
 - Multi-Year Cumulative Cash Flow is positive, Cash Flow is positive in one of two years, and Cash Flow in the most recent year is positive

Note: Schools in their first or second year of operation must have positive cash flow.

- Does Not Meet Standard
- Multi-Year Cumulative Cash Flow is positive, but trend does not “Meet Standard”

- Falls Far Below Standard
- Multi-Year Cumulative Cash Flow is negative, OR
 - For schools in their first or second year of operation, cash flow is negative

2(d). Debt Service Coverage Ratio:

(Net Income + Depreciation + Interest Expense) divided by (Annual Principal, Interest, and Lease Payments)

- Meets Standard
 - Debt Service Coverage Ratio is equal to or exceeds 1.1
- Does Not Meet Standard
 - Debt Service Coverage Ratio is less than 1.1
- Falls Far Below Standard
 - Not Applicable

Section III: Organizational Performance

A charter school's performance on the organizational measures is a large piece of the overall evaluation of a charter school. Deficiencies or weaknesses in organizational performance may be an indicator of the overall health of the charter school. Any school that receives a "Falls Far Below" rating in any category will receive an immediate Plan of Correction to assist in remedying the deficiencies in this organizational area. Three or more successive years of ratings that include a measure in the "Falls Far Below" category may result in a recommendation of immediate revocation of the charter.

Indicators and Measures:

1. Education Program:
 - a. Charter Terms
 - b. Compliance with Education Requirements
 - c. Students with Disabilities Rights
 - d. English Learner Rights
2. Financial Management and Oversight
 - a. Financial Reporting and Compliance Reporting
 - b. Generally Accepted Accounting Principles
3. Governance and Reporting
 - a. Governance Requirements
 - b. Accountability of Management
 - c. Reporting Requirements
4. Students and Employees
 - a. Rights of Students
 - b. Attendance
 - c. Credentialing
 - d. Employment Rights
 - e. Background Checks
5. School Environment
 - a. Facilities and Transportation
 - b. Health and Safety
 - c. Information Handling
6. Additional Obligations
 - a. All Other Obligations

1. Education Program

1(a). Is the school implementing the material terms of the education program as defined in the current charter agreement?

Meets Standard

- The school implemented the material terms of the education program in all material respects and the education program in operation reflects the material terms as defined in the charter agreement, or the school has gained approval for a charter modification to the material terms pursuant to T.C.A. § 49-13-110. If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to implement the material terms of the education program in the manner described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to implement its program in the manner described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

1(b). Is the school complying with applicable education requirements?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of

the charter agreement relating to education requirements, including but not limited to:

- Instructional days or minutes requirements
- Graduation, promotion, and retention requirements
- Content standards, including implementation of Tennessee Academic Standards
- State Assessments
- Implementation of Response to Instruction and Intervention (RTI²)
- Implementation of mandated programming as a result of state or federal funding

If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, LEA policies and procedures, and provisions described above. Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, LEA policies and procedures, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

1(c). Is the school protecting the rights of students with disabilities? Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement (including the Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act) relating to the treatment of students with identified disabilities and those suspected of having a disability, including but not limited to:
 - Equitable access and opportunity to enroll
 - Identification and referral
 - Appropriate development and implementation of Individualized Education Plans and Section 504 plans, in compliance with required timelines
 - Operational compliance, including provision of services in the least restrictive environment and appropriate inclusion in the school's academic program, assessments, and extracurricular activities
 - Discipline, including due process protections, manifestation determinations, and behavioral intervention plans
 - Access to the school's facility and program in a lawful manner and consistent with students' IEPs or Section 504 Plans
 - Securing and properly accounting for all applicable federal and state funding

If shortcomings were identified, the school promptly came into compliance.

 Does Not Meet Standard

- The school did not materially comply with applicable laws, rules, regulations, LEA policies and procedures, and provisions relating to the treatment of students with identified disabilities and those suspected of having a disability in the manner described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

 Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, LEA policies, and procedures, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

1(d). Is the school protecting the rights of English Learner (EL) students? Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement (including Title I and III of the Every Student Succeeds Act (ESSA)) relating to the English Learner requirements, including but not limited to:
 - Required policies and notifications related to the service of EL students
 - Proper steps for identification of students in need of EL services, in compliance with required timelines.
 - Appropriate and equitable delivery of services to identified students
 - Compliance with 1:35 EL teacher to student ratio

- Annual assessment of EL students (screener and annual assessment)
- Appropriate accommodations on assessments
- Exiting of students from EL services
- Ongoing monitoring of exited students

If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school did not materially comply with applicable laws, rules, regulations, LEA policies and procedures, and provisions relating to English Learner requirements in the manner described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, LEA policies and procedures, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

2. Financial Management

2(a). Is the school meeting financial reporting and compliance requirements?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement relating to financial reporting requirements, including but not limited to:
 - Complete and on-time submission of financial reports, including initial and revised budgets, periodic financial reports as required by the State Board via the Reporting Calendar, and any reporting requirements if the board contracts with an Education Service Provider (ESP)
 - On-time submission and completion of annual independent audit and corrective action plans, if applicable
 - Complete and on-time submission of all additional reporting requirements related to the use of public funds

If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions relating to financial reporting requirements as described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

2(b). Is the school following Generally Accepted Accounting Principles as outlined by the Governmental Accounting Standards Board?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement relating to financial management and oversight expectations as evidenced by an annual independent audit, including but not limited to:
 - An unqualified audit opinion
 - An audit devoid of significant findings and conditions, material weaknesses, or significant internal control weaknesses
 - An audit that does not include a going concern disclosure in the notes or an explanatory paragraph within the audit report

If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions relating to financial management and oversight expectations described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

3. Governance and Reporting

3(a). Is the school complying with governance requirements?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement relating to governance by its board, including but not limited to:
 - Board policies, including those related to oversight of an Education Service Provider (ESP) or Charter Management Organization (CMO), if applicable
 - Board bylaws
 - State open meetings law
 - Code of ethics
 - Conflicts of interest
 - Board composition and/or membership rules pursuant to T.C.A. § 49-13-109 (e.g. inclusion of a parent on board or proper membership on school advisory council.)

If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, LEA policies and procedures, and provisions relating to governance by its board as described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into

compliance or the failure was so severe that it outweighed any efforts to come into compliance.

3(b). Is the school holding management accountable (Applicable to schools contracting with an Educational Service Provider (ESP) or Charter Management Organization (CMO))?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA Policies and Procedures, and provisions of the charter agreement relating to oversight of school management through an ESP or CMO, including but not limited to:
 - Maintaining authority over management, holding it accountable for performance as agreed under a written performance agreement, and requiring annual financial reports of the ESP or CMO.

Does Not Meet Standard

- The school failed to comply with all applicable laws, rules, regulations, and provisions relating to oversight of school management; once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with all applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

3(c). Is the school complying with reporting requirements?

Reporting Calendar On-Time Completion Rate*	Meets Standard	Does Not Meet or Falls Far Below
	≥ 85%	< 85%

Reporting Overall Rate*	Calendar Completion

***Note:**

- Period= July –June
- On-Time= Within five (5) business days of the due date. If an item was not required of the school or an extension was granted and met, the item will be considered on time.*Percentages will be rounded to the nearest whole number. (For example, an on time percentage of 84.5 would be rounded up to an 85 and be eligible for a “Meets Standard” rating. An on time percentage of 84.4 would be rounded down to an 84 and a rating of either “Does Not Meet Standard” or “Falls Far Below Standard.”)
- For schools in the first year of operation, completion rates will be reported, however, the school’s rating will not be tied to the on-time completion rate.

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement relating to relevant reporting

requirements to the State Board, Tennessee Department of Education, and/or federal authorities. The school submits timely, complete, and accurate reports, including but not limited to:

- On-time completion rate for Reporting Calendar submissions of at least 85% (not applicable to schools in their first year of operation).
- Timely and accurate attendance and enrollment reporting
- Timely and accurate reporting related to state and federal compliance and oversight
- Timely and accurate reporting of additional information requested by the State Board

Does Not Meet Standard

- The school failed to timely comply with applicable laws, rules, regulations, LEA policies and procedures, and provisions relating to relevant reporting requirements described above.

Falls Far Below Standard

The school exhibited a pattern of failure to comply with applicable laws, rules, regulations, LEA policies and procedures, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

4. Students and Employees

4(a). Is the school protecting the rights of all students?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement relating to the rights of students, including but not limited to:
 - Policies and practices related to admissions, lottery, waiting lists, fair and open recruitment, and enrollment (including rights to enroll or maintain enrollment)
 - The collection and protection of student information (that could be used in discriminatory ways or otherwise contrary to law)
 - Due process protections, privacy, civil rights, and student liberties requirements, including First Amendment protections and the Establishment Clause restrictions prohibiting public schools from engaging in religious instruction
 - Conduct of discipline (discipline hearings and suspension and expulsion policies and practices)

If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, LEA policies and procedures, and provisions relating to the rights of students as described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

4(b). Is the school meeting attendance goals?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement relating to attendance goals, including but not limited to:
 - Meeting attendance goals outlined in the charter agreement
 - Meeting attendance goals outlined in the School or LEA plan (if applicable)

If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, LEA policies and procedures, and provisions relating to attendance goals described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into

compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

4(c). Is the school meeting teacher and other staff credentialing requirements?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement (including the federal Highly Qualified Teacher and Paraprofessional requirements within Elementary and Secondary Education Act [ESEA] as amended by ESSA) relating to state certification requirements. If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions relating to state certification requirements; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

4(d). Is the school complying with laws regarding employee rights?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of

the charter agreement relating to employment considerations, including those relating to the Family Medical Leave Act, the Americans with Disabilities Act, and employment contracts (if applicable). The school does not interfere with employees' rights to organize collectively or otherwise violate staff collective bargaining rights. If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions relating to employment considerations; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

4(e). Is the school completing required background checks?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement relating to background checks of all applicable individuals (including staff, contractors and volunteers, where applicable). If shortcomings were identified, the school promptly came into compliance.



Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions relating to background checks; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

5. School Environment

5(a). Is the school complying with facilities and transportation requirements?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, and provisions of the charter agreement relating to the school facilities, grounds, and transportation, including but not limited to:
 - Americans with Disabilities Act (ADA)
 - Fire inspections and related records
 - Viable certificate of occupancy or other required building use authorization
 - Asbestos inspections
 - Documentation of requisite insurance coverage
 - Student transportation (including transportation for students with disabilities)

If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions relating to the school facilities, grounds, and transportation as described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

5(b). Is the school complying with health and safety requirements?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions of the charter agreement relating to safety and the provision of health-related services, including but not limited to:
 - Appropriate nursing services, school health reporting requirements, and dispensing of medication
 - Food service requirements
 - Emergency Operations Plan
 - School safety drills
 - Other district requirements

If shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions relating to safety and the provision of health-related services as described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

5(c). Is the school handling information appropriately?

Meets Standard

- The school materially complies with applicable laws, rules, regulations, LEA policies and procedures, and provisions regarding the handling of information, including but not limited to:
 - Maintaining the security of and providing access to student records under the Family Educational Rights and Privacy Act and other applicable laws
 - Access to documents maintained by the school under the state’s open records law and other applicable authorities
 - Transferring of student records
 - Proper and secure maintenance of testing materialsIf shortcomings were identified, the school promptly came into compliance.

Does Not Meet Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions relating to the handling of information as described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance.
- Falls Far Below Standard
- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.

6. Additional Obligations

6(a). Is the school complying with all other obligations?

Meets Standard

- The school materially complies with all other material legal, statutory, regulatory, or contractual requirements contained in its charter agreement that are not otherwise explicitly stated herein, including but not limited to requirements from the following sources:
 - Revisions to state charter law
 - LEA policies and procedures
 - Consent decrees
 - Intervention requirements by the authorizer
 - Requirements by other entities to which the school is accountable (e.g. Tennessee Department of Education)

Does Not Meet Standard

- The school failed to materially comply with other material, legal, statutory, regulatory, or contractual requirements as described above; Once the shortcoming(s) were identified, the school did not promptly come into compliance.

Falls Far Below Standard

- The school failed to comply with applicable laws, rules, regulations, and provisions described above. Once shortcomings were identified, the school did not come into compliance, or the failure was so severe that it outweighed any efforts to come into compliance.



EXHIBIT 3

**Tennessee State Board of Education
Charter School Pre-Opening Checklist**

ROCKETSHIP NASHVILLE #3



Introduction[1]

After a charter school application is approved and authorized, there are a significant number of steps to be taken before a school is ready to open its doors to students, families, teachers, and the community. This will serve as a guiding document for charter schools that have been authorized by the Tennessee State Board of Education. Operators are expected to fulfill all of the requirements outlined in the following table to ensure that the charter school opens with the tools in place to succeed as a high quality school.

The Tennessee State Board of Education staff will work with the charter school to complete the pre-opening checklist, but it is the ultimate responsibility of the charter school to ensure it has completed all steps to be ready to open. We understand that opening a school takes a significant amount of time and energy, and the failure to complete one item does not mean that the school will not open. However, items that are in **bold text** are considered foundational items that must be completed for a school to open. If any of the **bolded items** are not completed or if a significant number of other items are not completed by the deadlines set by the Tennessee State Board of Education, the school's opening may be delayed.

The Tennessee State Board of Education staff will conduct a pre-opening visit to verify that the school is ready to open its doors to students. A school may not open until it has received a letter from the State Board of Education stating that it has completed the necessary items on the Pre-Opening Checklist, and the school is ready to open for students, families, and staff.

If a charter school does not complete all of the items on the Pre-Opening Checklist by December 31st of the year it opens, the school's charter will be recommended for immediate revocation.

[1] The Tennessee State Board of Education staff would like to acknowledge and thank the Tennessee Achievement School District, Metropolitan Nashville Public Schools, and the Charter Institute of the State University of New York for their assistance and templates for the pre-opening checklist.

Governance & Management					
Item	Deliverable	Due Date	Owner	Comments	Completed
Establish the Governing Body.	Submit list of the current members of the Governing Body including contact information and positions held on the Governing Body. The SBE must be notified of any change to the Governing Body made after the due date within 30 days of the change.	June 1			
Establish and approve by-laws.	Submit copy of ratified by-laws and copy of minutes with ratification vote to the SBE within 5 days of meeting.	June 1			
Hire head of school/principal.	Submit name and contact information. The SBE must be notified of any change in school director/principal made after the due date and within 30 days of hire.	June 1			
Hire school leadership.	Submit an updated organizational chart with the names and contact information of key individuals in school leadership or administration positions.	June 1			
Name main contact for compliance and accountability.	Submit name, title, and contact information of compliance and accountability contact.	March 1			
Name main contact for federal programs compliance and accountability.	Submit name, title, and contact information of federal programs contact.	March 1			
Execute a management contract (if applicable).	Submit contract that is signed by management company and Governing Body and minutes from meeting approving the contract.	June 1			

Finance					
Item	Deliverable	Due Date	Owner	Comments	Completed
Finalize current enrollment for funding calculations.	Submit final enrollment numbers after closing the enrollment period and lottery. <i>(Update monthly until July)</i> The following information must be submitted to Ali.Gaffey@tn.gov <ul style="list-style-type: none"> • Estimated total enrollment on the first day of school • Estimated number of SWD • Estimated number of EL students • Estimated number of directly certified students 	March 15			
Complete budget for upcoming school year and receive approval from the Governing Body.	Submit budget to the SBE and copy of minutes with approval vote included.	July 1			
Develop annual Cash Flow Projection.	Create and submit a cash flow projection for the upcoming fiscal year.	July 1			
Designate individual responsible for finance.	Submit name and contact information of the finance lead to the SBE. Submit W9 and ACH routing information to establish school as a vendor in Edison.	April 1			
Establish fiscal policies and procedures in accordance with generally accepted accounting procedures, appropriate financial controls, payroll systems, and procedures for revenue, expenses, and quarterly financial statements.	Submit fiscal policies and procedures and minutes from Governing Body approval of policies and procedures.	June 1			
	Submit evidence of employment or contract with an accountant, bookkeeper, or other person who will handle financial matters.	July 1			



Establish a payroll system.	Submit contract with a payroll company or evidence of employment of or contract with persons to handle payroll and copy of deduction policy.	July 1			
Obtain federal tax-exempt status for the school's education corporation.	Submit copies of all applications (Form 1023) and filings regarding tax-exempt status to the SBE, including final Internal Revenue Service determination letter.	June 1			
Retain an independent certified public accountant for auditing requirements.	Submit contract with independent certified public accountant.	July 1			
Personnel/Staffing					
Item	Deliverable	Due Date	Owner	Comments	Completed
Designate a human resources lead.	Submit name and contact information of human resources lead to the SBE.	March 1			
Sign up for employee benefits.	Opt-in or opt-out of the State of Tennessee's Health, Dental, and Vision Plans.	March 1			
	Complete and submit required participation paperwork.	April 1			
Select a teacher compensation plan.	Submit Salary Schedule or Differentiated Pay plan.	June 15			
Select a teacher evaluation system.	In accordance with T.C.A. § 49-1-302, T.C.A. § 49-5-108, and State Board Rule 0520-02-04, the school must select a teacher evaluation system and notify the Tennessee Department of Education of the system. If the school chooses to adopt an alternative observation model, it must be approved by the State Board in accordance with State Board Policy 5.201.	May 1			

Sign up eligible employees for TCRS.	Enroll eligible employees into the Tennessee Consolidated Retirement System (TCRS) and begin monthly reporting by the first payroll in which an eligible employee is paid.	March 1			
Establish a process for background screening for all employees and collect documentation of background checks, including employees in transportation, food service, custodial, and security.	Obtain an ORI number from the TBI.	February 1			
	Conduct background checks in conjunction with the SBE for each new employee, contractor, or volunteer. Files should be available for inspection at any time.	July 1			
	Maintain background checks in a secure location in accordance with state and federal law. Files should be available for inspection at any time.	July 1			
Have an adequate number of teachers that matches the staffing plan established in the charter application.	Submit a teacher roster including teaching assignments by grade level or specialty.	July 15			
Maintain and submit personnel records in accordance with State compliance reporting.	Identify Human Resource Information System to collect and maintain employee information required under Personnel Information Reporting System (PIRS).	July 1			
Establish and approve an employee handbook and distribute handbook to all staff.	Submit approved copy of employee handbook and minutes with Governing Body approval vote.	June 1			
	Provide documentation that the employee handbook has been distributed to all staff.	July 15			
Serving Special Populations					
Item	Deliverable	Due Date	Owner	Comments	Completed
Hire and designate leads for special education,	Submit list of names and contact information of school-level and network-level leads.	July 15			

student discipline, testing coordinator, SIS/Data Manager, Homeless Services, and ESL Services.					
Determine anticipated number of special education students and anticipated services requested.	Submit written documentation of anticipated students and anticipated needs to SBE.	June 1			
Adopt and implement a Child Find plan in accordance with IDEA.	Submit written documentation of a plan.	June 1			
Adopt and implement a plan for Response to Instruction & Intervention (RTI²).	Submit written documentation of a plan that is in accordance with Tennessee Department of Education guidelines available at https://www.tn.gov/education/instruction/t doe-rti2.html .	August 1			
Adopt and implement a plan to deliver required services to students with disabilities.	Submit written documentation that the school has hired appropriate staff or contracted with other vendors for special education teacher(s), speech and language therapists, and occupational and physical therapists, or other services or equipment, if required by student IEPs.	July 1			
Adopt and implement a plan for identifying and assessing English proficiency for students classified as Non-English Language Background	Create and submit a Home Language Survey to use with all enrolled students. Home Language Survey must be in compliance with State Board Policy 3.207.	May 1			
	Submit plan for identifying, assessing, and serving EL students in accordance with federal and state law.	July 1			

(NELB) through a Home Language Survey.					
School Operations					
Item	Deliverable	Due Date	Owner	Comments	Completed
Complete E-Rate Filing.	If necessary, complete E-Rate filing via the Universal Service Administrative Company (USAC).	March 1			
Complete initial requirements for federal funding compliance.	Create and submit in e-Plan a draft of the School Improvement Plan	June 1			
	Create and submit family engagement plan, school/parent/student compacts, Code of Conduct, and parent conference request forms to the SBE.	July 1			
If transportation will be provided, select transportation service provider. Service must meet specifications outlined in the Charter Contract.	Submit contract and insurance information of transportation provider and provide school contact for handling transportation.	June 1			
	Submit copy of transportation plan including plan to notify parents and students of transportation routes.	August 1			
	Submit plan for accepting, recording, and handling any complaint of a safety violation or concern on a bus in accordance with PC 289.	August 1			
Establish school calendar for year, start and end times, and class schedules, and circulate this information to staff, parents, and students.	Submit calendar, start and end times, class schedules, and documentation of parental notification.	April 15			
Establish processes for food service.	Determine lead for food services and submit name and contact information.	July 1			

	Contact the State Department of Education to set up a National School Lunch and Breakfast Program.	January 31			
	Complete registration and submit required forms to the State Department of Education to finalize operation of a National School Lunch and Breakfast Program.	July 31			
	If contracting with a third-party vendor, submit written documentation of contract.	July 1			
	Submit plan to process free and reduced lunch applications and required reporting to State of Tennessee.	July 1			
Hire or contract with a nursing services provider and create a plan and procedures for the administration of prescription and non-prescription medications to students and for provision of required health services.	Submit documentation of the school's relationship with a registered nurse and/or physician.	July 15			
	Submit written plan for providing required health services.	July 15			
Establish process for collecting immunization records or proper exemption forms.	Submit documentation of record process and written assurance that students who do not have such records will be barred from school, in accordance with T.C.A. § 49-6-5001.	July 15			
Establish enrollment procedures and receive approval from the Governing Body. Procedures should include admission, enrollment, and waitlist policies.	Submit preliminary enrollment and special education projections to begin the district planning and funding application processes.	February 15			

Establish enrollment procedures and receive approval from the Governing Body. Procedures should include admission, enrollment, and waitlist policies. Request and/or receive student records, and lock in storage accordingly.	Submit approved enrollment procedures including timelines, student applications, and lottery procedures.	March 1			
	In accordance with T.C.A. § 49-13-113 (b)(8), submit to the TDOE a certification by an independent accounting firm or by a law firm of the lottery process used for enrollment purposes OR request that the TDOE review and approve the lottery process prior to the lottery taking place.	March 1			
	Submit summary of school enrollment statistics, including number of currently enrolled students and number of students on the waiting list.	July 15			
	Submit written assurances from school that records have been requested and/or received, are or will be in locked storage, and locked storage is present at the time of inspection.	July 30			
Develop required policies relating to student discipline (including special education students), complaints/grievances, FERPA, ORA, and Open Meetings Law. Make appropriate policies available to students and their families in the Student and Family Handbook.	Submit copy of Student and Family Handbook containing the specified policies, including FERPA access.	June 15			
Develop required policies relating to student discipline (including	Submit written assurance that the Student and Family Handbook (containing policies) have been distributed.	August 15			

special education students), complaints/grievances, FERPA, ORA, and Open Meetings Law. Make appropriate policies available to students and their families in the Student and Family Handbook. Obtain the appropriate insurance and have the certificate of insurance on file.	Submit copy of FERPA procedures for storage/handling of student files in school. Locked storage of student files will be inspected during pre-opening visit.	July 1			
	Submit copy of discipline policy including policies for regular and special education students. (May be included in student handbook)	June 15			
	Submit certificate of insurance that meets the minimum levels as required by TCA § 49-13-107 and the Charter Agreement.	July 1			
Develop written safety plans for life safety procedures such as fire drills and emergency evacuation, including school safety plans in accordance with Project SAVE. These plans are in the student and employee handbooks, and the school hires appropriate security personnel.	Submit copy of SAVE plan and Emergency Operations Plan.	August 1			
Develop written safety plans for life safety procedures such as fire drills and emergency evacuation, including school safety plans in	Submit written assurance that the school will meet with required groups (parents, teachers, etc.) and final plan and revise as directed by State Department of Education.	August 1			
	Submit written assurance of walkthrough, including any safety recommendations; made by law enforcement.	August 1			

accordance with Project SAVE. These plans are in the student and employee handbooks, and the school hires appropriate security personnel.					
Meet with local law enforcement to establish partnership and complete safety walkthrough.	Submit written assurance of walkthrough, including any safety recommendations; made by law enforcement.	August 1			
Student Data					
Item	Deliverable	Due Date	Owner	Comments	Completed
Ensure school has appropriate management and oversight of student information in place.	Identify student information system (SIS) manager within the school and notify the SBE staff of name and contact information.	April 1			
Ensure school has appropriate management and oversight of student information in place. Ensure Student Information System (SIS) and Education Information System (EIS) has all of the required information from the school.	Secure access to the SBE's SIS.	July 1			
	Work with SBE to submit State School Approval Form.	March 1			
Ensure Student Information System (SIS) and Education	Submit school calendar to SBE.	April 15			

Information System (EIS) has all of the required information from the school.	Submit a request for all personnel who will need EIS usernames.	June 15			
	Enroll all students and complete staff profiles in student information system.	July 31			
	Complete all student profiles in student information system, working with SBE to resolve all errors and ensuring all students appear in EIS.	August 31			
Facilities					
Item	Deliverable	Due Date	Owner	Comments	Completed
Secure a facility for the school and complete necessary renovations.	Submit final lease or purchase agreement and minutes with Governing Body approval.	April 1			
Secure a facility for the school and complete necessary renovations. Obtain an asbestos-free certification under 40 CFR 763.99	Submit renovation calendar and written assurances that facility will be ready for instruction at the beginning of the school year.	May 1			
	If constructing a new school building, obtain a statement from an architect, project engineer responsible for the construction of the new building, or an accredited inspector that no Asbestos-containing building material (ACBM) was specified as a building material in any construction document for the building, or, to the best of his or her knowledge, no ABCM was used as a building material in the building. If not constructing a new school building, submit assurance of proper inspection for ACBM by an accredited inspector, as required by Federal laws and regulations governing asbestos in schools.	July 15			
Distribute necessary instructional materials	Submit documentation that age-appropriate classroom furniture has been procured.	July 1			

and supplies to classrooms at every grade level.					
Obtain a Certificate of Occupancy and any other required permits from local building department before Pre-Opening Visit.	Submit Certificate of Occupancy and any other required permits.	July 15			
Complete Fire Marshall inspections on any major renovation work done to facility to ensure approval for occupancy as an educational space.	Submit documentation of Fire Marshall inspection.	July 15			
Execute contract with a custodial service vendor.	Submit contract with custodial vendor.	June 1			



**FINAL PRE-OPENING VISIT
WALKTHROUGH CHECKLIST**

The following items will be inspected as part of the final pre-opening visit:

Topic	Item	Completion Status	Notes
Facilities Readiness and Signage	Utilities are turned on and working properly in all areas of the building.		
	Submit Asbestos Certification, Certificate of Occupancy and any other required permits from local building department		
	Space is safe and secure; entrance and egress from the school's space is adequately controlled.		
	All exterior doors close and lock properly.		
	School safety zone signage. (optional)		
	Complete Fire Marshall inspections on any major renovation work done to facility to ensure approval for occupancy as an educational space.		
	Inspection of appropriately secured medical storage.		
	Ensure that classroom space, restrooms, and special purpose space meet the requirements of the program and the number of students enrolled.		
	Distribute necessary instructional materials and supplies to classrooms at every grade level.		

Topic	Item	Completion Status	Notes
	Public displays of signage (noted in required postings section of Charter Handbook and included below).		
Emergency Operations	Ensure that fire extinguishers have been recently inspected.		
	Ensure that there is adequate signage for the school and that the school building is appropriately numbered for emergency response purposes.		
	Make certain each room has emergency exit plans and maps that will not be covered by any materials.		
Records Storage	Medical records are separate from academic records, in locked storage, and locked storage is present at time of Pre-Opening Visit.		
	Student records have been requested and/or received, are or will be in locked storage, and locked storage is present at the time of inspection.		
Food Service and Preparation	The school has the necessary equipment to either prepare food on site or accept food service delivery and properly store food and beverage until it is consumed. Inspection will be completed at Pre-Opening Visit.		
Transportation	Inspection of school transportation plans and spaces for busses, traffic flow-thru, and student drop off/pick up.		



Required Postings

(From SBE Charter School Handbook)

Required Posting/Notice	Completion Status	Notes
Notice prohibiting weapons on school property		
Notice that lockers and other storage areas, containers, and packages brought into the school by students or visitors are subject to search for drugs, drug paraphernalia, dangerous weapons, or any property that is not properly in the possession of the student		
Notice visible from the school parking lot that vehicles parked on school property by students or visitors are subject to search for drugs, drug paraphernalia, or dangerous weapons		
DCS/child abuse reporting notice		
Homeless information posters		
Child Find information posters		
National Motto		

EXHIBIT 4

State Statute/Rule/ Policy	Description of Statute/Rule/Policy	Replacement Policy/Practice	How will waiver of this statute/rule/policy help student achievement?	Date of Approval	Length of approved waiver	Conditions on Waiver
T.C.A. § 8-23-206(a)	Longevity Pay	Rocketship Board approves salaries during an annual budgeting process	Rocketship will use public funds to properly pay teachers and administrators, however it is critical to Rocketship's programming that pay reflects the individual school's purpose and philosophy. Rocketship may give teachers incentive pay based on years of consistent student performance, rather than years of service, to improve student outcomes.	5/29/2020	Charter Term	
T.C.A. § 49-1-104; SBE Rule 0520-01-03- 03	Maximum Class Size	Rocketship has up to 31 students learning in each classroom. Students rotate through 3 content blocks every day, including Humanities, STEM, and Learning Lab. This time includes an hour and 20 minutes of small group instruction 4 times a week, and personalized learning in the Learning Lab. During the Learning Lab, students access enrichments, tutoring, project-based learning, and adaptive online learning programs.	Rocketship uses a rotational model that includes time for individualized learning based on the needs of each student. Educational research shows that educational success does not depend on class size, but rather the abilities of the teacher you put in front of the class. Traditional class ratios are not applicable as educators will dynamically group and engage students according to their academic needs and phase of learning day. This targeted learning, when combined with excellence in front-of-room teaching, will improve student achievement.	5/29/2020	Charter Term	Class size cannot exceed 31 students per class.
T.C.A. § 49-1-302(e)	Duty Free Lunch	We believe that it is important for teachers to have flexibility in how they use lunch time. While all Rocketship teachers are encouraged to break for lunch, many choose to spend lunch time getting to know their students better or catching up on to-dos from the morning.	Allowing teachers flexibility to use their time in the way they feel is most effective leads to better student outcomes	5/29/2020	Charter Term	
T.C.A. § 49-3-306(a); SBE Rule 0520-01-02-.02; SBE Policy 5.600	Licensed Personnel Salaries	Rocketship Board approves salaries during an annual budgeting process	Rocketship's compensation system allows us to attract and retain the best teachers.	5/29/2020	Charter Term	
T.C.A. § 49-3-311	Capital Outlay	Rocketship and or its real estate holding entity, Launchpad, signs off on all facility contracts and leases. Because Rocketship manages its own facilities, we would like to have the ability to improve facilities when necessary.	Rocketship considers preparing charter school grounds to be a great challenge and a great opportunity. Because Rocketship must finance its own buildings and does not have the power to raise taxes to fund construction and renovation, it is critical that the Rocketship Tennessee board control the school grounds, rather than the city board of education, and be free from facility regulations unrelated to health and safety standards. This flexibility will allow Rocketship to use the school grounds and facilities more efficiently and effectively, and make construction decisions that best serve Rocketship's mission and goals for its students.	5/29/2020	Charter Term	The waiver does not apply to any health and safety standards.
T.C.A. § 49-3-316	Local Fiscal Accounting	Rocketship approves the budget through an annual process. Rocketship will still follow state financial (budgeting and audit) procedures and reporting requirements in accordance with T.C.A. sections 49-13-111, 120, and 127.	By matching and seamlessly integrating into Rocketship Education's existing accounting practices and system, the school will operate with less overhead and more efficiency. This will allow staff to focus on other essential areas of school operations and student success. We ensure our accounting will be transparent and pass audits, and that non-waived regulations will be met. We will use public money responsibly.	5/29/2020	Charter Term	
T.C.A. § 49-3-359(a)	Instructional Materials/Supplies	Rocketship supplies all standard student supplies including but not limited to book bags, notebooks, binders, pencils, etc. Rocketship also fully furnishes classrooms with carpets, sharpies, easels, and other instructional aids. Rocketship plans this out during their procurement season in March/April. Teachers are also allotted \$500-1000 per teacher per year for eligible items including decorations, individualized materials, and incidental expenses. When teachers purchase eligible items, they submit reimbursements through a smartphone app called Concur. On Concur, administrators can instantly review and approve the reimbursement requests; once the administrator approves, the teacher is reimbursed in 2 days. Teachers also get \$50 reimbursements monthly for their cellphones. Rocketship also audits its library/books twice a year, and audits its fleet of Chromebook laptops four times a year.	Rocketship will provide all school and classroom supplies to ensure that, by default, students and teachers have the essentials for academic success. A technology-driven reimbursement system and \$500-1000 annual allotment for classroom expenses will reduce the time and attention teachers and administrators have to spend on purchasing and reimbursing classroom expenses, as well as creating transparency around permissible expenses, expense tracking, and reimbursement wait times. In addition, a portion of the \$500-1000 allotment can be directed by teachers into specific subject areas. An advanced and personalized understanding of curricular goals by teachers will allow them to direct funds more effectively. Rocketship's approach will allow students, teachers, and administrators to not worry about educational supplies and focus on student success. Rocketship's tracking of school and classroom supplies usage and replacement, and auditing and replacing of books and Chromebooks, leads to accurate procurement forecasting and efficient inventory. This forecasting and efficiency inventory usage will reduce year to year inventory carryover and waste.	5/29/2020	Charter Term	

T.C.A. § 49-5-101(a); SBE Rule 0520-01-02-.03(5)	Licensed School Leaders/Principals	Rocketship school leaders participate in Rocketship school leadership development programs for training and skills development. School leaders are trained through School Leader Launch meetings, principal team meetings, Monthly Skill Labs, and three Leadership Labs per year. At the Skill Labs, Rocketship's Manager of Achievement and the regional Director of Schools coach school leaders on a variety of execution topics in live workshops. Regular Leadership Labs are delivered by members of the Rocketship HR team. The topics of these labs are about managing people, accountability, difficult conversations, and honing people skills. School Leaders also partner with Rocketship's regional Director of Schools to identify correct actions and solutions.	Rocketship will recruit, train, and retain the most qualified school leaders from around the country to fulfill its mission. Training and mentoring school leaders in management skills and Rocketship's approach to education leads to more highly effective teaching, which ultimately drives higher student achievement.	5/29/2020	Charter Term	
T.C.A. § 49-5-401	Teacher Assignment	Rocketship approves annual academic calendars and daily school schedules	Rocketship will use an extended schedule for teachers that includes additional instruction and professional development hours. Rocketship will compensate teachers for the additional work hours.	5/29/2020	Charter Term	
T.C.A. §§ 49-5-408-409	Contracts and Termination of Contracts	Rocketship oversees performance evaluations through an annual employee review process	A key to Rocketship's success is being able to attract, motivate, and retain staff that is committed to our mission. To do this, Rocketship must use hiring, pay, benefits, promotion, and evaluation systems that are aligned with our mission and goals. Every teacher will be assessed on their performance. Teachers will be informed of their performance goals in advance; those who meet the required levels of performance will be given the opportunity to remain on staff.	5/29/2020	Charter Term	
T.C.A. §§ 49-5-501-513	Tenure	Rocketship is an at-will employer and would like to maintain the flexibility to retain and let go of teachers based on their performance rather than tenure	A key to Rocketship's success is being able to attract, motivate, and retain staff that is committed to our mission. To do this, Rocketship must use hiring, pay, benefits, promotion, and evaluation systems that are aligned with our mission and goals. Every teacher will be assessed on their performance. Teachers will be informed of their performance goals in advance; those who meet the required levels of performance will be given the opportunity to remain on staff. Having the most effective teachers regardless of tenure is best for student achievement.	5/29/2020	Charter Term	
T.C.A. § 49-5-702-713 and T.C.A. § 49-5-806-810	Leave	Rocketship would like flexibility in how to address a leave of absence, and to tailor custom-made solutions to unexpected circumstances	Rocketship will use flexibility over leaves of absence to reduce disruption to impacted students	5/29/2020	Charter Term	
SBE Rule 0520-01-03-.07	Library Information Center Personnel	Rocketship provides students with access to classroom libraries. Existing staff at Rocketship support library activities in place of a librarian, and increase library resources based on student need.	Rocketship will provide classroom libraries for students, and access to resources at the nearest public library. Existing staff will assist students in getting the most out of classroom library and public library resources, and increase support based on student interest and need.	5/29/2020	Charter Term	
T.C.A. § 49-6-303; SBE Policy 5.103	School Counseling	Rocketship employs a social worker instead of a school counselor	Rocketship will employ a social worker instead of a counselor. A social worker will be better able to provide counseling work related to the home, environmental, societal, and cultural issues our students experience. Rocketship serves a diverse student body with a large immigrant population. Immigrant families and students may experience challenges adapting to American culture, poverty, fear of deportation, PTSD from experiences in their home countries, attachment issues from family separation, and more. A social worker will be better equipped to provide services to students and families potentially dealing with these issues in individual, group, family, and crisis counseling. A social worker will also connect immigrant families and families in poverty to translation services, housing, food supplies, and legal services that will help the students avoid relocation to another school and instead stay enrolled with Rocketship. A school social worker providing these services will also increase ties and affinity between the community and the school, increasing student engagement and achievement. A social worker's array of individualized and specialized services will help students build the academic and character skills they need to succeed at Rocketship and beyond. In contrast, a Professional School Counselor may not have the training to work with the issues our students and families face; inability to deal with these issues will create barriers to academic and life success.	5/29/2020	Charter Term	The school social worker cannot be a teacher of record for any class or course; and 2) The school social worker cannot perform any duties of a school counselor unless those duties are specifically aligned to training received as part of his/her educator preparation program.
T.C.A. § 49-6-2004	Custody of School Property	Rocketship maintains custody of school property	Rocketship will maintain control over its grounds, facilities, and property, allowing Rocketship to use the property in the best way to serve the school's mission and students, and to avoid incurring unnecessary costs that might arise from 3rd party custody of the property.	5/29/2020	Charter Term	
T.C.A. §§ 49-6-2206 and 49-6-2207	Use of Unapproved Textbooks	Rocketship approves curricular materials	Rocketship uses high-quality, standards-based materials that are aligned to our academic model and curriculum. This curriculum has historically been successful in Nashville and elsewhere, and will enable the highest student achievement. Rocketship Nashville schools use the same materials used at other Rocketship schools. This reduces administrative overhead and increases efficiency, freeing up resources to be directed toward student achievement.	5/29/2020	Charter Term	