



WASHINGTON STATE

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ANNUAL FINANCIAL REPORT

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**JUNE 30, 2017**

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

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**June 30, 2017**

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Green Dot Public Schools Washington State  
(A Washington Nonprofit Public Benefit Corporation)  
Tacoma, Washington

We have audited the accompanying combined financial statements of Green Dot Public Schools Washington State (GDPS WA) (A Washington Nonprofit Public Benefit Corporation), which are comprised of the combined statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the combined 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 Washington State Auditor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to GDPS WA'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 WA'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 combined 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 WA as of June 30, 2017, 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 WA's 2016 combined financial statement report dated January 9, 2017, in which we expressed an unmodified opinion. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2016, 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 an opinion on the combined financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements.

The supplementary information 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 combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 December 18, 2017, on our consideration of GDPS WA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of GDPS WA's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GDPS WA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GDPS WA's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
December 18, 2017

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***FINANCIAL STATEMENTS***

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**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**COMBINED STATEMENT OF FINANCIAL POSITION**  
**(With comparative financial information at June 30, 2016)**

**JUNE 30, 2017**

	2017	2016
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 5,307,414	\$ 2,961,778
Accounts receivable	847,348	340,542
Accounts receivable - related party	9,107	-
Prepaid expenses and other current assets	59,037	-
Total Current Assets	<u>6,222,906</u>	<u>3,302,320</u>
Non-Current Assets:		
Security deposits	38,050	39,050
Total Assets	<u>\$ 6,260,956</u>	<u>\$ 3,341,370</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accruals	\$ 324,011	\$ 239,780
Accounts payable - related party	-	302,335
Deferred revenue	5,908,199	2,770,510
Total Liabilities	<u>6,232,210</u>	<u>3,312,625</u>
<b>NET ASSETS</b>		
Unrestricted	<u>28,746</u>	<u>28,745</u>
Total Net Assets	<u>28,746</u>	<u>28,745</u>
Total Liabilities and Net Assets	<u>\$ 6,260,956</u>	<u>\$ 3,341,370</u>

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

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**COMBINED STATEMENT OF ACTIVITIES**  
**(With comparative financial information at June 30, 2016)**

**FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUES</b>		
State apportionments	\$ 1,430,511	\$ 427,152
Federal revenue	630,790	465,065
Other State revenue	309,171	-
Contributions and grants	3,235,552	1,087,918
Local revenue	545,171	2,912,092
Total Revenues	6,151,195	4,892,227
<b>EXPENSES</b>		
Program services:		
Salaries and benefits	2,546,334	1,740,377
Student services	1,029,204	903,067
Materials and supplies	173,346	121,967
Other expenses	524,825	649,247
Occupancy	522,303	374,133
Subtotal	4,796,012	3,788,791
Management and general:		
Salaries and benefits	725,116	477,879
Occupancy	60	10,700
Operating expenses	419,995	151,213
Shared services and start-up fees - related party	210,011	450,000
Subtotal	1,355,182	1,089,792
Total Expenses	6,151,194	4,878,583
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	1	13,644
<b>NET ASSETS, BEGINNING OF YEAR</b>	28,745	15,101
<b>NET ASSETS, END OF YEAR</b>	\$ 28,746	\$ 28,745

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

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**COMBINED STATEMENT OF CASH FLOWS**  
**(With comparative financial information at June 30, 2016)**

**FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Change in unrestricted net assets</b>	\$ 1	\$ 13,644
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	(506,806)	(290,148)
Accounts receivable - related party	(9,107)	62,262
Prepaid expenses and other current assets	(59,037)	-
Cash received (paid) for security deposits - net	1,000	(36,850)
Increase (Decrease) in liabilities		
Accounts payable and accruals	84,231	159,267
Accounts payable - related party	(302,335)	302,335
Deferred revenue	3,137,689	1,552,772
Net Cash Provided by Operating Activities	2,345,636	1,763,282
<b>NET CHANGE IN CASH</b>	2,345,636	1,763,282
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,961,778	1,198,496
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 5,307,414	\$ 2,961,778
<b>Supplemental cash flow disclosure:</b>		
Cash paid during the period for interest	\$ -	\$ -

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



**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1 - ORGANIZATION AND MISSION**

Green Dot Public Schools Washington State (GDPS WA) (A Washington Nonprofit Public Benefit Corporation) was organized on November 14, 2013. Financial activity began in July 2014. GDPS WA receives services from Green Dot Public Schools National (GDPS National). GDPS National represents a related party and transactions between GDPS WA and GDPS National have been identified on the face of the combined financial statements. See Note 2 for additional details regarding related party relationships and transactions.

During the fiscal year ended June 30, 2017, GDPS WA operated one charter, Destiny Charter Middle School (Destiny CMS). Destiny CMS operates under the authorization of the Washington State Charter School Commission. In 2017-18 School year, GDPS WA plans to assume the operations of Excel Public Charter School in Kent, Washington. Washington State Charter School Commission approved the charter contract transfer of Excel Public Charter School to GDPS WA. GDPS WA will also open Rainier Valley leadership Academy in July 2017, which was authorized by the Washington State Charter School Commission. Both Excel Public Charter School and Rainier Valley Leadership Academy had no students enrolled during the fiscal year ended June 30, 2017. GDPS WA plans to open other charter schools in the future.

GDPS WA was founded upon the simple idea that every child in every community deserves to go to a great school. GDPS WA's mission is to transform public education so all students graduate prepared for college, leadership, and life. GDPS WA'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 WA 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 day and year. During the 2016-2017 fiscal year, GDPS WA served 271 students in one middle school. GDPS WA's students mirror the socio-economic demographic of their communities and local traditional schools: 80% eligible for Free or Reduced Price Lunch, a federal indicator of poverty; 23% Latino; 39% African American; and 23% receiving Special Education due to disability.

School	Charter Number	Authorizer	Grades Served	Students Served	Charter Expiration
Destiny Middle School	5378	Washington State Charter School Commission	6-8	271	August 24, 2020
Rainier Valley Leadership Academy	5468	Washington State Charter School Commission	6-12	0	August 22, 2027
Excel Public Charter School	5377	Washington State Charter School Commission	7-9	0	August 20, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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*NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

**Financial Statement Presentation**

GDPS WA 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 WA is required to present a Statement of Cash Flows.

**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 WA 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**

Transactions between GDPS WA and GDPS National have been identified on the face of the combined financial statements.

GDPS National is a national organization providing services to schools in California, Tennessee, and Washington. These services include, but are not limited to, Human Resources, Legal, Finance and Accounting, Information Technology, Knowledge Management, Strategic Planning, and National Expansion. In exchange, GDPS WA pays service fees to GDPS National. Each of the regional offices operate 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 WA a non-transferable, non-sub-licensable, and non-exclusive license to use, reproduce, and display the Green Dot brand, which include, but are not limited to: trademarks, service marks, design marks, trade names, domain names, registrations in connection with GDPS WA'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 WA and GDPS National:

	<b>Accounts Receivable - Related Party</b>	<b>Shared Service Fee Expense - Regional</b>	<b>Shared Service Fee Expense - National</b>
GDPS WA Regional Office	\$ 9,107	\$ -	\$ 210,011
Destiny CMS	\$ -	\$ 338,352	\$ -

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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*NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

**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 WA had no temporarily or permanently restricted net assets at June 30, 2017.

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 WA would otherwise need to purchase.

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.

**Income Taxes**

The IRS has determined that GDPS WA is exempt from Federal income taxes under provisions of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and is not a private foundation. Accordingly, no provision for Federal income tax has been made in these combined financial statements. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, GDPS WA 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, 2017, management had determined all accounts receivable are fully collectible and no allowance for bad debts has been established.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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*NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued*

**Deferred Revenue**

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Charter School prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Charter School has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Certain grants received before the eligibility requirements are met are recorded as deferred revenue.

**Intra-company Receivable/Payable**

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

**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 WA's combined financial statements for the year ended June 30, 2016, from which the comparative information was derived.

**Use of Estimates**

The preparation of combined 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 WA had no temporarily restricted net assets at June 30, 2017.

**Combination**

The combined financial statements include the accounts of GDPS WA regional office, Destiny Middle School (Destiny MS), Rainier Valley Middle School (Start-up costs) and Excel Public Charter School (Start-up costs). All material intra-company transactions have been eliminated.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash at June 30, 2017, consisted of the following:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Deposits		
Cash on hand and in banks	<u>\$ 5,307,414</u>	<u>\$ 5,350,578</u>

The majority of GDPS WA's cash is held in non-interest bearing accounts, which are subject to federally insured limits. GDPS WA has not experienced any losses in such accounts. At June 30, 2017, GDPS WA had \$5,100,578 in excess of FDIC insured limits in non-interest bearing accounts.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2017, consisted of the following:

Apportionment	\$ 366,443
Federal receivable	382,654
State receivable	62,084
Other receivable	36,167
Total Accounts Receivable	<u>\$ 847,348</u>

**NOTE 5 - CONDITIONAL PROMISES**

On November 10, 2013, GDPS WA received a promise to give from a private foundation conditioned upon planning and launch of a new charter school and regional office for the 2015 school year in Washington State. On September 30, 2015, the original promise was amended to include additional funds and to extend the promise to June 30, 2018. The promise was amended once again on October 31, 2016, to include additional funds. GDPS WA may receive up to \$3,000,000 over the next year upon completion of all milestones outlined in the amended agreement.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 6 - ACCOUNTS PAYABLE AND ACCRUALS**

Accounts payable at June 30, 2017, consisted of the following:

Salaries and benefits	\$ 166,943
Other accounts payable	6,744
Accruals	150,324
Total Accounts Payable and Accruals	<u>\$ 324,011</u>

**NOTE 7 - DEFERRED REVENUE**

Deferred revenue at June 30, 2017, consisted of the following:

Private sources	<u>\$ 5,908,199</u>
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**NOTE 8 - FAIR VALUE FINANCIAL INSTRUMENTS**

The carrying amounts and estimated fair values of GDPS WA financial instruments as of June 30, 2017 are as follows:

	Carrying Value	Fair Value
Cash and cash equivalents	<u>\$ 5,307,414</u>	<u>\$ 5,307,414</u>

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.

**NOTE 9 - REVOLVING LINE OF CREDIT**

GDPS WA has available a bank line of credit of \$1,000,000 to bridge monthly funding delays from the State of Washington, when necessary. The line of credit matures March 15, 2018. GDPS WA has not drawn on this line of credit.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 10 - OPERATING LEASES**

**Regional Office and Destiny Middle School**

GDPS WA entered into a lease agreement on behalf of Destiny Middle School on January 15, 2015, with PCSD Tacoma Facilities II LLC, to lease the premises on 1301 East 34<sup>th</sup> Street. The term of the lease commenced upon the date the lessor acquired the property and ends June 30, 2045. The base rent shall be paid in monthly installments equal to the amount set forth under the lessor's loan agreement dated January 15, 2015.

Future payments are as follows:

<u>Fiscal Year</u>	<u>Payment</u>
2018	\$ 500,604
2019	541,216
2020	605,604
2021	617,716
2022	630,070
Thereafter	18,537,845
Total	<u>\$ 21,433,055</u>

**NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS**

**Plan Description**

GDPS WA employees participate in the Washington State's public retirement systems: School Employees' Retirement System (SERS), and Teachers' Retirement System (TRS), which are cost-sharing, multiple-employer retirement systems composed of defined benefit plans (SERS 2, TRS 1, and TRS 2) and defined contribution plans (SERS 3 and TRS 3). As established in the Revised Code of Washington (RCW) Chapter 41.50, the Department of Retirement Systems (DRS) administers these retirement systems covering eligible employees of the state and local governments.

A full description of the retirement plans regarding benefit provisions, assumptions, and membership information are in the audited financial report and are publically available on the DRS website at: <http://www.drs.wa.gov/administration/annual-report>.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS, continued**

Provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<u>SERS 2</u>	<u>SERS 3</u>	<u>TERS 1</u>	<u>TERS 2</u>	<u>TERS 3</u>
Benefit vesting schedule	5 years of service	10 years of service	5 years of service	5 years of service	5 years of service
Retirement age	65	65	Any age after 30 years of service, at 55 with at least 25 years of service or at 60 with at least 5 years of service	65	65
Monthly benefit as a percentage of eligible compensation	2%	1%	2%	2%	1%
Required employee contribution rate	5.63%	0%	6.00%	5.95%	0%
Required employer contribution rate	11.58%	11.58%	13.13%	13.13%	13.13%

The employer's contribution to DRS for the fiscal year ending June 30, 2017, were as shown below and equals the required contributions for the fiscal year:

SERS	\$ 48,707
TERS	365,824
Total	<u>\$ 414,531</u>

**Green Dot Public Schools 401K**

Effective January 1, 2016, GDPS WA established a defined contribution plan (the Plan) covering all eligible employees 21 years or older and with one year of eligibility service.

**NOTE 12 - CONTINGENCIES**

GDPS WA has received 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.



**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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*NOTE 12 - CONTINGENCIES, continued*

**Litigation**

GDPS WA 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 WA's financial position or result of operations.

*NOTE 13 - SUBSEQUENT EVENTS*

GDPS WA'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 December 18, 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.

Effective July 1, 2017, GDPS WA will assume the operations of Excel Public Charter School in Kent Washington. Washington State Charter School Commission approved the charter contract transfer of Excel Public Charter School to GDPS WA.

Effective August 2017, GDPS WA will open Rainier Valley Leadership Academy in Seattle, Washington. The Rainier Valley Leadership Academy was authorized by the Washington State Charter School Commission and will serve its first 6<sup>th</sup> grade student in 2017-18 school year.

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***SUPPLEMENTARY INFORMATION***

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**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**REGIONAL OFFICE STATEMENT OF FINANCIAL POSITION**  
**(With comparative financial information at June 30, 2016)**

**JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,907,541	\$ 2,885,398
Accounts receivable	88,838	7,179
Accounts receivable - related party	9,107	-
Intra-company receivable	1,055,029	421,985
Prepaid expenses and other current assets	59,037	-
Total Current Assets	<u>6,119,552</u>	<u>3,314,562</u>
Non-Current Assets:		
Security deposits	-	1,000
Total Assets	<u>\$ 6,119,552</u>	<u>\$ 3,315,562</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accruals	\$ 182,607	\$ 213,972
Accounts payable - related party	-	302,335
Deferred revenue	5,908,199	2,770,510
Total Liabilities	<u>6,090,806</u>	<u>3,286,817</u>
<b>NET ASSETS</b>		
Unrestricted	<u>28,746</u>	<u>28,745</u>
Total Net Assets	<u>28,746</u>	<u>28,745</u>
Total Liabilities and Net Assets	<u>\$ 6,119,552</u>	<u>\$ 3,315,562</u>

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**REGIONAL OFFICE STATEMENT OF ACTIVITIES**  
**(With comparative financial information for the year ended June 30, 2016)**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUES</b>		
Federal revenue	\$ 52,671	\$ -
Contributions and grants	1,036,231	1,087,918
Local revenue	479,388	129,552
Total Revenues	<u>1,568,290</u>	<u>1,217,470</u>
<b>EXPENSES</b>		
Program services:		
Salaries and benefits	204,068	277,225
Materials and supplies	-	33
Other expenses	9,039	36,776
Subtotal	<u>213,107</u>	<u>314,034</u>
Management and general:		
Salaries and benefits	725,116	477,879
Occupancy	60	10,700
Operating expenses	419,995	151,213
Shared services and start-up fees - related party	210,011	250,000
Subtotal	<u>1,355,182</u>	<u>889,792</u>
Total Expenses	<u>1,568,289</u>	<u>1,203,826</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	1	13,644
<b>NET ASSETS, BEGINNING OF YEAR</b>	28,745	15,101
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 28,746</u>	<u>\$ 28,745</u>

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**REGIONAL OFFICE STATEMENT OF CASH FLOWS**  
**(With comparative financial information for the year ended June 30, 2016)**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Change in Unrestricted Net Assets</b>	\$ 1	\$ 13,644
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	(81,659)	(7,179)
Accounts receivable - related party	(9,107)	62,262
Intra-company receivable	(633,044)	(373,447)
Prepaid expenses and other current assets	(59,037)	-
Cash received for security deposits - net	1,000	1,200
Increase (Decrease) in liabilities		
Accounts payable and accruals	(31,365)	135,315
Accounts payable - related party	(302,335)	302,335
Deferred revenue	3,137,689	1,552,772
Net Cash Provided by Operating Activities	<u>2,022,143</u>	<u>1,686,902</u>
<b>NET CHANGE IN CASH</b>	2,022,143	1,686,902
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,885,398</u>	<u>1,198,496</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 4,907,541</u>	<u>\$ 2,885,398</u>
<b>Supplemental cash flow disclosure:</b>		
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**DESTINY MIDDLE SCHOOL STATEMENT OF FINANCIAL POSITION**  
**(With comparative financial information at June 30, 2016)**

**JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 399,873	\$ 76,380
Accounts receivable	<u>697,412</u>	<u>333,363</u>
Total Current Assets	<u>1,097,285</u>	<u>409,743</u>
Non-Current Assets:		
Security deposits	<u>38,050</u>	<u>38,050</u>
Total Assets	<u>\$ 1,135,335</u>	<u>\$ 447,793</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accruals	\$ 138,092	\$ 25,808
Intra-company payable	<u>997,243</u>	<u>421,985</u>
Total Liabilities	<u>1,135,335</u>	<u>447,793</u>
<b>NET ASSETS</b>		
Unrestricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 1,135,335</u>	<u>\$ 447,793</u>

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**DESTINY MIDDLE SCHOOL STATEMENT OF ACTIVITIES**  
**(With comparative financial information for the year ended June 30, 2016)**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUES</b>		
State apportionments	\$ 1,430,511	\$ 427,152
Federal revenue	517,021	465,065
Other State revenue	309,171	-
Contributions and grants	2,035,982	-
Local revenue	398,982	2,895,556
Total Revenues	<u>4,691,667</u>	<u>3,787,773</u>
<b>EXPENSES</b>		
Program services:		
Salaries and benefits	2,183,784	1,463,152
Student services	1,017,299	903,067
Materials and supplies	166,089	121,934
Other expenses	478,678	612,471
Occupancy	507,465	374,133
Subtotal	<u>4,353,315</u>	<u>3,474,757</u>
Management and general:		
Shared services and start-up fees - related party	338,352	313,016
Total Expenses	<u>4,691,667</u>	<u>3,787,773</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	-	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	-	-
<b>NET ASSETS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**DESTINY MIDDLE SCHOOL STATEMENT OF CASH FLOWS**  
**(With comparative financial information for the year ended June 30, 2016)**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Change in unrestricted net assets</b>	\$ -	\$ -
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	(364,049)	(282,969)
Cash received (paid) for security deposits - net	-	(38,050)
Increase (Decrease) in liabilities		
Accounts payable and accruals	112,284	23,952
Intra-company payable	575,258	373,447
Net Cash Provided by Operating Activities	<u>323,493</u>	<u>76,380</u>
<b>NET CHANGE IN CASH</b>	323,493	76,380
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>76,380</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 399,873</u>	<u>\$ 76,380</u>
<b>Supplemental cash flow disclosure:</b>		
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.



**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**RAINIER VALLEY LEADERSHIP ACADEMY STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2017**

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	<u>2017</u>
<b>ASSETS</b>	
Current Assets:	
Accounts receivable	\$ 61,098
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accruals	\$ 3,105
Intra-company payable	57,993
Total Liabilities	<u>61,098</u>
<b>NET ASSETS</b>	
Unrestricted	<u>-</u>
Total Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 61,098</u>

*NOTE: The year ended June 30, 2017, was the first year of operation; therefore, there is no 2016 information presented.*

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**RAINIER VALLEY LEADERSHIP ACADEMY STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	
<b>REVENUES</b>	
Federal revenue	\$ 61,098
Contributions and grants	163,339
Total Revenues	<u>224,437</u>
<b>EXPENSES</b>	
Program services:	
Salaries and benefits	157,341
Student services	11,905
Materials and supplies	7,257
Other expenses	33,096
Occupancy	14,838
Total Expenses	<u>224,437</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	-
<b>NET ASSETS, END OF YEAR</b>	<u>\$ -</u>

*NOTE: The year ended June 30, 2017, was the first year of operation; therefore, there is no 2016 information presented.*

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**RAINIER VALLEY LEADERSHIP ACADEMY STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>Change in unrestricted net assets</b>	\$ -
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	(61,098)
Increase (Decrease) in liabilities	
Accounts payable and accruals	3,105
Intra-company payable	57,993
Net Cash Provided by Operating Activities	<u>-</u>
<b>NET CHANGE IN CASH</b>	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ -</u></u>
<b>Supplemental cash flow disclosure:</b>	
Cash paid during the period for interest	<u><u>\$ -</u></u>

*NOTE: The year ended June 30, 2017, was the first year of operation; therefore, there is no 2016 information presented.*

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**EXCEL PUBLIC CHARTER SCHOOL STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2017**

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	<u>2017</u>
<b>ASSETS</b>	
Current Assets:	
Intra-company receivable	<u>\$ 207</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accruals	<u>\$ 207</u>
<b>NET ASSETS</b>	
Unrestricted	<u>-</u>
Total Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 207</u></u>

*NOTE: The year ended June 30, 2017, was the first year of operation; therefore, there is no 2016 information presented.*

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**EXCEL PUBLIC CHARTER SCHOOL STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	
<b>REVENUES</b>	
Local revenue	\$ 5,153
Total Revenues	<u>5,153</u>
<b>EXPENSES</b>	
Program services:	
Salaries and benefits	\$ 1,141
Other expenses	4,012
Total Expenses	<u>5,153</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ -</u></u>

*NOTE: The year ended June 30, 2017, was the first year of operation; therefore, there is no 2016 information presented.*

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**EXCEL PUBLIC CHARTER SCHOOL STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>Change in unrestricted net assets</b>	\$ -
Changes in operating assets and liabilities:	
(Increase) Decrease in assets	
Intra-company receivable	(207)
Increase (Decrease) in liabilities	
Accounts payable and accruals	<u>207</u>
Net Cash Provided by Operating Activities	<u>-</u>
<b>NET CHANGE IN CASH</b>	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ -</u></u>
<b>Supplemental cash flow disclosure:</b>	
Cash paid during the period for interest	<u><u>\$ -</u></u>

*NOTE: The year ended June 30, 2017, was the first year of operation; therefore, there is no 2016 information presented.*

See accompanying note to supplementary information.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**COMBINING STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2017**

	<u>Regional Office</u>	<u>Destiny MS</u>	<u>Rainier Valley MS</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 4,907,541	\$ 399,873	\$ -
Accounts receivable	88,838	697,412	61,098
Accounts receivable - related party	9,107	-	-
Intra-company receivable	1,055,029	-	-
Prepaid expenses and other current assets	59,037	-	-
Total Current Assets	<u>6,119,552</u>	<u>1,097,285</u>	<u>61,098</u>
Non-Current Assets:			
Security deposits	-	38,050	-
Total Assets	<u>\$ 6,119,552</u>	<u>\$ 1,135,335</u>	<u>\$ 61,098</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accruals	\$ 182,607	\$ 138,092	\$ 3,105
Intra-company payable	-	997,243	57,993
Deferred revenue	5,908,199	-	-
Total Liabilities	<u>6,090,806</u>	<u>1,135,335</u>	<u>61,098</u>
<b>NET ASSETS</b>			
Unrestricted	<u>28,746</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>28,746</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 6,119,552</u>	<u>\$ 1,135,335</u>	<u>\$ 61,098</u>

See accompanying note to supplementary information.

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<u>Excel Public CS</u>	<u>Elimination</u>	<u>Total</u>
\$ -	\$ -	\$ 5,307,414
-	-	847,348
-	-	9,107
207	(1,055,236)	-
-	-	59,037
<u>207</u>	<u>(1,055,236)</u>	<u>6,222,906</u>
-	-	38,050
<u>\$ 207</u>	<u>\$ (1,055,236)</u>	<u>\$ 6,260,956</u>

\$ 207	\$ -	\$ 324,011
-	(1,055,236)	-
-	-	5,908,199
<u>207</u>	<u>(1,055,236)</u>	<u>6,232,210</u>
-	-	28,746
-	-	28,746
<u>\$ 207</u>	<u>\$ (1,055,236)</u>	<u>\$ 6,260,956</u>



**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**COMBINING STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Regional Office</u>	<u>Destiny MS</u>	<u>Rainier Valley MS</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>			
<b>REVENUES</b>			
State apportionments	\$ -	\$ 1,430,511	\$ -
Federal revenue	52,671	517,021	61,098
Other State revenue	-	309,171	-
Contributions and grants	1,036,231	2,035,982	163,339
Local revenue	479,388	398,982	-
Total Revenues	<u>1,568,290</u>	<u>4,691,667</u>	<u>224,437</u>
<b>EXPENSES</b>			
Program services:			
Salaries and benefits	204,068	2,183,784	157,341
Student services	-	1,017,299	11,905
Materials and supplies	-	166,089	7,257
Other expenses	9,039	478,678	33,096
Occupancy	-	507,465	14,838
Subtotal	<u>213,107</u>	<u>4,353,315</u>	<u>224,437</u>
Management and general:			
Salaries and benefits	725,116	-	-
Occupancy	60	-	-
Operating expenses	419,995	-	-
Shared services and start-up fees - related party	210,011	338,352	-
Subtotal	<u>1,355,182</u>	<u>338,352</u>	<u>-</u>
Total Expenses	<u>1,568,289</u>	<u>4,691,667</u>	<u>224,437</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	1	-	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	28,745	-	-
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 28,746</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

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<u>Excel Public CS</u>	<u>Elimination</u>	<u>Total</u>
\$ -	\$ -	\$ 1,430,511
-	-	630,790
-	-	309,171
-	-	3,235,552
5,153	(338,352)	545,171
<u>5,153</u>	<u>(338,352)</u>	<u>6,151,195</u>
1,141	-	2,546,334
-	-	1,029,204
-	-	173,346
4,012	-	524,825
-	-	522,303
<u>5,153</u>	<u>-</u>	<u>4,796,012</u>
-	-	725,116
-	-	60
-	-	419,995
-	(338,352)	210,011
-	(338,352)	1,355,182
<u>5,153</u>	<u>(338,352)</u>	<u>6,151,194</u>
-	-	1
-	-	28,745
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,746</u>

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**COMBINING STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Regional Office</u>	<u>Destiny MS</u>	<u>Rainier Valley MS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Changes in unrestricted net assets</b>	\$ 1	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Changes in operating assets and liabilities:			
(Increase) Decrease in assets			
Accounts receivable	(81,659)	(364,049)	(61,098)
Accounts receivable - related party	(9,107)	-	-
Intra-company receivable	(633,044)	-	-
Prepaid expenses and other current assets	(59,037)	-	-
Cash paid for security deposits - net	1,000	-	-
Increase (Decrease) in liabilities			
Accounts payable and accruals	(31,365)	112,284	3,105
Accounts payable - related party	(302,335)	-	-
Intra-company payable	-	575,258	57,993
Deferred revenue	3,137,689	-	-
Net Cash Provided by Operating Activities	<u>2,022,143</u>	<u>323,493</u>	<u>-</u>
<b>NET CHANGE IN CASH</b>	2,022,143	323,493	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,885,398	76,380	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 4,907,541</u>	<u>\$ 399,873</u>	<u>\$ -</u>
<b>Supplemental cash flow disclosure:</b>			
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

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Excel Public CS	Elimination	Total
\$ -	\$ -	\$ 1
-	-	(506,806)
-	-	(9,107)
(207)	633,251	-
-	-	(59,037)
-	-	1,000
207	-	84,231
-	-	(302,335)
-	(633,251)	-
-	-	3,137,689
<hr/>		
-	-	2,345,636
<hr/>		
-	-	2,345,636
-	-	2,961,778
\$ -	\$ -	\$ 5,307,414
<hr/> <hr/>		
\$ -	\$ -	\$ -
<hr/> <hr/>		

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**NOTE TO SUPPLEMENTARY INFORMATION**

**JUNE 30, 2017**

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***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Supplementary Financial Statements by Entity**

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

**Combining Statements**

The accompanying combined financial statements report the individual programs of GDPS WA and are presented on the accrual basis of accounting. Eliminating entries in the combined financial statements are due to shared expenses between GDPS WA regional office and the charter school.

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***INDEPENDENT AUDITOR'S REPORTS***

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

Board of Directors  
Green Dot Public Schools Washington  
(A Washington Nonprofit Public Benefit Corporation)  
Tacoma, Washington

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 Washington (GDPS WA) (A Washington Nonprofit Public Benefit Corporation) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered GDPS WA'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 opinions on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of GDPS WA's internal control. Accordingly, we do not express an opinion on the effectiveness of GDPS WA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 WA's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 WA'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 WA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California  
December 18, 2017



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*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

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**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**SUMMARY OF AUDITORS' RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**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>

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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None reported.

**GREEN DOT PUBLIC SCHOOLS WASHINGTON STATE**  
**(A Washington Nonprofit Public Benefit Corporation)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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There were no audit findings reported in the prior year.