

**ROCKETSHIP EDUCATION D.C., PUBLIC
CHARTER SCHOOL, INC.**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2019 AND 2018

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

Table of Contents

	Page
Independent Auditor’s Report	1 – 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Deficit	4 – 5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 15
Supplementary Information	
Independent Auditor’s Report on Supplementary Information	16
Schedule of Financial Position by Campus	17
Schedule of Activities by Campus	18
Schedule of Vendor Contracts \$25,000 or Greater	19
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 <i>Government Auditing Standards</i>	20 – 21
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	22 – 24
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs	27 – 30



aronson LLC
ASSURANCE | TAX | CONSULTING

805 King Farm Boulevard
Suite 300
Rockville, Maryland 20850

☎ 301.231.6200
☎ 301.231.7630
www.aronsonllc.com
info@aronsonllc.com

Independent Auditor's Report

Board of Directors
Rocketship Education D.C., Public Charter School, Inc.
Washington, D.C.

We have audited the accompanying financial statements of **Rocketship Education D.C., Public Charter School, Inc.** (a nonprofit School) which comprise the Statements of Financial Position as of June 30, 2019 and 2018, and the related Statements of Activities and Changes in Net Deficit, Functional Expenses and Cash Flows for the years 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 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 audits. We conducted our audits 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 from 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.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Rocketship Education D.C., Public Charter School, Inc.** as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

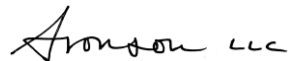
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of **Rocketship Education D.C., Public Charter School, Inc.**'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 Education D.C., Public Charter School, Inc.**'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 Education D.C., Public Charter School, Inc.**'s internal control over financial reporting and compliance.



Rockville, Maryland
November 15, 2019

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

Statements of Financial Position

<i>June 30,</i>	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 3,966,107	\$ 2,453,937
Grants receivable	428,357	670,751
Promises to give	100,000	200,000
Due from related party	-	643,470
Prepaid expenses	36,531	46,422
Total current assets	4,530,995	4,014,580
Long-term assets		
Security deposits	1,500	1,500
Total long-term assets	1,500	1,500
Total assets	\$ 4,532,495	\$ 4,016,080
Liabilities and Net Assets (Deficit)		
Current liabilities		
Accounts payable	\$ 442,436	\$ 394,395
Accounts payable - related party, current	709,711	620,151
Accrued expenses	284,803	37,482
Total current liabilities	1,436,950	1,052,028
Noncurrent liabilities		
Accounts payable - related party, net of current	2,625,991	2,625,991
Deferred rent	3,750,822	2,302,877
Total noncurrent liabilities	6,376,813	4,928,868
Total liabilities	7,813,763	5,980,896
Net assets (deficit)		
Without donor restrictions (deficit)	(3,381,268)	(2,229,816)
With donor restrictions	100,000	265,000
Total net assets (deficit)	(3,281,268)	(1,964,816)
Total liabilities and net assets (deficit)	\$ 4,532,495	\$ 4,016,080

The accompanying Notes to Financial Statements are an integral part of these financial statements.

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

Statement of Activities and Changes in Net Deficit

<i>Year Ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total 2019
Revenues and support			
Charter school - per pupil funding	\$ 15,241,852	\$ -	\$ 15,241,852
D.C. facilities allowance	3,537,092	-	3,537,092
Other D.C. grants	2,498,750	-	2,498,750
Federal government grants	1,405,458	-	1,405,458
Foundation contributions	255,000	-	255,000
Individual contributions	307,661	-	307,661
Other revenue	281,988	-	281,988
Released from restrictions	165,000	(165,000)	-
Total revenues and support	23,692,801	(165,000)	23,527,801
Expenses			
Program	21,563,591	-	21,563,591
Management and general	3,280,662	-	3,280,662
Total expenses	24,844,253	-	24,844,253
Change in net assets (deficit)	(1,151,452)	(165,000)	(1,316,452)
Net assets (deficit), beginning of year	(2,229,816)	265,000	(1,964,816)
Net assets (deficit), end of year	\$ (3,381,268)	\$ 100,000	\$ (3,281,268)

The accompanying Notes to Financial Statements are an integral part of these financial statements.

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

Statement of Activities and Changes in Net Deficit

<i>Year Ended June 30, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total 2018
Revenues and support			
Charter school - per pupil funding	\$ 10,138,348	\$ -	\$ 10,138,348
D.C. facilities allowance	2,020,997	-	2,020,997
Other D.C. grants	189,389	-	189,389
Federal government grants	1,815,858	-	1,815,858
Foundation contributions	903,675	165,000	1,068,675
Individual contributions	66,570	-	66,570
Other revenue	8,118	-	8,118
Released from restrictions	596,325	(596,325)	-
Total revenues and support	15,739,280	(431,325)	15,307,955
Expenses			
Program	13,854,536	-	13,854,536
Fundraising expense	9,269	-	9,269
Management and general	2,074,174	-	2,074,174
Total expenses	15,937,979	-	15,937,979
Change in net assets (deficit)	(198,699)	(431,325)	(630,024)
Net assets (deficit), beginning of year	(2,031,117)	696,325	(1,334,792)
Net assets (deficit), end of year	\$ (2,229,816)	\$ 265,000	\$ (1,964,816)

The accompanying Notes to Financial Statements are an integral part of these financial statements.

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

Statement of Functional Expenses

<i>Year Ended June 30, 2019</i>	Program Services	Fundraising	Management and General	Total 2019
Personnel, salaries, and benefits:				
Salaries	\$ 6,227,568	\$ -	\$ -	\$ 6,227,568
Fringe benefits and payroll taxes	1,158,056	-	-	1,158,056
Total personnel, salaries, and benefits	7,385,624	-	-	7,385,624
Direct student costs:				
Contracted instruction fees	6,277,629	-	-	6,277,629
Student supplies	321,337	-	-	321,337
Library and media center	170,527	-	-	170,527
Student assessment	27,569	-	-	27,569
Other student expense	351,561	-	-	351,561
Food services	683,071	-	-	683,071
Total direct student cost	7,831,694	-	-	7,831,694
Occupancy expenses:				
Rent	4,970,253	-	-	4,970,253
Repairs and maintenance	110,867	-	-	110,867
Utilities	272,769	-	-	272,769
Contracted building services	511,459	-	-	511,459
Total occupancy expenses	5,865,348	-	-	5,865,348
Office expenses:				
Supplies, materials and equipment	204,482	-	-	204,482
Telecommunication	55,958	-	-	55,958
Technology (computer software and equipment)	101,500	-	-	101,500
Legal, accounting and payroll services	35,043	-	-	35,043
Printing and postage	20,871	-	-	20,871
Other office expense	63,071	-	-	63,071
Total office expenses	480,925	-	-	480,925
General expenses:				
Insurance	-	-	18,378	18,378
Transportation and lodging	-	-	113,806	113,806
Consultants (K3+K4)	-	-	4,464	4,464
Administrative fee	-	-	213,972	213,972
Management fee	-	-	2,543,390	2,543,390
Operating expenses	-	-	386,652	386,652
Total general expenses	-	-	3,280,662	3,280,662
Total expenses	\$ 21,563,591	\$ -	\$ 3,280,662	\$ 24,844,253

The accompanying Notes to Financial Statements are an integral part of these financial statements.

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

Statement of Functional Expenses

<i>Year Ended June 30, 2018</i>	Program Services	Fundraising	Management and General	Total 2018
Personnel, salaries, and benefits:				
Salaries	\$ 3,634,611	\$ -	\$ -	\$ 3,634,611
Fringe benefits and payroll taxes	749,744	-	-	749,744
Total personnel, salaries, and benefits	4,384,355	-	-	4,384,355
Direct student costs:				
Contracted instruction fees	3,307,549	-	79,013	3,386,562
Student supplies	423,962	-	-	423,962
Library and media center	115,894	-	-	115,894
Student assessment	34,764	-	-	34,764
Other student expense	209,502	-	-	209,502
Food services	369,468	-	-	369,468
Total direct student cost	4,461,139	-	79,013	4,540,152
Occupancy expenses:				
Rent	3,772,195	-	-	3,772,195
Repairs and maintenance	88,023	-	-	88,023
Utilities	160,378	-	-	160,378
Contracted building services	521,809	-	-	521,809
Total occupancy expenses	4,542,405	-	-	4,542,405
Office expenses:				
Supplies, materials and equipment	211,839	-	-	211,839
Telecommunication	48,326	-	-	48,326
Technology (computer software and equipment)	66,407	-	-	66,407
Legal, accounting and payroll services	49,116	-	-	49,116
Printing and postage	13,933	-	-	13,933
Other office expense	77,016	-	-	77,016
Total office expenses	466,637	-	-	466,637
General expenses:				
Insurance	-	-	16,255	16,255
Transportation and lodging	-	-	32,779	32,779
Consulting	-	461	-	461
Administrative fee	-	-	205,980	205,980
Management fee	-	8,808	1,509,801	1,518,609
Operating expenses	-	-	230,346	230,346
Total general expenses	-	9,269	1,995,161	2,004,430
Total expenses	\$ 13,854,536	\$ 9,269	\$ 2,074,174	\$ 15,937,979

The accompanying Notes to Financial Statements are an integral part of these financial statements.

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

Statements of Cash Flows

<i>Years Ended June 30,</i>	2019	2018
Cash flows from operating activities		
Change in net deficit	\$ (1,316,452)	\$ (630,024)
Adjustments to reconcile change in net deficit to net cash provided by operating activities		
Deferred rent	1,447,945	1,665,012
Change in present value discount on promises to give	-	(3,675)
(Increase) decrease in		
Grants receivable	242,394	(416,043)
Promises to give	100,000	100,000
Due from related party	643,470	(643,470)
Prepaid expenses	9,891	35,450
Security deposits	-	(1,500)
Increase (decrease) in		
Accounts payable	48,041	179,712
Accounts payable - related party	89,560	191,555
Accrued expenses	247,321	(13,461)
Deferred revenue	-	(29,942)
Net cash provided by operating activities	1,512,170	433,614
Net change in cash and cash equivalents	1,512,170	433,614
Cash and cash equivalents, beginning of period	2,453,937	2,020,323
Cash and cash equivalents, end of period	\$ 3,966,107	\$ 2,453,937

The accompanying Notes to Financial Statements are an integral part of these financial statements.

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

Notes to Financial Statements

1. Organization and significant accounting policies

Organization: Rocketship Education D.C., Public Charter School, Inc. (the School) was incorporated in June 2015 as a not-for-profit corporation operated in the District of Columbia. The School officially opened its doors to students in August 2016 as a first-year academic public charter school. The mission is to eliminate the achievement gap in historically underserved communities.

There are two campuses: Rocketship RISE (RISE) and Rocketship Legacy Prep (RLP). The RISE and RLP campuses were in full operations for the years ended June 30, 2019 and 2018.

Basis of accounting: The School prepares its financial records on the accrual basis of accounting. Under this basis, support and revenue are recognized when earned, and expenses are recognized as incurred.

Basis of presentation: The School classifies revenues as with or without donor restrictions based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

Net assets without restrictions - net assets that are not subject to donor-imposed stipulations. Resources are available for general operations.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that will be met either by actions of the School and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Deficit as released from restrictions. As of June 30, 2019 and 2018, net assets with donor restrictions were restricted for time.

Cash and cash equivalents: The School considers all short term deposits with original maturities of ninety days or less in checking and savings accounts to be cash and cash equivalents. Balances may exceed federally insured limits. Management does not believe that this results in any significant credit risk.

Grants receivable: Grants receivable are recorded when the service is rendered or when expenses are incurred for federal and state programs. All accounts or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts. This balance is deemed fully collectible and therefore no allowance for doubtful accounts was deemed necessary as of June 30, 2019 and 2018. This balance is expected to be received in full in the next fiscal year.

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

Notes to Financial Statements

Promises to give: Unconditional promises to give are recorded as contributions when received. Amounts expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on promises to give are computed using a discount rate equal to the 5-year treasury yield curve rate plus an adjustment for risk. Amortization of the discount is included in contribution revenue. Management does not believe that an allowance for uncollectible promises to give is necessary.

Deferred rent: The School recognizes the minimum non-contingent rent required under the operating lease as rent expense on a straight-line basis over the life of the lease, with differences between the amounts expensed and the required lease payments reflected as deferred rent on the accompanying Statements of Financial Position.

Revenue recognition:

Charter school – per pupil funding – A substantial portion of the School’s revenue is derived from the District of Columbia Public School System, and is based on a student allocation formula linked to enrollment. Amounts received in advance for future school terms are deferred and recognized over the period to which the funding relates.

D.C. facilities allowance – The School recognizes a facility allowance based on a student allocation formula linked to enrollment as determined by the D.C. government. Amounts received in advance are deferred and recognized over the period to which the funding relates.

Other D.C. grants – The School recognizes other D.C. apportionments based on a student allocation formula linked to enrollment as determined by the D.C. government. Amounts received in advance are deferred and recognized over the period to which the funding relates.

Federal government grants – The School recognizes grant revenue in amounts equal to total allowable expenditures made during the period for the purposes specified by the grant.

Foundation and individual contributions – The School recognizes all unconditional contributions received as income in the period received or pledged. Contributions are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions, when received.

Other revenue – The School recognizes monthly management fees ratably over the year and includes them in other revenue.

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

Notes to Financial Statements

Income taxes: The School is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Uncertainties in income taxes: The School evaluates uncertainty in income tax positions taken or expected to be taken on a tax return based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of June 30, 2019 and 2018, there are no accruals for uncertain tax positions. If applicable, the School records interest and penalties as a component of income tax expense. Tax years from 2016 through the current year remain open for examination by tax authorities.

Use of accounting 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 of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Recently adopted accounting standards: On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. The School has adopted ASU 2016-14 and has adjusted the presentation of these statements accordingly. The School has exercised the option to omit the prior year liquidity and availability of resources footnote.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Deficit. Costs that can be identified with particular programs or support functions are charged directly to the program or function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on student enrollment.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through November 15, 2019, which is the date the financial statements were available to be issued.

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

Notes to Financial Statements

2. Liquidity and availability of resources

The following represents the School's financial assets at June 30, 2019:

Financial assets at year-end:	
Cash and cash equivalents	\$ 3,966,107
Grants receivable	428,357
Promises to give	100,000
<hr/>	
Total resources available	4,494,464
<hr/>	
Less amounts not available to be used within one year:	
Net assets with donor restrictions (restricted for time)	(100,000)
<hr/>	
Financial assets available to meet general expenditures over the next twelve months	\$ 4,394,464
<hr/>	

The School strives to maintain liquid financial assets sufficient to cover 30 days of general expenditures.

3. Promises to give

As of June 30, 2019 and 2018, promises to give consisted of \$100,000 and \$200,000, respectively, due in less than one year.

4. Retirement plan

The School participates in a 403(b) retirement plan. Eligible employees may contribute up to 100% of their salary. The School matches up to 3% of yearly pay. For the years ended June 30, 2019 and 2018, the School contributed \$12,514 and \$23,430, respectively, to the retirement plan.

5. Concentrations

The School is supported primarily through local and federal government allocations and grants for the years ended June 30, 2019 and 2018. Approximately 85% and 82% of total revenue for the years ended June 30, 2019 and 2018, respectively, was provided through one government agency.

As of June 30, 2019, and 2018, 100% of promises to give were from one and two foundations, respectively.

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

Notes to Financial Statements

6. Charter school per pupil funding and facilities allowance The School receives funding from the District of Columbia which is based on a student allocation formula linked to enrollment. The funding is received in the form of per pupil education allotments and facility allotments and was as follows:

Years ended June 30,	2019	2018
General education	\$ 13,325,911	\$7,645,727
Special education	2,140,560	1,307,323
Special education compliance	234,433	110,199
English language learners	146,496	55,290
At-risk students	1,893,202	1,019,809
Facilities allowance	3,537,092	2,020,997
Total D.C. allotments	\$ 21,277,694	\$ 12,159,345

Per pupil direct student costs during the years ended June 30, 2019 and 2018 were \$7,230 and \$7,039, respectively. Per pupil occupancy cost during the years ended June 30, 2019 and 2018 was \$5,417 and \$7,176, respectively.

7. Operating lease

The School previously had lease agreements for school space for the term of July 1, 2016 until June 30, 2046 with a related party for the RISE and RLP campuses. The lease for the RISE campus property was terminated early when the same related party purchased the land and building. The new lease with the related party for the RISE campus commenced on May 1, 2019 and will terminate on April 30, 2056 (See Note 8). Rent expense related to these leases during the years ended June 30, 2019 and 2018 was \$4,970,253 and \$3,772,195, respectively. The School's future minimum payments for the spaces as of June 30, 2019, are as follows:

Year Ending June 30,	
2020	\$ 3,800,089
2021	3,793,654
2022	3,798,941
2023	3,824,172
2024	3,866,637
Thereafter	117,196,258
Total	\$ 136,279,751

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

Notes to Financial Statements

8. Related party transactions The School is an independent legal entity but is consolidated into Rocketship Education (the parent organization). Rocketship Education is a non-profit network of public elementary charter schools serving primarily low-income students in neighborhoods where access to high-performing schools is limited. The School is also managed by Rocketship Education as noted in Note 9.

Rocketship Education receives contributions on behalf of the School. At June 30, 2019 and 2018, there was \$0 and \$643,470 due to the School for contributions collected.

The School leases its facilities from a related party, Launchpad Development One DC, LLC which is a single member LLC with Launchpad Development Company as its sole member. Launchpad Development Company is a 509(a) supporting organization formed to support Rocketship Education. See Note 7.

9. Management fees The School is managed by a related party (see Note 8), Rocketship Education, a not-for-profit charter management organization. On February 3, 2016, the School entered into a management agreement with Rocketship Education to assume responsibility for the School's educational process, management, and operations.

For the years ended June 30, 2019 and 2018, the management fee incurred and accrued by the School was \$2,543,390 and \$1,518,609, respectively, and is included in accounts payable - related party on the Statements of Financial Position. The remaining balances included in accounts payable – related party are payables due to the School's parent organization for start-up and other costs.

On October 31, 2015, the School entered into an instruction agreement with Apple Tree Institute for Education (Apple Tree), a District of Columbia organization. Per the terms of the agreement, Apple Tree will fully manage and operate the educational program for pre-school and pre-kindergarten ("Pre-K3" and "Pre-K4").

Apple Tree is solely responsible for all costs associated with operating the program, including, but not limited to compensation for teachers and administrators, curriculum related expenses, classroom furniture and supplies, and all liabilities associated with operating the program including expenses associated with special education.

As a management fee for the services rendered, Apple Tree shall receive an amount equal to the per pupil funding the School receives for its enrolled Pre-K3 and Pre-K4 students excluding the facilities allotment and less any administrative fees. For the years ended June 30, 2019 and 2018, the Apple Tree management fee incurred by the School was \$5,153,111 and \$2,925,880, respectively, included in Program Services on the Statements of Functional Expenses.

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

Notes to Financial Statements

10. Going concern evaluation

Management has evaluated conditions and events, in the aggregate, regarding the School's ability to meet their financial obligations as they become due within one year from the date of these financial statements. Management's evaluation considered only relevant conditions and events that are known and reasonably knowable at the date the financial statements were available to be issued.

Rocketship Education is committed to fiscal stewardship and transparency across all of its schools. At full enrollment the School is expected to operate solely on public and governmental funding, however, the School is still in a ramp-up period to full enrollment and operating at a loss was anticipated. The School's first year enrollment was only 65% of full capacity. Many fixed costs were incurred at their full rate since inception (i.e. school facility costs, school leadership compensation). The School is expected to continue to increase its enrollment by 15% each year until full enrollment is reached in school year 2019/2020 for RISE and 2022/2023 for RLP. This will increase budgeted revenues to approximately \$23 million in 2019/2020. The School's expenses will also increase, however, not at the same rate as revenues due to many of the fixed expenses that were already incurred since the opening of the School. Rocketship Education ensures each of its schools receive the appropriate financial assistance during ramp-up to full enrollment. This assistance can be provided through philanthropy, external financing, deferring related party payables and/or intra-company transfers.

Management is confident deficits will continue to decrease as enrollment increases, resulting in a financially solvent school at full enrollment. The School's Board and management expect that they will be able to meet their financial obligations as they become due.



Independent Auditor's Report on Supplementary Information

Board of Directors
Rocketship Education D.C., Public Charter School, Inc.
Washington, D.C.

805 King Farm Boulevard
Suite 300
Rockville, Maryland 20850

☎ 301.231.6200
☎ 301.231.7630
www.aronsonllc.com
info@aronsonllc.com

We have audited the financial statements of the **Rocketship Education D.C., Public Charter School, Inc.** as of and for the year ended June 30, 2019, and our report thereon dated November 15, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Financial Position by Campus and the Schedule of Activities by Campus on pages 17 - 18 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Schedule of Vendor Contracts \$25,000 or Greater on page 19, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Rockville, Maryland
November 15, 2019

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

Schedule of Financial Position by Campus

As of June 30, 2019

	PCSB	DC3	RISE	RLP	Total
Current assets					
Cash and cash equivalents	\$ 2,564,584	\$ 56,350	\$ 1,152,424	\$ 192,749	\$ 3,966,107
Grants receivable	-	-	256,657	171,700	428,357
Promises to give	100,000	-	-	-	100,000
Due to (from) related party	650,000	-	(650,000)	-	-
Prepaid expenses	6,000	-	1,784	28,747	36,531
Total current assets	3,320,584	56,350	760,865	393,196	4,530,995
Long-term assets					
Security deposits	-	-	-	1,500	1,500
Total long-term assets	-	-	-	1,500	1,500
Total assets	\$ 3,320,584	\$ 56,350	\$ 760,865	\$ 394,696	\$ 4,532,495
Liabilities and Net Assets (Deficit)					
Current liabilities					
Accounts payable	\$ 6,000	\$ -	\$ 141,461	\$ 294,975	\$ 442,436
Accounts payable (receivable) - related party, current	(469,888)	3,545	562,975	613,079	709,711
Accrued expenses	-	-	174,654	110,149	284,803
Total current liabilities	(463,888)	3,545	879,090	1,018,203	1,436,950
Noncurrent liabilities					
Accounts payable - related party, net of current	2,135,826	-	490,165	-	2,625,991
Deferred rent	-	-	1,867,445	1,883,377	3,750,822
Total noncurrent liabilities	2,135,826	-	2,357,610	1,883,377	6,376,813
Total liabilities	1,671,938	3,545	3,236,700	2,901,580	7,813,763
Net assets (deficit)					
Without donor restrictions	1,548,646	52,805	(2,475,835)	(2,506,884)	(3,381,268)
With donor restrictions	100,000	-	-	-	100,000
Total net assets (deficit)	1,648,646	52,805	(2,475,835)	(2,506,884)	(3,281,268)
Total liabilities and net assets (deficit)	\$ 3,320,584	\$ 56,350	\$ 760,865	\$ 394,696	\$ 4,532,495

Refer to accompanying Independent Auditor's Report on Supplementary Information

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

Schedule of Activities by Campus

Year Ended June 30, 2019

	PCSB	DC3	RISE	RLP	Total
Revenues and support					
Charter school - per pupil funding	\$ -	\$ -	\$ 8,646,551	\$ 6,595,301	\$ 15,241,852
D.C. facilities allowance	-	-	2,016,534	1,520,558	3,537,092
Other D.C. grants	-	-	1,905,148	593,602	2,498,750
Federal government grants	-	1,566	847,434	556,458	1,405,458
Private foundation and individual contributions	530,000	-	3,412	29,249	562,661
Other revenue	-	-	13,808	268,180	281,988
Total revenues and support	530,000	1,566	13,432,887	9,563,348	23,527,801
Expenses					
Personnel, salaries, and benefits:					
Salaries	-	7,790	3,813,620	2,406,158	6,227,568
Fringe benefits and payroll taxes	-	3,212	740,186	414,658	1,158,056
Total personnel, salaries, and benefits	-	11,002	4,553,806	2,820,816	7,385,624
Direct student costs:					
Contracted instruction fees	200,857	-	3,266,205	2,810,567	6,277,629
Student supplies	-	-	175,101	146,236	321,337
Library and media center	-	-	92,225	78,302	170,527
Student assessment	-	-	15,534	12,035	27,569
Other student expense	-	-	199,785	151,776	351,561
Food services	-	-	379,641	303,430	683,071
Total direct student cost	200,857	-	4,128,491	3,502,346	7,831,694
Occupancy expenses:					
Rent	-	-	2,506,439	2,463,814	4,970,253
Repairs and maintenance	-	-	60,995	49,872	110,867
Utilities	-	-	161,892	110,877	272,769
Contracted building services	-	-	256,607	254,852	511,459
Total occupancy expenses	-	-	2,985,933	2,879,415	5,865,348
Office expenses:					
Supplies, materials and equipment	-	-	117,754	86,728	204,482
Telecommunication	-	-	22,690	33,268	55,958
Technology (computer software and equipment)	-	-	75,711	25,789	101,500
Legal, accounting and payroll services	33,238	-	1,594	211	35,043
Printing and postage	-	-	8,812	12,059	20,871
Other office expense	3,500	25	34,568	24,978	63,071
Total office expenses	36,738	25	261,129	183,033	480,925
General expenses:					
Insurance	-	-	8,588	9,790	18,378
Transportation and lodging	-	-	73,307	40,499	113,806
Consultants (K3+K4)	-	-	2,519	1,945	4,464
Administrative fee	-	-	106,986	106,986	213,972
Management fee	-	-	1,555,429	987,961	2,543,390
Operating expenses	-	-	206,229	180,423	386,652
Total general expenses	-	-	1,953,058	1,327,604	3,280,662
Total expenses	237,595	11,027	13,882,417	10,713,214	24,844,253
Related party grant (expense) revenue	(1,000,000)	-	1,000,000	-	-
Change in net assets (deficit)	\$ (707,595)	\$ (9,461)	\$ 550,470	\$ (1,149,866)	\$ (1,316,452)

Refer to accompanying Independent Auditor's Report on Supplementary Information

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

Schedule of Vendor Contracts \$25,000 or Greater

Year Ended June 30, 2019

<i>Vendor</i>	<i>Service Type</i>	(Unaudited) <i>Amount</i>
Revolution Foods, Inc.	Food	\$ 728,436
Busy Bee Environmental Services, Inc.	Custodial services, building repairs	336,740
Kelan Delontee Edwards Sr.	Consulting	100,088
LGC Security LLC	Security services	98,219
Total vendor contracts \$25,000 or greater		\$ 1,263,483

Refer to accompanying Independent Auditor's Report on Supplementary Information



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 D.C., Public Charter School, Inc.
Washington, D.C.

805 King Farm Boulevard
Suite 300
Rockville, Maryland 20850

☎ 301.231.6200
☎ 301.231.7630
www.aronsonllc.com
info@aronsonllc.com

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Rocketship Education D.C., Public Charter School, Inc.** (a nonprofit School), which comprise the Statements of Financial Position as of June 30, 2019 and 2018, and the related Statements of Activities and Changes in Net Deficit, Functional Expenses and Cash Flows for the years then ended, and the notes to the financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Rocketship Education D.C., Public Charter School, Inc.**'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 Education D.C., Public Charter School, Inc.**'s internal control. Accordingly, we do not express an opinion on the effectiveness of **Rocketship Education D.C., Public Charter School, Inc.**'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 the entity'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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

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* (Continued)

Compliance and Other Matters

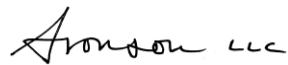
As part of obtaining reasonable assurance about whether **Rocketship Education D.C., Public Charter School, Inc.’s** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Rocketship Education D.C., Public Charter School, Inc.’s Response to Findings

Rocketship Education D.C., Public Charter School, Inc.’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. **Rocketship Education D.C., Public Charter School, Inc.’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 School’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 School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rockville, Maryland
November 15, 2019



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Rocketship Education D.C., Public Charter School
Washington, D.C.

Report on Compliance for Each Major Federal Program

We have audited **Rocketship Education D.C., Public Charter School's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Rocketship Education D.C., Public Charter School's** major federal programs for the year ended June 30, 2019. **Rocketship Education D.C., Public Charter School'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 the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Rocketship Education D.C., Public Charter School'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; 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 **Rocketship Education D.C., Public Charter School'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 **Rocketship Education D.C., Public Charter School's** compliance.

805 King Farm Boulevard
Suite 300
Rockville, Maryland 20850

☎ 301.231.6200
☎ 301.231.7630
www.aronsonllc.com
info@aronsonllc.com

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance (Continued)

Opinion on Each Major Federal Program

In our opinion, **Rocketship Education D.C., Public Charter School** 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, 2019.

Report on Internal Control over Compliance

Management of **Rocketship Education D.C., Public Charter School** 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 **Rocketship Education D.C., Public Charter School’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 **Rocketship Education D.C., Public Charter School’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.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance (Continued)

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.

Aronson LLC

Rockville, Maryland
November 15, 2019

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Grantor/Program Title	Federal CFDA Number	Amount Passed Through to Subrecipients	Federal Expenditures
<i>Pass-through from the D.C. Office of State Superintendent of Education</i>			
Department of Education			
Charter School Program	84.282M	\$ -	\$ 1,566
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	-	341,697
Title II	84.367A	-	63,360
Title IV	84.027A	-	54,779
IDEA Flow Through	84.072	-	60,606
Scholarships for Opportunity and Results	84.370C	-	65,498
Subtotal Department of Education pass-through programs		-	587,506
 <i>Pass-through from the D.C. Office of State Superintendent of Education</i>			
Department of Agriculture			
National School Lunch Program	10.555	-	497,922
School Breakfast Program	10.553	-	298,061
Fresh Fruits and Vegetables Program	10.582	-	21,969
Subtotal Department of Agriculture pass-through programs		-	817,952
Total expenditures of federal awards		\$ -	\$ 1,405,458

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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

Notes to Schedule of Expenditures of Federal Awards

- 1. Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Rocketship Education D.C., Public Charter School, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Rocketship Education D.C., Public Charter School, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Rocketship Education D.C., Public Charter School, Inc.
- 2. Summary of significant accounting policies**

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.
- 3. Indirect cost rate**

Rocketship Education D.C., Public Charter School, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes no
- Significant deficiency(s) identified? Yes none reported

Noncompliance material to financial statements noted? Yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes no
- Significant deficiency(s) identified? Yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a)? Yes no

Identification of Major Programs:

<u>CFDA</u>	<u>Federal Grantor</u>
84.010	Department of Education
84.367A	Department of Education
10.555	Department of Agriculture
10.553	Department of Agriculture

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes no

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

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2019

Section II - Financial Statement Finding

Finding 2019-001: Material Weakness – Amortization of Deferred Lease Liability

Criteria – Financial statements should be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). According to Accounting Standards Codification (ASC) 840, *Leases*, when a lease is terminated and replaced with a new lease for the same space, the remaining deferred rent liability under the old lease should be amortized over the life of the new lease.

Condition – The School entered into a new lease agreement for the same space they were currently occupying. Both the old and new lease agreements were with a related party.

Context – Under the old lease agreement, the related party was the lessee and the School was a sublessor. The related party purchased the property from the independent third party landlord during fiscal year 2019. The related party became the landlord and the School became a direct lessee. Instead of amortizing the remaining deferred rent liability over the life of the new lease, the School recognized a gain for the full remaining balance and recorded a new deferred rent liability using solely the new lease terms.

Effect – A material adjustment was required to record the remaining liability carried forward from the prior lease.

Cause – Due to the purchasing entity being a related party that gets consolidated with the School by the parent entity, the School considered the impact of the transaction at the consolidated level only. Accordingly, the remaining deferred rent liability was mistakenly removed and recorded as a gain on the School's stand-alone financial statements.

Repeat finding – This is not a repeat finding.

Statistical sampling – Sampling was not necessary in this instance.

Auditor's recommendation – Under ASC 840, *Leases*, it is generally accepted under GAAP to amortize the remaining portion of the deferred rent liability over the life of the new lease. We recommended making an adjustment to properly reflect this treatment so that the School's stand-alone financial statements would be compliant with GAAP. We recommend that the School research and evaluate more complex GAAP accounting and reporting issues.

Management's response and corrective action plan (unaudited) – Management consulted with its national auditor in identifying the treatment for the lease change at the RISE school. The recommended accounting treatment was consistent with many prior year transactions, previously experienced by Rocketship's national entity outside of the DC region. Management originally wrote-off the deferred rent credit liability because it believed the liability did not represent economic consideration to a related party sub-lessor (Launchpad) after the primary lease was terminated with an unrelated third party caused

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

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2019

by Launchpad buying out the lease. A new lease between RSED DC and Launchpad was established and the auditor believes that, according to generally accepted accounting principles, the previous deferred rent credit should be amortized over the term of the new lease. Management is agreeing with the adjustment to re-establish the deferred rent credit liability as suggested by the auditor of the stand-alone financial statements in order to enable an unmodified opinion from the auditor. Management will be taking steps to offset this liability to a related party by having the lessor (Launchpad) offset the deferred rent credit through a contribution in the 19-20 fiscal year.

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Prior Year Financial Statement Findings

Finding 2018-001: Material Weakness – Adjustment for Deferred Rent

Condition – The School entered into a new lease agreement. During the year after the lease execution, the first amendment to the lease agreement with a new payments schedule was put in process. The amendment was still unsigned. The School did not change the straight-line basis calculation from the original agreement because the School was awaiting for the completion of the lease amendment.

Current status – The School corrected this error in the prior financial statements, however there was a new finding for the current year related to the proper accounting treatment for leases and deferred rent as noted in finding 2019-001.

Finding 2018-002: Significant Deficiency – Closing Process

Condition – The School made significant journal entries to the trial balance several months after closing to properly report balances at year-end.

Current status – There was significant improvement in the current year with fewer entries provided after the start of the audit. The School strengthened their controls over the financial close process.

Finding 2018-003: Significant Deficiency– Amendment to Supplementary Schedule

Condition - Management determined that certain revenues and expenses were incorrectly reported under a single campus on the supplementary Schedule of Activities by Campus that should have been reported across multiple campuses.

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

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2019

Current status – No similar issues noted in the current year. The School strengthened their review process over financial reporting.

Section V – Prior Year Federal Award Findings and Questioned Costs

None