



TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Green Dot Public Schools Tennessee
(A Tennessee Nonprofit Public Benefit Corporation)
Memphis, Tennessee

We have audited the accompanying combined financial statements of Green Dot Public Schools Tennessee (GDPS TN) (A Tennessee Nonprofit Public Benefit Corporation), which are comprised of the Statement of Financial Position as of June 30, 2016, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 the combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State of Tennessee Comptroller of the Treasury Department of Audit. 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 GDPS TN's preparation and fair presentation of the combined 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 GDPS TN's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of GDPS TN as of June 30, 2016, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the GDPS TN's 2015 combined financial statement, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated December 8, 2015.. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise GDPS TN's combined financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other supplementary information as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic combined financial statements.

The supplementary information as referenced in the previous paragraph is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information is fairly stated, in all material respects, in relation to the combined 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 January 9, 2017, on our consideration of GDPS TN'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 to describe the scope of our testing of GDPS TN's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 GDPS TN's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
January 9, 2017

FINANCIAL STATEMENTS

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

COMBINED STATEMENT OF FINANCIAL POSITION
(With comparative financial information at June 30, 2015)

JUNE 30, 2016

	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,411,545	\$ 3,154,540
Accounts receivable	1,798,532	1,048,952
Prepaid expenses and other current assets	95,738	157,999
Total Current Assets	5,305,815	4,361,491
Non-Current Assets:		
Fixed assets	879,750	298,667
Less: accumulated depreciation	144,847	25,443
Total Non-Current Assets	734,903	273,224
Total Assets	\$ 6,040,718	\$ 4,634,715
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 1,185,318	\$ 539,144
Accounts payable - related party	336,871	1,062,961
Deferred revenue	1,850,000	-
Total Current Liabilities	3,372,189	1,602,105
Long-Term Obligations:		
Non-current portion of long-term obligations	585,000	1,000,000
Total Liabilities	3,957,189	2,602,105
NET ASSETS		
Unrestricted	2,083,529	2,032,610
Total Net Assets	2,083,529	2,032,610
Total Liabilities and Net Assets	\$ 6,040,718	\$ 4,634,715

The accompanying notes are an integral part of these financial statements.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
(With comparative financial information at June 30, 2015)

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
State apportionments	\$ 9,936,960	\$ 4,817,470
Federal revenue	2,826,579	1,331,452
Other State revenue	17,353	16,880
Contributions and grants	2,494,854	5,851,742
Local revenue	61,086	172,510
Total Revenues	15,336,832	12,190,054
EXPENSES		
Program services:		
Salaries and benefits	7,180,758	4,236,604
Student services	1,861,391	818,056
Materials and supplies	316,313	364,620
Student nutrition	8,730	9,795
Other expenses	1,561,296	810,680
Depreciation	119,404	25,443
Occupancy	1,329,002	802,023
Subtotal	12,376,894	7,067,221
Management and general:		
Salaries and benefits	689,704	637,828
Occupancy	4,123	11,289
Operating expenses	247,746	198,248
Shared services and start-up fees - related party	1,967,446	2,242,858
Subtotal	2,909,019	3,090,223
Total Expenses	15,285,913	10,157,444
CHANGE IN UNRESTRICTED NET ASSETS	50,919	2,032,610
NET ASSETS, BEGINNING OF YEAR	2,032,610	-
NET ASSETS, END OF YEAR	\$ 2,083,529	\$ 2,032,610

The accompanying notes are an integral part of these financial statements.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

COMBINED STATEMENT OF CASH FLOWS
(With comparative financial information at June 30, 2015)

FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 50,919	\$ 2,032,610
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	119,404	25,443
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	(749,580)	(1,048,952)
Prepaid expenses and other current assets	62,261	(157,999)
Increase (Decrease) in liabilities		
Accounts payable and accruals	646,174	539,144
Accounts payable - related party	(726,090)	1,062,961
Deferred revenue	1,850,000	-
Loan forgiveness	(1,000,000)	-
Net Cash Provided by Operating Activities	<u>253,088</u>	<u>2,453,207</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(581,083)</u>	<u>(298,667)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds, net	<u>585,000</u>	<u>1,000,000</u>
NET CHANGE IN CASH	<u>257,005</u>	<u>3,154,540</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,154,540</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,411,545</u>	<u>\$ 3,154,540</u>
Supplemental cash flow disclosure:		
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - ORGANIZATION AND MISSION

Green Dot Public Schools Tennessee (GDPS TN) (A Tennessee Nonprofit Benefit Organization) was organized on May 29, 2014. Financial activity began on July 1, 2014. GDPS TN benefits from shared services provided by Green Dot Public Schools National (GDPS National). GDPS National represents a related party and transactions between GDPS TN and GDPS National have been identified on the face of the financial statements. See Note 2 for additional details regarding related party relationships and transactions.

During the fiscal year ended June 30, 2015, GDPS TN operated one charter, Fairley High School. Wooddale Middle School was opened during the fiscal year ended June 30, 2016. Both charter schools operate under the approval of the Tennessee Department of Education (TDOE) and are part of the Achievement School District. The charter schools receive per-pupil funding to help support operations. GDPS TN plans to open other charter schools in the future.

GDPS TN was founded upon the simple idea that every child in every community deserves to go to a great school. GDPS TN's mission is to transform public education so all students graduate prepared for college, leadership and life. GDPS TN's academic model is designed to meet individual student needs and to provide students with a rigorous curriculum and the support they need to succeed. GDPS TN ensures that every student has a highly effective classroom experience by providing small, safe personalized schools, high expectations for all students, local control and accountability, parent participation, maximum funding in the classroom, and a longer school and year. During Fiscal 2016, GDPS TN served 1,218 students in one high school and one middle school. Green Dot TN's students mirror the socio-economic demographic of their communities and local traditional schools: 90% eligible for Free or Reduced Price Lunch, a federal indicator of poverty; 9% Latino; 87% African American; and 18% receiving Special Education due to disability.

Charter School Name	Charter Number	Sponsoring District	Grades Served	Number of Students Served	Charter Expiration
Fairley High School	8055	Achievement School District	9-12	592	June 30, 2024
Wooddale Middle School	8105	Achievement School District	6-8	626	June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies followed by GDPS TN are described below to enhance the use of the combined financial statements to the reader.

Financial Statement Presentation

GDPS TN is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. In addition, GDPS TN is required to present a Statement of Cash Flows.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016

Accounting Method - Basis of Accounting

The combined financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit public benefit corporations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the combined financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. GDPS TN uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

Related Parties

The Governing Board of GDPS National designates the Directors of GDPS TN. Transactions between GDPS TN and GDPS National have been identified on the face of the financial statements.

GDPS National is a national organization providing shared services to schools in California, Tennessee, and Washington. These services include, but are not limited to, Human Resources, Human Capital, Legal, Finance and Accounting, Information Technology, Strategic Planning, and National Expansion. In exchange, GDPS TN pays service fees to GDPS National. Each of the regional offices operates the schools and oversees educational services in their region. In addition, GDPS National reserves the right to determine whether separate fees associated with regional launch and new school start-up are required.

GDPS National grants GDPS TN a non-transferable, non-sub-licensable, and non-exclusive license to use, reproduce, and display the Green Dot Marks, which include but are not limited to: trademarks, service marks, design marks, trade names, domain names, registrations in connection with GDPS TN's oversight, support activities, and related educational activities of the schools in its region.

Refer to the table below for related party transactions between GDPS TN and GDPS National:

	Accounts Payable -		
	Related Party	Start-up Fee	Shared Services Fee
GDPS TN Regional Office	\$ 336,871	\$ 500,000	\$ -
GDPS TN Schools	\$ -	\$ 400,000	\$ 1,067,446

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or when the purpose is satisfied, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "net assets released from restrictions". GDPS TN had no temporarily or permanently restricted net assets as of at June 30, 2016.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016

In-kind contributions are recorded at their estimated fair values at the date of donation. Donated services are recorded if they create or enhance non-financial assets or require a specialized skill that GDPS TN would otherwise need to purchase. GDPS TN receives donated facilities however the amount is not reflected in the financial statements since there is no readily determined method of valuing the services.

Government grants are recognized as revenue in accordance with the terms of the applicable grant agreement, which generally require revenue recognition upon incurrence of expenses related to the specified services. Deferred revenue is recorded to the extent cash received on specific grants exceeds qualified expenses.

Conditional Promises

Conditional promises to give, which depend on the occurrence of specified future and uncertain events, are not recorded until the conditions are met. GDPS TN has not recorded any portion of the conditional promises as of June 30, 2016.

Income Taxes

GDPS TN is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). It is also exempt from State Franchise and Income Taxes under Section 67-6-322 of the Tennessee Department of Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination, therefore, no disclosures of uncertain tax positions are required.

Cash and Cash Equivalents

For purposes of the Combined Statement of Cash Flows, GDPS TN considers all highly liquid investments with an initial maturity of three months or less to be considered as cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2016, management had determined all accounts receivable are fully collectible and no allowance for bad debts has been established.

Intra-company Receivable/Payable

Intra-company receivable/payable results from a net cumulative difference between resources provided by GDPS TN regional office to each individual charter school and reimbursement for those resources from each individual charter school to GDPS TN regional office.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016

Consolidation

The combined financial statements include the accounts of GDPS TN regional office, Fairley High School (Fairly HS), Wooddale Charter Middle School (Wooddale CMS), Hillcrest High School (Hillcrest HS) and Kirby Charter Middle School (Kirby CMS) (Start-up costs). All material intra-company transactions have been eliminated.

Reclassification of Comparative Statements

GDPS TN reclassified certain expenses as program service or management and general as well as certain assets and liabilities on the Statement of Financial Position for the 2016 fiscal year. Accordingly, these reclassifications have been revised for the presentation of 2015 information.

Fixed Assets

It is GDPS TN's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Building and leasehold improvements, furniture, and equipment are depreciated using the straight-line method, from two to 30 years. Depreciation expense for the year ended June 30, 2016, was \$119,404.

Prior Year Comparative Financial Information

The combined financial statements include certain prior year comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with GDPS TN's combined financial statements for the year ended June 30, 2015, from which the comparative information was derived.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unrestricted/Designated Net Assets

Designations of the ending net assets indicate tentative plans for financial resource utilization in a future period. GDPS TN had no designated net assets at June 30, 2016.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
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NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2016, consisted of the following:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Deposits		
Cash on hand and in banks	<u>\$ 3,411,545</u>	<u>\$ 3,703,896</u>

The majority of GDPS TN's cash is held in non-interest bearing accounts, which are subject to federally insured limits. GDPS TN have not experienced any losses in such accounts. At June 30, 2016, GDPS TN had \$3,453,896 in excess of FDIC insured limits in non-interest bearing accounts.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016, consisted of the following:

Apportionment	\$ 375,062
Federal receivable	1,390,712
Other receivable	<u>32,758</u>
Total Accounts Receivable	<u>\$ 1,798,532</u>

NOTE 5 - CONDITIONAL PROMISES

On June 25, 2015, GDPS TN received a promise to give from a private foundation for the general support of GDPS TN conditioned upon meeting the milestones set forth in the grant agreement. GDPS TN may receive \$3,900,000 over the next year upon completion of all milestones outlined in the agreement.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - FIXED ASSETS

Fixed assets at June 30, 2016, consisted of the following:

Leasehold improvements	\$ 696,061
Work in progress	183,689
Subtotal	<u>879,750</u>
Less: accumulated depreciation	(144,847)
Total Fixed Assets	<u><u>\$ 734,903</u></u>

During the year ended June 30, 2016, \$119,404 was charged to depreciation expense.

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable at June 30, 2016, consisted of the following:

Salaries and benefits	\$ 465,070
Accruals	720,248
Total Accounts Payable and Accruals	<u><u>\$ 1,185,318</u></u>

NOTE 8 - LONG-TERM OBLIGATIONS

On June 17, 2015, GDPS TN entered into a loan agreement with CSGF Memphis, LLC. CSGF Memphis agreed to lend the principal sum of \$1,000,000 with an interest rate of 1.00 percent per annum on the principal sum outstanding. The entire unpaid principal amount of the note, together with all accrued unpaid interest is due on December 1, 2020. Upon successful accomplishment of the milestones outlined in the loan, certain of the amounts due under the loan may be forgiven and treated as a charitable grant. During the year ended June 30, 2016, GDPS TN accomplished the milestones and the full loan was forgiven.

On August 7, 2015, GDPS TN entered into a loan agreement with CSGF Memphis, LLC. CSGF Memphis agreed to lend the principal sum of \$585,000 with an interest rate of 1.00 percent per annum on the principal sum outstanding. The first principal payment of \$285,000 is due on December 31, 2021, and the entire unpaid principal amount of the note, together with all accrued unpaid interest is due on December 31, 2022. Upon successful accomplishment of the milestones outlined in the loan, certain of the amounts due under the loan may be forgiven and treated as a charitable grant. At June 30, 2016, the balance was \$585,000.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
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NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – REVOLVING LINE OF CREDIT

GDPS TN has available a bank line of credit of \$2,000,000 to bridge monthly funding delays from the State of Tennessee, when necessary. The line of credit matures on December 15, 2016. GDPS TN has not drawn on this line of credit.

NOTE 10 - FAIR VALUE FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of GDPS TN financial instruments as of June 30, 2016 are as follows:

	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 3,411,545	\$ 3,411,545
Notes payable	585,000	462,667

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents—The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Notes payable—The fair value of notes payable is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
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NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

Plan Description

GDPS TN employees participate in the State Employees, Teachers, and Higher Education Employees' Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information.

That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 15th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

School employees receive retirement benefits from contributions and matching through two different plans composed of different contribution and matching requirements, TCRS Legacy and TCRS Hybrid. Each plan has an employer 401k Match. TCRS Legacy Plan is reserved for employees that were enrolled and contributed to the plan prior to July 1, 2014. TCRS Hybrid is for school employees that started after July 1, 2014.

Under TCRS Legacy, employees contribute 5.00 percent of their gross earnings, the GDPS TN TCRS contribution is 9.00 percent, of which 4.00 percent is a GDPS TN direct contribution and 5.00 percent is a 401k Match.

In the TCRS Hybrid plan, employees contribute 5.00 percent of their gross earnings, the employee also contributes a required 2.00 percent (previously optional), and GDPS TN contributes 9.00 percent through the TCRS plan. The employer contribution requirement for the school is established and may be amended by the TCRS Board of Trustees.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
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NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2016

401K

Effective January 1, 2016, GDPS TN established a defined contribution plan (the Plan) covering all eligible employees 21 years or older and with one year of eligibility service. GDPS TN makes a matching contribution equal to participants' contributions to the Plan up to four percent of the participant's compensation. Total expense for the year ended June 30, 2016 was \$49,932.

The employer's contribution to TCRS and the 401K for the fiscal years ending June 30, 2016, were as shown below and equals the required contributions for the fiscal year:

TCRS Legacy	\$ 222,327
TCRS Hybrid	128,720
401k Match	49,932
Total	<u>\$ 400,979</u>

NOTE 12 - CONTINGENCIES

GDPS TN has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Litigation

GDPS TN has various outstanding claims or litigation. However, based on consultation with legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on GDPS TN's financial position or result of operations.

NOTE 13 - SUBSEQUENT EVENTS

GDPS TN's management has evaluated events or transactions that may occur for potential recognition or disclosure in the combined financial statements from the balance sheet date through January 9, 2017, which is the date the combined financial statements were available to be issued. Management has determined that there were no subsequent events or transactions, other than those noted below, that would have a material impact on the current year combined financial statements.

During the 2016-2017 fiscal year, GDPS TN opened Kirby MS and Hillcrest HS serving grades six to eight and nine to twelve, respectively. Kirby MS and Hillcrest HS are part of the Achievement School District and entered into a charter agreement with an expiration date of June 30, 2026.

SUPPLEMENTARY INFORMATION

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through Achievement School District:			
Title I, Part A, Cluster:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	[1]	\$ 513,899
Title I, School Improvement Grant (SIG), Improving Special Education Systems	84.377	[1]	527,939
Title II, Part A, Improving Teacher Quality	84.367	[1]	31,264
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETs	84.287	[1]	75,000
Special Education Cluster:			
Basic Local Assistance	84.027	[1]	328,031
Replication & Expansion	84.282M	[1]	943,063
Priority School Planning Grant (PSPG)	84.377	[1]	145,287
Investment in Innovation (i3)	84.396B	[1]	262,096
Total U.S. Department of Education			<u>2,826,579</u>
Total Expenditures of Federal Awards			<u>\$ 2,826,579</u>

[1] Pass-Through Identifying Number not available.

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

REGIONAL OFFICE STATEMENT OF FINANCIAL POSITION
(With comparative financial information at June 30, 2015)

JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,411,545	\$ 3,154,540
Accounts receivable	84,216	305,290
Intra-company receivable	2,396,345	714,779
Prepaid expenses and other current assets	18,515	157,279
Total Current Assets	<u>5,910,621</u>	<u>4,331,888</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 1,037,865	\$ 534,981
Accounts payable - related parties	336,871	1,062,961
Deferred revenue	1,850,000	-
Total Current Liabilities	<u>3,224,736</u>	<u>1,597,942</u>
Long-Term Obligations:		
Non-current portion of long-term obligations	-	1,000,000
Total Liabilities	<u>3,224,736</u>	<u>2,597,942</u>
NET ASSETS		
Unrestricted	<u>2,685,885</u>	<u>1,733,946</u>
Total Net Assets	<u>2,685,885</u>	<u>1,733,946</u>
Total Liabilities and Net Assets	<u>\$ 5,910,621</u>	<u>\$ 4,331,888</u>

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

**REGIONAL OFFICE STATEMENT OF ACTIVITIES AND CHANGES IN
NET ASSETS**

(With comparative financial information at June 30, 2015)

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
Unrestricted revenues:		
Federal revenue	\$ 583,032	\$ 549,865
Contributions and grants	2,211,111	4,338,099
Local revenue	521,894	281,996
Total Revenues	3,316,037	5,169,960
EXPENSES		
Program services:		
Salaries and benefits	819,519	666,431
Student services	66,801	66,208
Materials and supplies	2,188	3,092
Other expenses	16,104	52,840
Occupancy	17,913	78
Subtotal	922,525	788,649
Management and general:		
Salaries and benefits	689,704	637,828
Occupancy	4,123	11,289
Operating expenses	247,746	198,248
Shared services and start-up fees - related party	500,000	1,800,000
Subtotal	1,441,573	2,647,365
Total Expenses	2,364,098	3,436,014
CHANGE IN UNRESTRICTED NET ASSETS	951,939	1,733,946
NET ASSETS, BEGINNING OF YEAR	1,733,946	-
NET ASSETS, END OF YEAR	\$ 2,685,885	\$ 1,733,946

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

REGIONAL OFFICE STATEMENT OF CASH FLOWS
(With comparative financial information at June 30, 2015)

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 951,939	\$ 1,733,946
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	221,074	(305,290)
Intra-company receivable	(1,681,566)	(714,779)
Prepaid expenses and other current assets	138,764	(157,279)
Increase (Decrease) in liabilities		
Accounts payable and accruals	502,884	534,981
Accounts payable - related party	(726,090)	1,062,961
Deferred revenue	1,850,000	-
Loan forgiveness	(1,000,000)	-
Net Cash Provided by Operating Activities	257,005	2,154,540
 CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds, net	-	1,000,000
 NET CHANGE IN CASH CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	257,005	3,154,540
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,411,545	\$ 3,154,540
 Supplemental cash flow disclosure:		
Cash paid during the period for interest	\$ -	\$ -

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

FAIRLEY HIGH SCHOOL STATEMENT OF FINANCIAL POSITION
(With comparative financial information at June 30, 2015)

JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Accounts receivable	\$ 568,721	\$ 577,583
Prepaid expenses and other current assets	-	250
Total Current Assets	<u>568,721</u>	<u>577,833</u>
Non-Current Assets:		
Fixed assets	188,868	188,868
Less: accumulated depreciation	<u>63,217</u>	<u>25,443</u>
Total Non-Current Assets	<u>125,651</u>	<u>163,425</u>
Total Assets	<u><u>\$ 694,372</u></u>	<u><u>\$ 741,258</u></u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 65,785	\$ 3,908
Intra-company payable	<u>1,114,753</u>	<u>548,484</u>
Total Current Liabilities	<u>1,180,538</u>	<u>552,392</u>
NET ASSETS (DEFICIT)		
Unrestricted	<u>(486,166)</u>	<u>188,866</u>
Total Net Assets (Deficit)	<u>(486,166)</u>	<u>188,866</u>
Total Liabilities and Net Assets	<u><u>\$ 694,372</u></u>	<u><u>\$ 741,258</u></u>

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

**FAIRLEY HIGH SCHOOL STATEMENT OF ACTIVITIES AND CHANGES IN
NET ASSETS**

(With comparative financial information at June 30, 2015)

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
Unrestricted revenues:		
State apportionments	\$ 4,767,207	\$ 4,817,470
Federal revenue	541,148	581,375
Other State revenue	17,353	16,880
Contributions and grants	151,938	1,298,758
Local revenue	50,769	91,102
Total Revenues	5,528,415	6,805,585
EXPENSES		
Program services:		
Salaries and benefits	3,086,963	3,515,068
Student services	1,177,283	744,236
Materials and supplies	103,348	302,299
Student nutrition	2,605	9,795
Other expenses	313,791	633,268
Depreciation	37,774	25,443
Occupancy	725,205	743,153
Subtotal	5,446,969	5,973,262
Management and general:		
Shared services and start-up fees - related party	756,478	643,457
Subtotal	756,478	643,457
Total Expenses	6,203,447	6,616,719
CHANGE IN UNRESTRICTED NET ASSETS	(675,032)	188,866
NET ASSETS, BEGINNING OF YEAR	188,866	-
NET ASSETS (DEFICIT), END OF YEAR	\$ (486,166)	\$ 188,866

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

FAIRLEY HIGH SCHOOL STATEMENT OF CASH FLOWS
(With comparative financial information at June 30, 2015)

FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ (675,032)	\$ 188,866
Adjustments to reconcile change in net assets to net cash Provided by operating activities:		
Depreciation expense	37,774	25,443
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	8,862	(577,583)
Prepaid expenses and other current assets	250	(250)
Increase (Decrease) in liabilities		
Accounts payable and accruals	61,877	3,908
Intra-company payable	566,269	548,484
Net Cash Provided by Operating Activities	<u>-</u>	<u>188,868</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>-</u>	<u>(188,868)</u>
NET CHANGE IN CASH	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
Supplemental cash flow disclosure:		
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

**WOODDALE CHARTER MIDDLE SCHOOL STATEMENT OF
FINANCIAL POSITION**

(With comparative financial information at June 30, 2015)

JUNE 30, 2016

	2016	2015
ASSETS		
Current Assets		
Accounts receivable	\$ 980,251	\$ 166,079
Prepaid expenses and other current assets	-	470
Total Current Assets	980,251	\$ 166,549
Non-Current Assets		
Fixed assets	507,193	109,799
Less: accumulated depreciation	81,630	-
Total Non-Current Assets	425,563	109,799
Total Assets	\$ 1,405,814	\$ 276,348
LIABILITIES		
Current Liabilities		
Accounts payable and accruals	\$ 74,321	\$ 255
Intra-company payable	472,669	166,295
Current portion of long-term obligation	-	-
Total Current Liabilities	546,990	166,550
Long-Term Obligation		
Non-current portion of longer-term obligations	585,000	-
Total Liabilities	1,131,990	166,550
NET ASSETS		
Unrestricted	273,824	109,798
Total Net Assets	273,824	109,798
Total Liabilities and Net Assets	\$ 1,405,814	\$ 276,348

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

**WOODDALE CHARTER MIDDLE SCHOOL STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS**

(With comparative financial information at June 30, 2015)

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
Unrestricted revenues:		
State apportionments	\$ 5,169,753	\$ -
Federal revenue	1,525,151	200,212
Contributions and grants	131,805	214,885
Local revenue	7,676	11
Total Revenues	<u>6,834,385</u>	<u>415,108</u>
EXPENSES		
Program services		
Salaries and benefits	3,175,081	55,105
Student services	606,861	7,612
Materials and supplies	176,174	59,229
Student nutrition	3,125	-
Other expenses	1,026,397	124,572
Depreciation	81,630	-
Occupancy	570,870	58,792
Subtotal	<u>5,640,138</u>	<u>305,310</u>
Management and general		
Shared service fee	1,030,221	-
Subtotal	<u>1,030,221</u>	<u>-</u>
Total Expenses	<u>6,670,359</u>	<u>305,310</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>164,026</u>	<u>109,798</u>
NET ASSETS, BEGINNING OF YEAR	<u>109,798</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 273,824</u>	<u>\$ 109,798</u>

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

WOODDALE CHARTER MIDDLE SCHOOL STATEMENT OF CASH FLOWS
(With comparative financial information at June 30, 2015)

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 164,026	109,798
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	81,630	-
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	(814,172)	(166,079)
Prepaid expenses and other current assets	470	(470)
Increase (Decrease) in liabilities		
Accounts payable and accruals	74,066	255
Intra-company payable	306,374	166,295
Net Cash Provided (Used) by Operating Activities	(187,606)	109,799
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(397,394)	(109,799)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds, net	585,000	-
NET CHANGE IN CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -
Supplemental cash flow disclosure:		
Cash paid during the period for interest	\$ -	\$ -

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

HILLCREST HIGH SCHOOL STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

	<u>2016</u>
ASSETS	
Current Assets	
Accounts receivable	\$ 40,222
Prepaid expenses and other current assets	77,223
Total Current Assets	<u>117,445</u>
Non-Current Assets	
Fixed assets	77,508
Total Non-Current Assets	<u>77,508</u>
Total Assets	<u>\$ 194,953</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accruals	\$ 2,125
Intra-company payable	391,833
Total Current Liabilities	<u>393,958</u>
NET ASSETS (DEFICIT)	
Unrestricted	<u>(199,005)</u>
Total Net Assets (Deficit)	<u>(199,005)</u>
Total Liabilities and	
Net Assets	<u>\$ 194,953</u>

NOTE: The year ended June 30, 2016, was the first year of operation; therefore, there is no 2015 information presented.

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

**HILLCREST HIGH SCHOOL STATEMENT OF ACTIVITIES AND
 CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2016</u>
CHANGES IN UNRESTRICTED NET ASSETS	
Unrestricted revenues:	
Federal revenue	\$ 52,126
Total Revenues	<u>52,126</u>
EXPENSES	
Program services	
Salaries and benefits	44,759
Student services	3,358
Materials and supplies	27,128
Student nutrition	1,350
Other expenses	67,520
Occupancy	7,016
Subtotal	<u>151,131</u>
Management and general	
Shared service fee	100,000
Subtotal	<u>100,000</u>
Total Expenses	<u>251,131</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(199,005)</u>
NET ASSETS, BEGINNING OF YEAR	<u>-</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (199,005)</u>

NOTE: The year ended June 30, 2016, was the first year of operation; therefore, there is no 2015 information presented.

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

HILLCREST HIGH SCHOOL STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in unrestricted net assets	\$ (199,005)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
(Increase) in assets	
Accounts receivable	(40,222)
Prepaid expenses and other current assets	(77,223)
Increase in liabilities	
Accounts payable and accruals	2,125
Intra-company payable	391,833
Net Cash Provided by Operating Activities	<u>77,508</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures	<u>(77,508)</u>
NET CHANGE IN CASH	<u>-</u>
CASH AND CASH EQUIVALENTS,	
BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS,	
END OF YEAR	<u><u>\$ -</u></u>
Supplemental cash flow disclosure:	
Cash paid during the period for interest	<u><u>\$ -</u></u>

NOTE: The year ended June 30, 2016, was the first year of operation; therefore, there is no 2015 information presented.

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

KIRBY MIDDLE SCHOOL STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

	<u>2016</u>
ASSETS	
Current Assets	
Accounts receivable	\$ 125,122
Total Current Assets	<u>125,122</u>
Non-Current Assets	
Fixed assets	106,181
Total Non-Current Assets	<u>106,181</u>
Total Assets	<u>\$ 231,303</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accruals	\$ 5,222
Intra-company payable	417,090
Total Current Liabilities	<u>422,312</u>
NET ASSETS (DEFICIT)	
Unrestricted	<u>(191,009)</u>
Total Net Assets (Deficit)	<u>(191,009)</u>
Total Liabilities and Net Assets	<u>\$ 231,303</u>

NOTE: The year ended June 30, 2016, was the first year of operation; therefore, there is no 2015 information presented.

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

**KIRBY MIDDLE SCHOOL STATEMENT OF ACTIVITIES AND
 CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2016</u>
CHANGES IN UNRESTRICTED NET ASSETS	
Unrestricted revenues:	
Federal revenue	\$ 125,122
Total Revenues	<u>125,122</u>
EXPENSES	
Program services	
Salaries and benefits	54,436
Student services	7,088
Materials and supplies	7,475
Student nutrition	1,650
Other expenses	137,484
Occupancy	7,998
Subtotal	<u>216,131</u>
Management and general	
Shared service fee	100,000
Subtotal	<u>100,000</u>
Total Expenses	<u>316,131</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(191,009)</u>
NET ASSETS, BEGINNING OF YEAR	<u>-</u>
NET ASSETS (DEFICIT), END OF YEAR	<u><u>\$ (191,009)</u></u>

NOTE: The year ended June 30, 2016, was the first year of operation; therefore, there is no 2015 information presented.

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

KIRBY MIDDLE SCHOOL STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in unrestricted net assets	\$ (191,009)
Changes in operating assets and liabilities:	
(Increase) in assets	
Accounts receivable	(125,122)
Increase in liabilities	
Accounts payable and accruals	5,222
Intra-company payable	417,090
Net Cash Provided by	
Operating Activities	<u>106,181</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures	<u>(106,181)</u>
NET CHANGE IN CASH	<u>-</u>
CASH AND CASH EQUIVALENTS,	
BEGINNING OF YEAR	<u>-</u>
CASH AND CASH EQUIVALENTS,	
END OF YEAR	<u><u>\$ -</u></u>
Supplemental cash flow disclosure:	
Cash paid during the period for interest	<u><u>\$ -</u></u>

NOTE: The year ended June 30, 2016, was the first year of operation; therefore, there is no 2015 information presented.

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

	Regional Office	Fairley HS	Wooddale MS
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,411,545	\$ -	\$ -
Accounts receivable	84,216	568,721	980,251
Intra-company receivable	2,396,345	-	-
Prepaid expenses and other current assets	18,515	-	-
Total Current Assets	<u>5,910,621</u>	<u>568,721</u>	<u>980,251</u>
Non-Current Assets:			
Fixed assets	-	188,868	507,193
Less: accumulated depreciation	-	63,217	81,630
Total Non-Current Assets	<u>-</u>	<u>125,651</u>	<u>425,563</u>
Total Assets	<u>\$ 5,910,621</u>	<u>\$ 694,372</u>	<u>\$ 1,405,814</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accruals	\$ 1,037,865	\$ 65,785	\$ 74,321
Accounts payable - related party	336,871	-	-
Intra-company payable	-	1,114,753	472,669
Deferred revenue	1,850,000	-	-
Total Current Liabilities	<u>3,224,736</u>	<u>1,180,538</u>	<u>546,990</u>
Long-Term Obligations:			
Non-current portion of long-term obligations	-	-	585,000
Total Liabilities	<u>3,224,736</u>	<u>1,180,538</u>	<u>1,131,990</u>
NET ASSETS (DEFICIT)			
Unrestricted	2,685,885	(486,166)	273,824
Total Net Assets (Deficit)	<u>2,685,885</u>	<u>(486,166)</u>	<u>273,824</u>
Total Liabilities and Net Assets	<u>\$ 5,910,621</u>	<u>\$ 694,372</u>	<u>\$ 1,405,814</u>

See accompanying note to supplementary information.

Hillcrest HS	Kirby MS	Elimination	Total
\$ -	\$ -	\$ -	\$ 3,411,545
40,222	125,122	-	1,798,532
-	-	(2,396,345)	-
77,223	-	-	95,738
<u>117,445</u>	<u>125,122</u>	<u>(2,396,345)</u>	<u>5,305,815</u>
77,508	106,181	-	879,750
-	-	-	144,847
<u>77,508</u>	<u>106,181</u>	<u>-</u>	<u>734,903</u>
<u>\$ 194,953</u>	<u>\$ 231,303</u>	<u>\$ (2,396,345)</u>	<u>\$ 6,040,718</u>
\$ 2,125	\$ 5,222	\$ -	\$ 1,185,318
-	-	-	336,871
391,833	417,090	(2,396,345)	-
-	-	-	1,850,000
<u>393,958</u>	<u>422,312</u>	<u>(2,396,345)</u>	<u>3,372,189</u>
-	-	-	585,000
<u>393,958</u>	<u>422,312</u>	<u>(2,396,345)</u>	<u>3,957,189</u>
(199,005)	(191,009)	-	2,083,529
(199,005)	(191,009)	-	2,083,529
<u>\$ 194,953</u>	<u>\$ 231,303</u>	<u>\$ (2,396,345)</u>	<u>\$ 6,040,718</u>

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016

	Regional Office	Fairley HS	Wooddale MS
CHANGES IN UNRESTRICTED NET ASSETS			
REVENUES			
State apportionments	\$ -	\$ 4,767,207	\$ 5,169,753
Federal revenue	583,032	541,148	1,525,151
Other State revenue	-	17,353	-
Contributions and grants	2,211,111	151,938	131,805
Local revenue	521,894	50,769	7,676
Total Revenues	<u>3,316,037</u>	<u>5,528,415</u>	<u>6,834,385</u>
EXPENSES			
Program services:			
Salaries and benefits	819,519	3,086,963	3,175,081
Student services	66,801	1,177,283	606,861
Materials and supplies	2,188	103,348	176,174
Student nutrition	-	2,605	3,125
Other expenses	16,104	313,791	1,026,397
Depreciation	-	37,774	81,630
Occupancy	17,913	725,205	570,870
Subtotal	<u>922,525</u>	<u>5,446,969</u>	<u>5,640,138</u>
Management and general:			
Salaries and benefits	689,704	-	-
Occupancy	4,123	-	-
Operating expenses	247,746	-	-
Shared services and start-up fees - related party	500,000	756,478	1,030,221
Subtotal	<u>1,441,573</u>	<u>756,478</u>	<u>1,030,221</u>
Total Expenses	<u>2,364,098</u>	<u>6,203,447</u>	<u>6,670,359</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>951,939</u>	<u>(675,032)</u>	<u>164,026</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,733,946</u>	<u>188,866</u>	<u>109,798</u>
NET ASSETS, END OF YEAR	<u>\$ 2,685,885</u>	<u>\$ (486,166)</u>	<u>\$ 273,824</u>

See accompanying note to supplementary information.

Hillcrest HS	Kirby MS	Elimination	Total
\$ -	\$ -	\$ -	\$ 9,936,960
52,126	125,122	-	2,826,579
-	-	-	17,353
-	-	-	2,494,854
-	-	(519,253)	61,086
52,126	125,122	(519,253)	15,336,832
44,759	54,436	-	7,180,758
3,358	7,088	-	1,861,391
27,128	7,475	-	316,313
1,350	1,650	-	8,730
67,520	137,484	-	1,561,296
-	-	-	119,404
7,016	7,998	-	1,329,002
151,131	216,131	-	12,376,894
-	-	-	689,704
-	-	-	4,123
-	-	-	247,746
100,000	100,000	(519,253)	1,967,446
100,000	100,000	(519,253)	2,909,019
251,131	316,131	(519,253)	15,285,913
(199,005)	(191,009)	-	50,919
-	-	-	2,032,610
\$ (199,005)	\$ (191,009)	\$ -	\$ 2,083,529

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Regional Office	Fairley HS	Wooddale MS
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in unrestricted net assets	\$ 951,939	\$ (675,032)	\$ 164,026
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation expense	-	37,774	81,630
Changes in operating assets and liabilities:			
(Increase) Decrease in assets			
Accounts receivable	221,074	8,862	(814,172)
Intra-company receivable	(1,681,566)	-	-
Prepaid expenses and other current assets	138,764	250	470
Increase (Decrease) in liabilities			
Accounts payable and accruals	502,884	61,877	74,066
Accounts payable - related party	(726,090)	-	-
Intra-company payable	-	566,269	306,374
Deferred revenue	1,850,000	-	-
Loan forgiveness	(1,000,000)	-	-
Net Cash Provided (Used) by Operating Activities	<u>257,005</u>	<u>-</u>	<u>(187,606)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	-	-	(397,394)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds, net	-	-	585,000
NET CHANGE IN CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,154,540</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,411,545</u>	<u>\$ -</u>	<u>\$ -</u>
Supplemental cash flow disclosure:			
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

Hillcrest HS	Kirby MS	Elimination	Total
\$ (199,005)	\$ (191,009)	\$ -	\$ 50,919
-	-	-	119,404
(40,222)	(125,122)	-	(749,580)
-	-	1,681,566	-
(77,223)	-	-	62,261
2,125	5,222	-	646,174
-	-	-	(726,090)
391,833	417,090	(1,681,566)	-
-	-	-	1,850,000
-	-	-	(1,000,000)
<u>77,508</u>	<u>106,181</u>	<u>-</u>	<u>253,088</u>
<u>(77,508)</u>	<u>(106,181)</u>	<u>-</u>	<u>(581,083)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>585,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>257,005</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,154,540</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,411,545</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of GDPS TN and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. GDPS TN has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Supplementary Financial Statements by Entity

These financial statements include an account of the regional office and each charter school operated by GDPS TN.

Combining Statements

The accompanying combining financial statements report the individual programs of GDPS TN and are presented on the accrual basis of accounting. Eliminating entries in the combined financial statements are due to rent payments between regional office and some of the charter schools.

INDEPENDENT AUDITOR'S REPORTS



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

Board of Directors
Green Dot Public Schools Tennessee
(A Tennessee Nonprofit Public Benefit Corporation)
Memphis, Tennessee

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 combined financial statements of Green Dot Public Schools Tennessee (GDPS TN) (A Tennessee Nonprofit Public Benefit Corporation) as of and for the year ended June 30, 2016, and the related notes to the combined financial statements, which collectively comprise GDPS TN's combined financial statements, and have issued our report thereon dated January 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered GDPS TN'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of GDPS TN's internal control. Accordingly, we do not express an opinion on the effectiveness of GDPS TN'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 GDPS TN's combined financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GDPS TN's combined financial statements are free from material misstatement, we performed tests of GDPS TN's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the combined 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*.

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 GDPS TN's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GDPS TN's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
January 9, 2017



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

Board of Directors
Green Dot Public Schools Tennessee
(A Tennessee Nonprofit Public Benefit Corporation)
Memphis, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Green Dot Public Schools Tennessee's (GDPS TN) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of GDPS TN's major Federal programs for the year ended June 30, 2016. GDPS TN'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 the 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 GDPS TN's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about GDPS TN'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 GDPS TN's compliance.

Opinion on Each Major Federal Program

In our opinion, GDPS TN 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, 2016.

Report on Internal Control Over Compliance

Management of GDPS TN 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 GDPS TN'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 GDPS TN's internal control over compliance.

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

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

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California

January 9, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None Reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.323</u>	<u>Title I, School Improvement Grant (SIG), Improving Special Education Systems</u>
<u>84.282M</u>	<u>Replication & Expansion</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

None noted.