

TO: Rocketship Southside Community Prep Board of Directors
FROM: City of Milwaukee Charter School Review Committee
RE: Financial Management of the School
DATE: Monday, June 6, 2016

The following questions are being asked as a result of the Financial Management Report presented by M.L. Tharps & Associates, LLC for year 2 of your charter school contract with the City of Milwaukee.

- 1.) Why is the school currently facing a deficit of \$666,000 for the second full year of operations?
- 2.) Revenues total \$3.7 million while expenses totaled \$4.4 million, to alleviate this deficit the school had to borrow an additional \$850,000 from Rocketship Education Wisconsin, in partnership with Rocketship Education, a California nonprofit public benefits corporation. How is this \$850,000 being repaid?
- 3.) How is the balance of the line of credit of 1.5 million as of June 30, 2015 being repaid? How many payments have been made to date?
- 4.) For the 2015-16 school term, the school is projecting an operating deficit of \$400,000, which would bring the accumulated deficit to \$1.8 million? How will this deficit be retired?
- 5.) Why were several of your monthly reports to M.L. Tharps & Associates, LLC submitted late during the 2014-15 school term?
- 6.) What was Current cash balance as of June 30, 2015? What is it projected to be as of June 30, 2016?
- 7.) Are vendors and employees being paid on time?
- 8.) What's the age of the vendor accounts?
- 9.) What percentage of the money that comes in goes back to the parent company?
- 10.) What is the connection between the money that goes to the parent company and the line of credit?
- 11.) What is the interest rate on the line of credit?
- 12.) Local Corporations and foundations raised approximately 1.1 million to bring Rocketship to Milwaukee. Was that money used to purchase the building or for operating costs?
- 13.) Who owns the building, is it local or the national office?
- 14.) What is the plan to cut expenses to balance 2016-17 budget?
- 15.) What impact is the current school deficit having on providing the quality education to students and parents of RocketShip Southside Community Prep?
- 16.) Based on the school's large cumulative deficit projected to be at \$1.8 million, the City of Milwaukee Charter School Review Committee is gravely concerned over the ability to recover your losses to financially operate the school.
- 17.) Additional Questions

Sincerely,

City of Milwaukee Charter School Review Committee

TO: Board of Directors of the School that have submitted their Monthly Financial Report Late

FROM: City of Milwaukee Charter School Review Committee

RE: Financial Management of the School

DATE: Monday, June 6, 2016

The CSRC is requesting the present of you school's fiscal management team to appear before the committee to address the concern for not submitting your monthly financial reports to M.L. Tharps on time. We want you to explain the circumstances for why the monthly financial reports are not submitted on time.

Sincerely,

City of Milwaukee Charter School Review Committee