

**ROCKETSHIP EDUCATION
BUSINESS COMMITTEE MEETING
2:00pm January 11, 2010**

Rocketship Sí Se Puede Academy / 2249 Dobern Ave / San Jose, CA 95116
Dial-in Conference Number: (866) 704-7500
Participant Number: 713596

Link to BusCom Materials: <https://rsed.box.net/shared/im27f5a7ka>

- 1. Call to Order**
- 2. Public Comment**
- 3. Discussion Items**
 - a. Operations Update
 - b. Real Estate / Construction Update
 - c. Financial Update
- 4. Action Items**
 - a. **Approve 09/10 Mid Year Revision Financials**
 - b. **Approve Business Committee Resolution**
 - c. **Approve Signing Authority Resolution**
- 5. Adjourn**

During Public Comment Open Forum, you may speak to the Committee on any item that is on the agenda, and you may also speak on items that are not on the agenda. Please write your name and contact information on the Open Forum speaker list provided to the public, if you wish to address the Committee. Each speaker has three (3) minutes to speak. Please be advised that, by law, the Committee is unable to discuss or take action on issues presented during Open Forum. According to State Law (the Brown Act) items must first be noticed on the agenda before any discussion or action. **THE ORDER OF BUSINESS MAY BE CHANGED WITHOUT NOTICE:** Notice is hereby given that the order of consideration of matters on this agenda may be changed without prior notice. **REASONABLE ACCOMMODATION WILL BE PROVIDED FOR ANY INDIVIDUAL WITH A DISABILITY:** Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation to attend or participate in this committee meeting may request assistance by contacting Cat Alexander: 510-316-0025.

Operations Update

RMS & RSSP

RSED National

Monthly Operations Dashboard Overview

<https://rsed.box.net/shared/static/l5i2bdj0b2.pdf>

RSED “Big Projects”:

New City Expansion Strategic Planning: We have drafted the initial □New City Expansion Strategic Plan□(Summary, Detail & Budget). The Business plans discuss the human capital & system infrastructure associated with expansion into a 2nd City in 2012 (2 years earlier than planned.)

- We would love your feedback/insight on the Operations plan. Please review the Executive Summary & especially the Operational Plan Detail so that we may discuss it in detail in the next BusCom meeting at the end of January.
 - Executive Summary: <https://rsed.box.net/shared/static/nhhs4j2ep0.pdf>
 - Presentation: <https://rsed.box.net/shared/static/dbl0izvt8x.pdf>
 - Operations Detail: <https://rsed.box.net/shared/static/0m3rhd633l.pdf>
 - **Rich can send detailed financials as well if you would like to spend time stepping through them*

- The board will be reviewing the initial drafts on January 12, 2010. We will then be updating the drafts & revising the financial based on feedback & plan to get Executive Committee □go ahead□to submit a Race to the Top/I3 Grant in March.

Real Estate Update

RS2/LLC2

- 95% of add backs are complete
- Re-naming ceremony projected to happen in the spring (when add backs are complete)

RS3/LLC3

- Design complete & being reviewed by DSA. Budgets complete, schedule & contracts in final negotiation to be ready for execution when deal closes.
- CEQA (environmental impact) hearing scheduled for January 12, 2010.
- Hosted a meeting with RBC (Royal Bank of Canada □ Bond Deal) at the end of December. Compared terms of NCB-New Market Tax Deal with RBC-Bond Deal and the NCB deal was significantly less expensive. (5.9% vs. 6.4%)
- NCB credit committee has approved the deal terms & they will send us an updated/final term sheet next week. We have begun underwriting process with them to ensure that we close in time to hit our construction schedule.

Real Estate Development

- Goal: acquire (put options down on) 10 properties by June 30. List of properties identified & reviewed on a weekly basis.
- Board will greenlight Rocketship 4 on January 12th and if we get a PIT candidate finalized for Rocketship 5, we expect the Executive Committee to greenlight that school in March. Once greenlighted, we will begin design & development on both.
- The Launchpad board will be formed this month & incorporation will begin so that assets may be transferred to Launchpad, operations will become separate and Real Estate Development will be overseen by that board.

Finance Summary and Key Takeaways

FY10 Budget Revisions

- Budget has been revised based primarily on accounting adjustments, projected revenue updates, LLC3 financing changes, and expense adjustments
- \$300K in reserves have been set aside to protect against potential decreases in state funding
- Budget breaks-even for Rocketship, Launchpad and the consolidated entity and meets requirements for ending reserve balances and loan covenants

Financial Performance and Health

- YTD ADA revenues are approx. \$11K below budget at RSSP, and \$7K above budget at RMS
- Expense management is consistent with the FY10 budget revision
- Rocketship's cash on hand (11/30/09) is \$3.1MM and liquidity position appears strong over the remainder of FY10

Process

- Management is asking BusCom to recommend revised budget for approval by full board
- Review board resolutions that update signing authority and BusCom governance authority
- Rocketship financials are and will be shown in accrual basis
- Launchpad's financials will continue to be shown in BusCom throughout FY10; detailed proposal in later slides

FY10 Revised Budget

Revisions

- Rocketship budgeted net income increases by \$90K from working version approved by BusCom in October
- \$300K in budget has been set aside as reserves against potential cuts in state funding
- Analysis of changes to the budget has been provided in detail in subsequent slides

Financial Implications

- Meets board-approved metric of being a balanced budget, both for Rocketship and for the consolidated entity that includes Launchpad
- Both open schools (RS1 and RS2) will end the year with reserve balances over 3% of expenses
- RS3 ends the year with negative \$272K reserve balance; Strategic plan has RS3 earning enough in year 1 to end year with 3-5% reserve balance
- Loan covenants are met based on the budget

Revised FY10 Budget



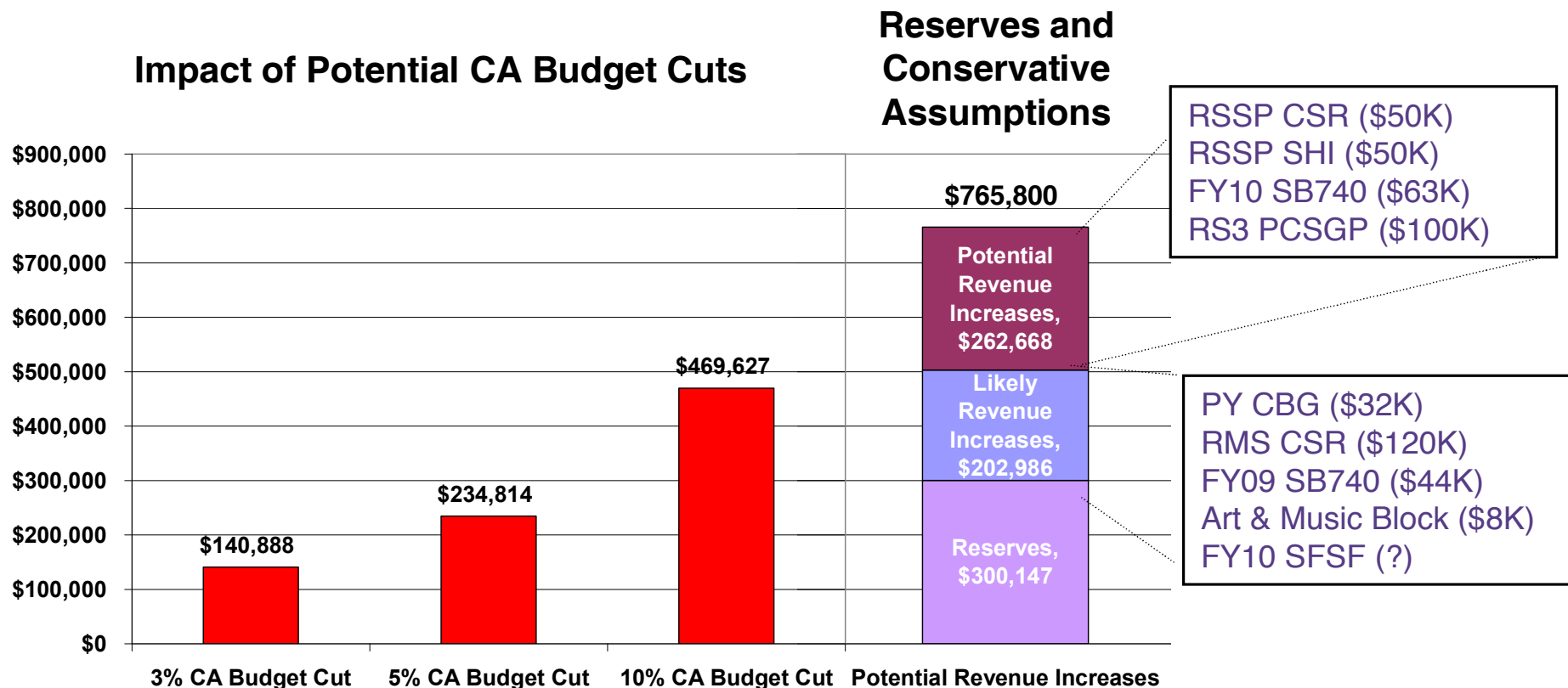
Revised FY10 budget meets board-approved criteria of being a balanced budget

Rocketship Revised FY10 Budget

	Rocketship					Rocketship	Launchpad	Consolidated
	RMS	RSSP	RS3	RS4&5	RSED	Total	Total	Total
Revenues								
Public Sources	\$3,307,716	\$3,262,289	\$100,000	\$0	\$460,918	\$7,130,924	\$0	\$7,130,924
Fundraising/Other	\$8,718	\$303,084	\$5,000	\$250,000	\$570,910	\$1,137,712	\$0	\$1,137,712
Facilities/Mgmt Fees	\$0	\$0	\$0	\$0	\$1,041,401	\$1,041,401	\$1,629,454	\$2,670,856
Total Revenues	\$3,316,434	\$3,565,374	\$105,000	\$250,000	\$2,073,229	\$9,310,037	\$1,629,454	\$10,939,491
Expenses								
Salaries and Benefits	\$1,476,860	\$1,296,492	\$152,399	\$0	\$1,039,673	\$3,965,424	\$59,766	\$4,025,190
Books and Supplies	\$369,753	\$432,162	\$3,200	\$0	\$81,000	\$886,116	\$0	\$886,116
Services / Operating Expenses	\$233,894	\$349,597	\$24,680	\$0	\$810,181	\$1,418,352	\$305,438	\$1,723,790
Depreciation	\$9,843	\$15,722	\$0	\$0	\$0	\$25,565	\$544,438	\$570,003
Financing Charges	\$9,000	\$11,842	\$9,945	\$0	\$119,047	\$149,834	\$598,917	\$748,751
Facilities and Management Fees	\$1,089,466	\$1,141,735	\$186,750	\$62,500	\$104,766	\$2,585,218	\$85,638	\$2,670,856
Reserves	\$119,631	\$85,224	\$0	\$0	\$74,674	\$279,528	\$20,619	\$300,147
Total Expenses	\$3,308,446	\$3,332,775	\$376,974	\$62,500	\$2,229,341	\$9,310,037	\$1,614,815	\$10,924,852
Net Income	\$7,988	\$232,599	(\$271,974)	\$187,500	(\$156,111)	\$0	\$14,639	\$14,639
Reserve Balance								
Beginning Reserves	\$150,163	(\$114,417)	\$79,352	\$0	\$366,669	\$481,766	\$531,822	\$1,013,588
Net Income	\$7,988	\$232,599	(\$271,974)	\$187,500	(\$156,111)	\$0	\$14,639	\$14,639
Ending Reserve Balance	\$158,150	\$118,182	(\$192,623)	\$187,500	\$210,557	\$481,766	\$546,461	\$1,028,228
% of Expenses	4.8%	3.5%	-51.1%	300.0%	9.4%	5.2%	33.8%	9.4%

Reserves Against Uncertainty

In addition to \$300K of reserves, the revised FY10 budget includes conservative revenue assumptions that represent \$465K in likely and potential revenue increases



*Budget cuts are presented as percentage cuts in Categorical and General Block Grant

Revised FY10 Budget: Loan Covenants

Similar to the original budget, the revised FY10 budget allows Rocketship to meet its loan covenants (including reserves as expenses)

**Covenant 1:
Raza with
LLC1**

Between Raza & RSED/RS1/LLC:	
Covenant: Minimum Coverage Ratio	1.10
Actual:	
EBITDA (RS1, RSED, LLC1)	\$412,577
Annual Debt Service	\$320,495
Coverage Ratio	1.29
Covenant Met?	Yes

**Covenant 2:
Raza with
Doburn LLC**

Between Between Raza & Dobern LLC:	
Covenant: Minimum Coverage Ratio	1.10
Actual:	
EBITDA (Dobern LLC)	\$585,182
Annual Debt Service	\$311,667
Coverage Ratio	2.04
Covenant Met?	Yes

**Covenant 3:
CSGF with
RSED**

Between CSGF & National Office:	
Covenant: Net Income before Philanthropy	\$ (875,000)
Actual	
Net Income (RSED)	\$ (156,111)
Philanthropy	\$ 520,910
Net Income before Philanthropy	\$ (677,021)
Covenant Met?	Yes

Rocketship Budget Comparison



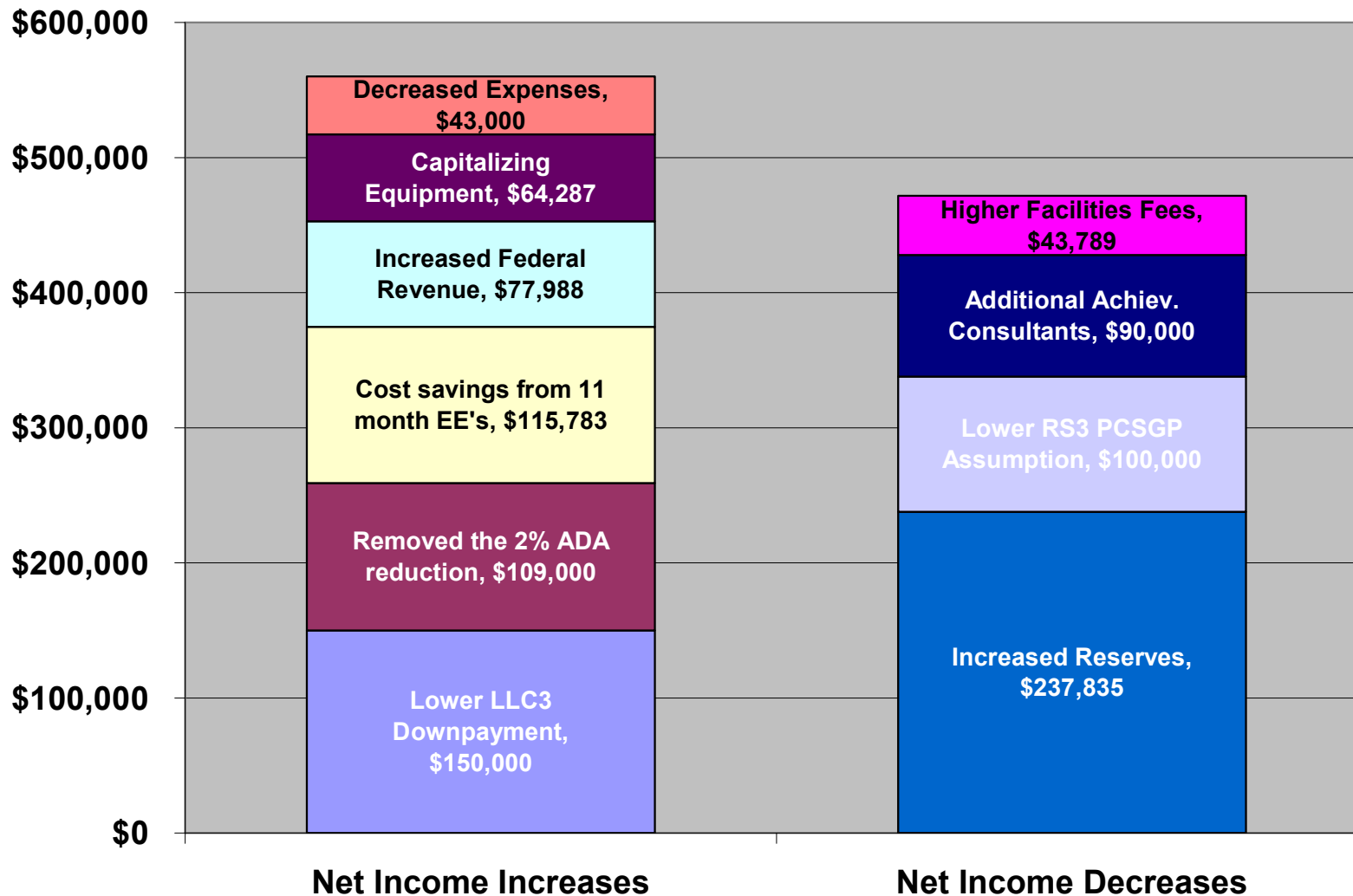
Rocketship (w/o Launchpad) budgeted net income increased by \$90K from working version approved by Business Committee in October

Rocketship Budget Comparisons

	Revised Budget for Approval	Working Budget	Variance	Explanation
Revenues				
				Removed the 2% ADA reduction; Federal (Title I, II, ARRA) Revenue Increases, conservative
Public Sources	\$7,130,924	\$7,043,986	\$86,937	RS3 PCSGP assumption
Fundraising/Other	\$1,137,712	\$1,222,375	(\$84,663)	Lowered internal transfer from RSED to RS2
Facilities/Mgmt Fees	\$1,041,401	\$957,417	\$83,984	Lowered internal transfer from RSED to RS2
Total Revenues	\$9,310,037	\$9,223,778	\$86,259	
Expenses				
Salaries and Benefits	\$3,965,424	\$4,081,207	(\$115,783)	New EE's only get paid for 11 months
Books and Supplies	\$886,116	\$975,968	(\$89,852)	Capitalized Equipment and Furniture
Services / Operating Expenses	\$1,418,352	\$1,376,268	\$42,084	Increased Ed consultants, reduced RS3 and RSED expenses
Depreciation	\$25,565	\$0	\$25,565	Capitalized Equipment and Furniture
Financing Charges	\$149,834	\$149,834	\$0	
Facilities and Management Fees	\$2,585,218	\$2,691,429	(\$106,211)	Lower RS3 downpayment, higher fees due to higher revenues
Reserves	\$279,528	\$41,693	\$237,835	
Total Expenses	\$9,310,037	\$9,316,398	(\$6,362)	
Net Income	\$0	(\$92,620)	\$92,620	
Beginning Reserves	\$481,766	\$481,766	\$0	
Net Income	\$0	(\$92,620)	(\$92,620)	
Ending Reserves	\$481,766	\$389,146	(\$92,620)	
Reserve Balance (%)	5.2%	4.2%		

Significant Changes to the FY10 Rocketship Budget

Rocketship's (w/o LP) budgeted net income increased by \$90K from October's "working" version approved by BusCom

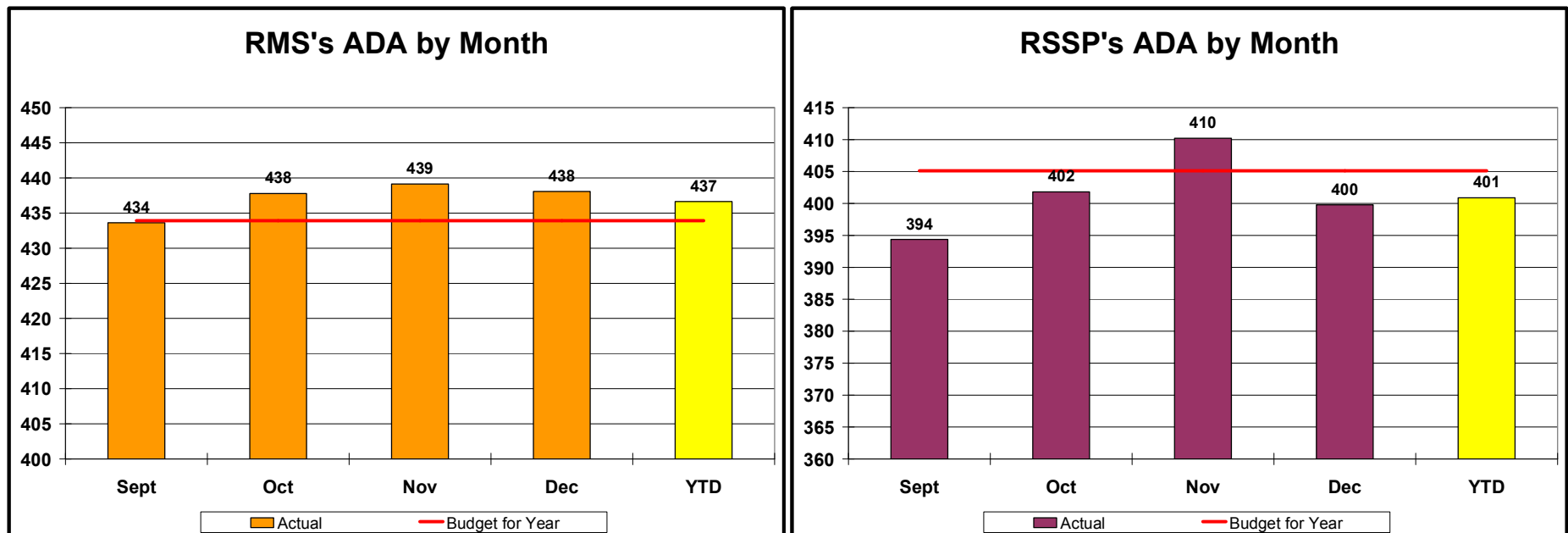


Financial Performance: ADA by Month



Through December 18, RSSP was 4 students under budget, representing \$11K in lost revenue. \$11K has been withheld from RSSP's discretionary budget until the revenue is regained; RMS is currently 3 students and \$7K above budget

Rocketship FY10 Monthly ADA by School

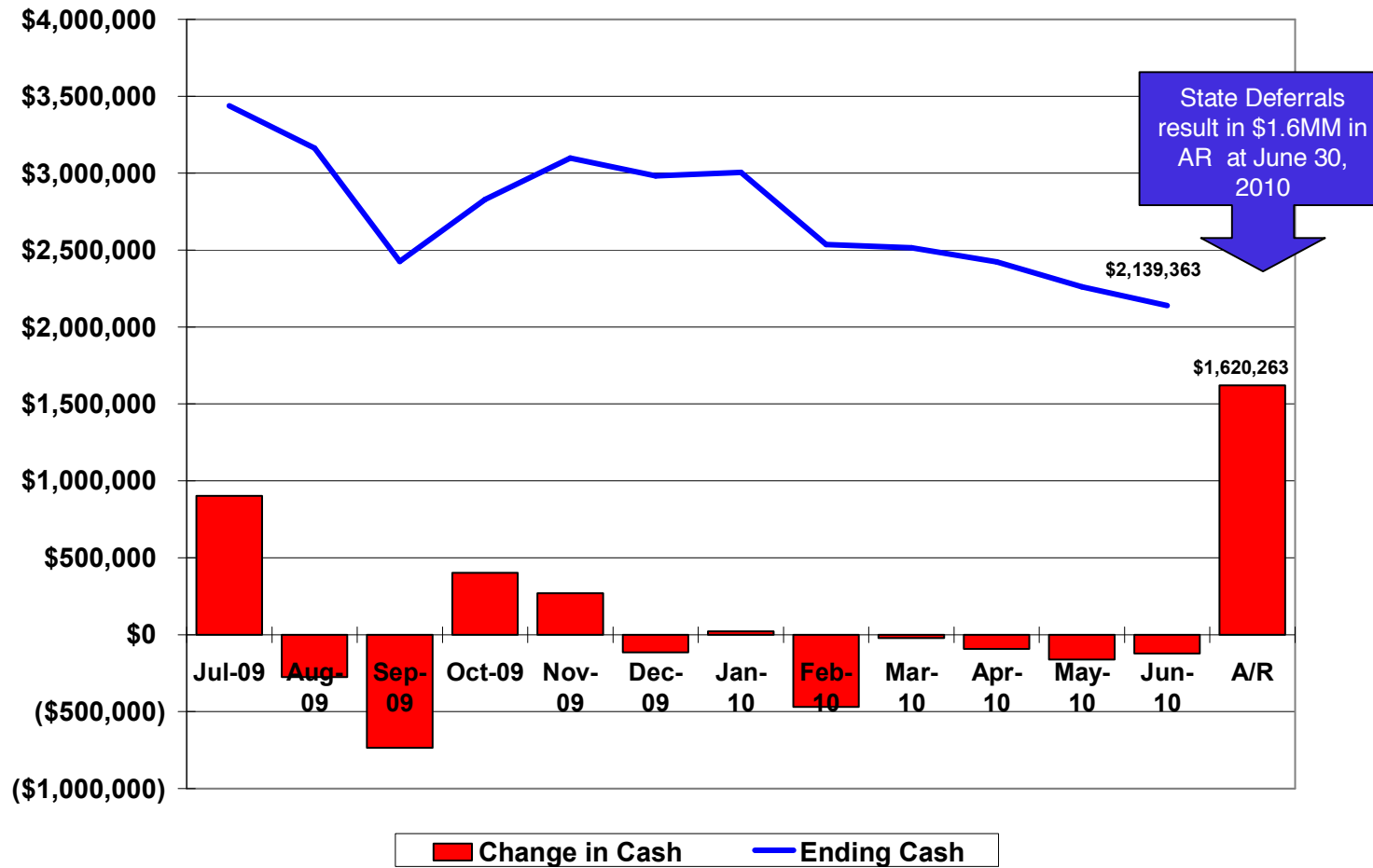


Financial Performance: Cash Flow Projection



Rocketship's liquidity projection remains healthy for the next seven months

Rocketship FY10 Cash Flow



*Deviations from prior cash flow presentations include a budgeted net income changes; reserves are considered a cash outflow that will be spread evenly through remaining months of FY10

Financial Performance: Budget vs Actuals



Financial Performance through November suggests revenue and expense management consistent with revised budget

Rocketship (w/o LP) FY10 Variance Analysis and Forecast Through November

Rocketship Variance Analysis and Forecast

	Actual	FY10 Budget for Approval	% of Total	Forecast	Variance (from Budget)
Revenues					
Public Sources	\$2,368,647	\$7,130,924	33.2%	\$7,127,118	(\$3,806)
Fundraising/Other	\$392,002	\$1,137,712	34.5%	\$1,137,712	\$0
Facilities/Mgmt Fees	\$370,085	\$1,041,401	0.0%	\$1,041,401	\$0
Total Revenues	\$3,130,734	\$9,310,037	33.6%	\$9,306,231	(\$3,806)
Expenses					
Salaries and Benefits	\$1,323,862	\$3,965,424	33.4%	\$3,965,424	\$0
Books and Supplies	\$327,340	\$886,116	36.9%	\$875,159	(\$10,957)
Services / Operating Expenses	\$562,104	\$1,418,352	39.6%	\$1,418,352	\$0
Depreciation	\$7,953	\$25,565	0.0%	\$25,565	\$0
Financing Charges	\$66,995	\$149,834	44.7%	\$149,834	\$0
Facilities and Management Fees	\$1,063,937	\$2,585,218	41.2%	\$2,585,218	\$0
Reserves	\$0	\$279,528		\$279,528	
Total Expenses	\$3,352,191	\$9,310,037	36.0%	\$9,299,080	(\$10,957)
Net Income	(\$221,458)	\$0		\$7,152	\$7,151
Beginning Reserves	\$481,766	\$481,766		\$481,766	\$0
Net Income	(\$221,458)	\$0		\$7,152	\$7,151
Ending Reserves	\$260,309	\$481,766		\$488,918	\$7,151
Reserve Balance (%)		5.2%		5.3%	

Financial Performance: Budget vs Actuals by Location



RMS Variance Analysis and Forecast

	FY10			Variance (from Budget)	
	Actual	Budget for Approval	% of Total	Forecast	(from Budget)
Revenues					
Public Sources	\$1,130,136	\$3,307,716	34.2%	\$3,314,868	\$7,151
Fundraising and Other	\$6,071	\$8,718	69.6%	\$8,718	\$0
Facilities/Mgmt Fees	\$0	\$0	0.0%	\$0	\$0
Total Revenues	\$1,136,207	\$3,316,434	34.3%	\$3,323,586	\$7,151
Expenses					
Salaries and Benefits	\$495,270	\$1,476,860	33.5%	\$1,476,860	\$0
Books and Supplies	\$130,038	\$369,753	35.2%	\$369,753	\$0
Services / Operating Expenses	\$132,549	\$233,894	56.7%	\$233,894	\$0
Depreciation	\$3,346	\$9,843	34.0%	\$9,843	\$0
Financing Charges	\$3,750	\$9,000	41.7%	\$9,000	\$0
Facilities and Management Fees	\$453,944	\$1,089,466	41.7%	\$1,089,466	\$0
Reserves	\$0	\$119,631	0.0%	\$119,631	\$0
Total Expenses	\$1,218,897	\$3,308,446	36.8%	\$3,308,446	\$0
Net Income	(\$82,690)	\$7,988		\$15,139	\$7,151
Beginning Reserves	\$150,163	\$150,163		\$150,163	\$0
Net Income	(\$82,690)	\$7,988		\$15,139	\$7,151
Ending Reserves	\$67,472	\$158,150		\$165,302	\$7,151
Reserve Balance (%)		4.8%		5.0%	

RS3 Variance Analysis and Forecast

	FY10			Variance (from Budget)	
	Actual	Budget for Approval	% of Total	Forecast	(from Budget)
Revenues					
Public Sources	\$0	\$100,000	0.0%	\$100,000	\$0
Fundraising	\$417	\$5,000	8.3%	\$5,000	\$0
Facilities/Mgmt Fees	\$0	\$0	0.0%	\$0	\$0
Total Revenues	\$417	\$105,000	0.4%	\$105,000	\$0
Expenses					
Salaries and Benefits	\$42,629	\$152,399	28.0%	\$152,399	\$0
Books and Supplies	\$499	\$3,200	15.6%	\$3,200	\$0
Services / Operating Expenses	\$626	\$24,680	2.5%	\$24,680	\$0
Depreciation	\$0	\$0	0.0%	\$0	\$0
Financing Charges	\$3,750	\$9,945	0.0%	\$9,945	\$0
Facilities and Management Fees	\$150,000	\$186,750	80.3%	\$186,750	\$0
Reserves	\$0	\$0		\$0	\$0
Total Expenses	\$197,504	\$376,974	52.4%	\$376,974	\$0
Net Income	(\$197,087)	(\$271,974)		(\$271,974)	\$0
Beginning Reserves	\$79,352	\$79,352		\$79,352	\$0
Net Income	(\$197,087)	(\$271,974)		(\$271,974)	\$0
Ending Reserves	(\$117,735)	(\$192,623)		(\$192,623)	\$0
Reserve Balance (%)		-51.1%		-51.1%	

RSSP Variance Analysis and Forecast

	FY10			Variance (from Budget)	
	Actual	Budget for Approval	% of Total	Forecast	(from Budget)
Revenues					
Public Sources	\$1,108,616	\$3,262,289	34.0%	\$3,251,332	(\$10,957)
Fundraising and Other	\$281,846	\$303,084	93.0%	\$303,084	\$0
Facilities/Mgmt Fees	\$0	\$0	0.0%	\$0	\$0
Total Revenues	\$1,390,461	\$3,565,374	39.0%	\$3,554,417	(\$10,957)
Expenses					
Salaries and Benefits	\$416,347	\$1,296,492	32.1%	\$1,296,492	\$0
Books and Supplies	\$175,924	\$432,162	40.7%	\$421,205	(\$10,957)
Services / Operating Expenses	\$199,002	\$349,597	56.9%	\$349,597	\$0
Depreciation	\$4,608	\$15,722	29.3%	\$15,722	\$0
Financing Charges	\$5,383	\$11,842	45.5%	\$11,842	\$0
Facilities and Management Fees	\$416,340	\$1,141,735	36.5%	\$1,141,735	\$0
Reserves	\$0	\$85,224		\$85,224	\$0
Total Expenses	\$1,217,603	\$3,332,775	36.5%	\$3,321,818	(\$10,957)
Net Income	\$172,858	\$232,599		\$232,599	\$0
Beginning Reserves	(\$114,417)	(\$114,417)		(\$114,417)	\$0
Net Income	\$172,858	\$232,599		\$232,599	\$0
Ending Reserves	\$58,441	\$118,182		\$118,182	\$0
Reserve Balance (%)		3.5%		3.6%	

RS4&RS5 Variance Analysis and Forecast

	FY10			Variance (from Budget)	
	Actual	Budget for Approval	% of Total	Forecast	(from Budget)
Revenues					
Public Sources	\$0	\$0	0.0%	\$0	\$0
Fundraising and Other	\$0	\$250,000	0.0%	\$250,000	\$0
Facilities/Mgmt Fees	\$0	\$0	0.0%	\$0	\$0
Total Revenues	\$0	\$250,000	0.0%	\$250,000	\$0
Expenses					
Salaries and Benefits	\$0	\$0	0.0%	\$0	\$0
Books and Supplies	\$0	\$0	0.0%	\$0	\$0
Services / Operating Expenses	\$0	\$0	0.0%	\$0	\$0
Depreciation	\$0	\$0	0.0%	\$0	\$0
Financing Charges	\$0	\$0	0.0%	\$0	\$0
Facilities and Management Fees	\$0	\$62,500	0.0%	\$62,500	\$0
Reserves	\$0	\$0	0.0%	\$0	\$0
Total Expenses	\$0	\$62,500	0.0%	\$62,500	\$0
Net Income	\$0	\$187,500		\$187,500	\$0

Financial Performance: Budget vs Actuals by Location



RSED Variance Analysis and Forecast

	Actual	FY10 Budget for Approval	% of Total	Forecast	Variance (from Budget)
Revenues					
Public Sources	\$129,895	\$460,918	28.2%	\$460,918	\$0
Fundraising and Other	\$103,669	\$570,910	18.2%	\$570,910	\$0
Facilities/Mgmt Fees	\$370,085	\$1,041,401	0.0%	\$1,041,401	\$0
Total Revenues	\$603,649	\$2,073,229	29.1%	\$2,073,229	\$0
Expenses					
Salaries and Benefits	\$369,617	\$1,039,673	35.6%	\$1,039,673	\$0
Books and Supplies	\$20,879	\$81,000	25.8%	\$81,000	\$0
Services / Operating Expenses	\$229,926	\$810,181	28.4%	\$810,181	\$0
Depreciation	\$0	\$0	0.0%	\$0	\$0
Financing Charges	\$54,112	\$119,047	0.0%	\$119,047	\$0
Facilities and Management Fees	\$43,653	\$104,766	0.0%	\$104,766	\$0
Reserves	\$0	\$74,674		\$74,674	
Total Expenses	\$718,187	\$2,229,341	32.2%	\$2,229,341	\$0
Net Income	(\$114,538)	(\$156,111)		(\$156,111)	\$0
Beginning Reserves	\$366,669	\$366,669		\$366,669	\$0
Net Income	(\$114,538)	(\$156,111)		(\$156,111)	\$0
Ending Reserves	\$252,130	\$210,557		\$210,557	\$0
Reserve Balance (%)		9.4%		9.4%	

Launchpad Variance Analysis and Forecast

	Actual	FY10 Budget for Approval	% of Total	Forecast	Variance (from Budget)
Revenues					
Public Sources	\$0	\$0	0.0%	\$0	\$0
Fundraising/Other	\$0	\$0	0.0%	\$0	\$0
Facilities/Mgmt Fees	\$693,852	\$1,629,454	42.6%	\$1,629,454	\$0
Total Revenues	\$693,852	\$1,629,454	42.6%	\$1,629,454	\$0
Expenses					
Salaries and Benefits	\$7,682	\$59,766	12.9%	\$59,766	\$0
Books and Supplies	\$30	\$0	0.0%	\$0	\$0
Services / Operating Expenses	\$63,784	\$305,438	20.9%	\$305,438	\$0
Depreciation	\$195,812	\$544,438	36.0%	\$544,438	\$0
Financing Charges	\$193,184	\$598,917	32.3%	\$598,917	\$0
Facilities and Management Fees	\$0	\$85,638	0.0%	\$85,638	\$0
Reserves	\$0	\$20,619		\$20,619	\$0
Total Expenses	\$460,493	\$1,614,815	28.5%	\$1,614,815	\$0
Net Income	\$233,359	\$14,639		\$14,639	\$0
Beginning Reserves	\$531,822	\$531,822		\$531,822	\$0
Net Income	\$233,359	\$14,639		\$14,639	\$0
Ending Reserves	\$765,182	\$546,461		\$546,461	\$0
Reserve Balance (%)		33.8%		33.8%	

Process: Board Resolutions

The following are resolutions presented to the full Board for approval;
Full text of resolutions are contained in the Appendix

BusCom Governance Authority

Resolution gives authority to BusCom to approve the following:

- Monthly budget updates and YTD reporting
- ConApp
- Interim Financial reports to CDE and authorizers
- CDE revolving loan applications
- Reporting of Unaudited Actuals

Changes to RSED Signing Authority

Resolution gives authority to Rich Billings to sign contracts, checks and transfer money up to \$5K limit for Rocketship and its schools

- Conversations have been had with our auditors to ensure that proper internal controls are in place to identify and prevent fraud

Process: Launchpad

Launchpad will legally be formed over the coming weeks with the following implications

Legal Ownership of LLCs

- Management is pursuing the transfer of ownership of the LLCs to Launchpad from Rocketship
- LPs' finances have been tracked separately such that the accounting transfer should not require much effort
- Assets, equity and liabilities for the LLCs will all be transferred to LP

Proposed Reporting of LP Financials to BusCom

- The following is Management's proposal for presenting LP financials to BusCom:
- Launchpad's financials will continue to be reported to BusCom through the end of this fiscal year
 - Given the cash-intensive nature of the industry, management will report budget vs actuals for cash flow and maintenance of loan covenants

Appendix



Detailed Budget Comparisons by Location

Budget Comparisons: RMS



RMS Budget Comparisons

	Revised Budget for Approval	Working Budget	Variance	Explanation
Revenues				
Public Sources	\$3,307,716	\$3,231,655	\$76,061	Removed 2% ADA reduction (\$54K), increased ARRA, Title I and II revenue (\$22K)
Fundraising and Other	\$8,718	\$8,543	\$174	
Facilities/Mgmt Fees	\$0	\$0	\$0	
Total Revenues	\$3,316,434	\$3,240,199	\$76,235	
Expenses				
Salaries and Benefits	\$1,476,860	\$1,518,046	(\$41,186)	New teachers only paid for 11 months
Books and Supplies	\$369,753	\$398,074	(\$28,321)	Capitalized Equipment and Furniture
Services / Operating Expenses	\$233,894	\$257,141	(\$23,248)	Moved facilities insurance to LLC (-\$20K), decreased SPED encroachment (-\$3K)
Depreciation	\$9,843	\$0	\$9,843	Capitalized Equipment and Furniture
Financing Charges	\$9,000	\$9,000	\$0	
Facilities and Management Fees	\$1,089,466	\$1,047,120	\$42,346	Fees associated with increased revenues (\$22k), increased facilities fee for insurance transfer (\$20K)
Reserves	\$119,631	\$0	\$119,631	Reserve against uncertainty
Total Expenses	\$3,308,446	\$3,229,381	\$79,065	
Net Income	\$7,988	\$10,817	(\$2,830)	Rounding error
Beginning Reserves	\$150,163	\$150,163	\$0	
Net Income	\$7,988	\$10,817	\$2,830	
Ending Reserves	\$158,150	\$160,980	\$2,830	
Reserve Balance (%)	4.8%	5.0%		

Budget Comparisons: RSSP



RSSP Budget Comparisons

	Revised Budget for Approval	Working Budget	Variance	Explanation
Revenues				
Public Sources	\$3,262,289	\$3,195,401	\$66,888	Title II (\$9K), Title I (\$3K), Removed 2% ADA reduction (\$55K)
Fundraising and Other	\$303,084	\$392,922	(\$89,837)	Reduced internal transfer from RSED (-\$95K), Donated Furniture (\$5K)
Facilities/Mgmt Fees	\$0	\$0	\$0	
Total Revenues	\$3,565,374	\$3,588,323	(\$22,949)	
Expenses				
Salaries and Benefits	\$1,296,492	\$1,373,991	(\$77,499)	New teachers only paid for 11 months
Books and Supplies	\$432,162	\$493,694	(\$61,531)	Capitalized Equipment and Furniture
Services / Operating Expenses	\$349,597	\$345,873	\$3,725	Moved facilities insurance to LLC (-\$20K), decreased SPED encroachment (-\$3K)
Depreciation	\$15,722	\$0	\$15,722	Capitalized Equipment and Furniture
Financing Charges	\$11,842	\$11,842	\$0	
Facilities and Management Fees	\$1,141,735	\$1,130,094	\$11,642	Fees associated with increased revenues, increased facilities fee for insurance transfer, moved payroll expenses to RSED (-\$4K)
Reserves	\$85,224	\$0	\$85,224	Reserve against uncertainty
Total Expenses	\$3,332,775	\$3,355,494	(\$22,719)	
Net Income	\$232,599	\$232,829	(\$230)	Rounding error
Beginning Reserves	(\$114,417)	(\$114,417)	\$0	
Net Income	\$232,599	\$232,829	\$230	
Ending Reserves	\$118,182	\$118,412	\$230	
Reserve Balance (%)	3.5%	3.5%		

Budget Comparison: RS3



RS3 Budget Comparisons

	Revised Budget for Approval	Working Budget	Variance	Explanation
Revenues				
Public Sources	\$100,000	\$200,000	(\$100,000)	Conservative assumption regarding PCSGP
Fundraising	\$5,000	\$0	\$5,000	Loan to LLC3
Facilities/Mgmt Fees	\$0	\$0	\$0	
Total Revenues	\$105,000	\$200,000	(\$95,000)	
Expenses				
Salaries and Benefits	\$152,399	\$155,505	(\$3,106)	Prorated bonus for Office Manager
Books and Supplies	\$3,200	\$3,200	\$0	
Services / Operating Expenses	\$24,680	\$52,680	(\$28,000)	Removed Tech Consultants (\$15K) and Electricity Costs (\$13K)
Depreciation	\$0	\$0	\$0	
Financing Charges	\$9,945	\$0	\$9,945	Fees associated with Walton loan (will be converted to a grant)
Facilities and Management Fees	\$186,750	\$367,500	(\$180,750)	Reduced Facility Downpayment (\$150K), reduced fees associated with reduced revenues (\$30K)
Reserves	\$0	\$0	\$0	
Total Expenses	\$376,974	\$578,885	(\$201,910)	
Net Income	(\$271,974)	(\$378,885)	\$106,910	
Beginning Reserves	\$79,352	\$79,352	\$0	
Net Income	(\$271,974)	(\$378,885)	\$106,910	
Ending Reserves	(\$192,623)	(\$299,533)	\$106,910	
Reserve Balance (%)	-51.1%	-51.7%		

Budget Comparison: RS4&RS5



RS4&RS5 Budget Comparisons

	Revised Budget for Approval	Working Budget	Variance	Explanation
Revenues				
Public Sources	\$0	\$0	\$0	
Fundraising and Other	\$250,000	\$250,000	\$0	
Facilities/Mgmt Fees	\$0	\$0	\$0	
Total Revenues	\$250,000	\$250,000	\$0	
Expenses				
Salaries and Benefits	\$0	\$0	\$0	
Books and Supplies	\$0	\$0	\$0	
Services / Operating Expenses	\$0	\$0	\$0	
Depreciation	\$0	\$0	\$0	
Financing Charges	\$0	\$0	\$0	
Facilities and Management Fees	\$62,500	\$62,500	\$0	
Reserves	\$0	\$0	\$0	
Total Expenses	\$62,500	\$62,500	\$0	
Net Income	\$187,500	\$187,500	\$0	

Budget Comparison: RSED



RSED Budget Comparisons

	Revised Budget for Approval	Working Budget	Variance	Explanation
Revenues				
Public Sources	\$460,918	\$416,930	\$43,988	Increased SPED revenues
Fundraising and Other	\$570,910	\$570,910	\$0	
Facilities/Mgmt Fees	\$1,041,401	\$957,417	\$83,984	Reduced internal transfer to RS2 (95K), decreased fees from schools (\$11k)
Total Revenues	\$2,073,229	\$1,945,257	\$127,972	
Expenses				
Salaries and Benefits	\$1,039,673	\$1,033,665	\$6,008	Bonus for SPED EE
Books and Supplies	\$81,000	\$81,000	\$0	
Services / Operating Expenses	\$810,181	\$720,573	\$89,608	Educational Consultants (\$90K), Staff recruiting (-\$15K), payroll expenses from RS2 (\$3K), internet expenses (\$2K), increased SPED expenses (\$7K)
Depreciation	\$0	\$0	\$0	
Financing Charges	\$119,047	\$128,992	(\$9,945)	Transferred Walton loan to RS3 Reimbursing Launchpad for Legal Fees originally budgeted to RSED
Facilities and Management Fees	\$104,766	\$84,215	\$20,551	
Reserves	\$74,674	\$41,693	\$32,981	
Total Expenses	\$2,229,341	\$2,090,138	\$139,202	
Net Income	(\$156,111)	(\$144,881)	(\$11,230)	
Beginning Reserves	\$366,669	\$366,669	\$0	
Net Income	(\$156,111)	(\$144,881)	(\$11,230)	
Ending Reserves	\$210,557	\$221,787	(\$11,230)	
Reserve Balance (%)	9.4%	10.6%		

Budget Comparison: Launchpad



Launchpad Budget Comparisons

	Revised Budget for Approval	Working Budget	Variance	Explanation
Revenues				
Public Sources	\$0	\$0	\$0	
Fundraising/Other	\$0	\$0	\$0	
Facilities/Mgmt Fees	\$1,629,454	\$1,609,012	\$20,442	Increase in fees from schools (\$65K), reduction in LLC3 fee (-\$150K), transfer from RSED (\$20K), internal fees to LP from LLC's (\$85K)
Total Revenues	\$1,629,454	\$1,609,012	(\$20,442)	
Expenses				
Salaries and Benefits	\$59,766	\$126,701	(\$66,935)	Delayed hiring of LP CEO to July
Books and Supplies	\$0	\$0	\$0	
Services / Operating Expenses	\$391,075	\$255,588	\$135,488	Transfer of insurance from RS1 and RS2 (\$40K), internal fees to LP from LLC's (\$85K)
Depreciation	\$544,438	\$520,903	\$23,536	Higher Depreciation for Doburn Site
Financing Charges	\$598,917	\$610,917	(\$12,000)	Reduction in LLC2 interest (\$17K), interest for loan from RS3 (\$5K)
Facilities and Management Fees	\$0	\$0	\$0	
Reserves	\$20,619	\$0	\$20,619	
Total Expenses	\$1,614,815	\$1,514,108	\$100,707	
Net Income	\$14,639	\$94,904	(\$80,265)	
Beginning Reserves	\$493,331	\$531,822	\$38,491	
Net Income	\$14,639	\$94,904	\$80,265	
Ending Reserves	\$507,970	\$626,726	\$118,757	
Reserve Balance (%)	31.5%	41.4%		

Board of Directors of Rocketship Education

Resolution authorizing the Action of the Business Committee to serve at the Pleasure of the Rocketship Education Board of Directors

A RESOLUTION of the Board of Directors of Rocketship Education, California nonprofit public benefit corporation authorizing the action of the Business Committee to serve at the pleasure of the Board.

WHEREAS, Rocketship Education is a California nonprofit public benefit corporation under the direction and management of the Corporation's Board of Directors.

WHEREAS, the Corporation's bylaws authorize the Board of Directors to create one or more committees to serve at the pleasure of the Board, to act on its behalf subject to certain limitations. (See Article VII, Section 1 of the bylaws.)

NOW THEREFORE, BE IT RESOLVED by the Board of Rocketship Education that the Business Committee consisting of two or more voting directors shall have the authority to approve the following documentation:

- a. Monthly Budget Updates & YTD Reporting;
- b. Consolidated Application;
- c. Interim Financial Reports;
- d. CDE Revolving Loan Application;
- e. Unaudited Actual Financial Reporting

PASSED AND ADOPTED this day, January 12, 2010, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary

**Board of Directors of Rocketship Education
Resolution authorizing Signing Authority to the Director of Finance, Chief
Operating Officer and Chief Executive Officer**

A RESOLUTION of the Board of Directors of Rocketship Education, California nonprofit public benefit corporation authorizing Signing Authority to the Director of Finance, Chief Operating Officer and Chief Executive Officer:

Amendment to Financial Policies:

WHEREAS, the Company has financial policies which dictate the authority of Company representatives to sign checks for and transfer money from Company bank accounts (“Signing Authority”) and the dollar threshold above which further authorization is required (“Signing Limits”);

RESOLVED: That the governing board of the Company deems it to be in the best interests of the Company to amend the current financial policies to designate the following Company representatives as having Signing Authority with the following Signing Limits:

Richard Billings, Director of Finance and Accounting: \$5,000

Cat Alexander, Chief Operating Officer: \$20,000

John Danner, Chief Executive Officer: \$100,000

RESOLVED FURTHER: : That the governing board of the Company deems it to be in the best interests of the Company to amend the current financial policies to stipulate that all checks and wire transfers in excess of \$100,000 be signed by the Board Treasurer.

PASSED AND ADOPTED this day, January 12, 2010, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Secretary