



TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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

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

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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, 2017, and the related statements of activities 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 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 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 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 TN 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 TN's 2016 combined financial statement, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated January 9, 2017. 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 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 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 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 December 18, 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 solely 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 the effectiveness of GDPS TN'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 TN's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 18, 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, 2016)

JUNE 30, 2017

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,390,371	\$ 3,411,545
Accounts receivable	1,498,293	1,798,532
Prepaid expenses and other current assets	989	95,738
Total Current Assets	5,889,653	5,305,815
Non-Current Assets:		
Security deposits	14,000	-
Fixed assets	2,205,382	879,750
Less: accumulated depreciation	408,836	144,847
Total Non-Current Assets	1,810,546	734,903
Total Assets	\$ 7,700,199	\$ 6,040,718
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 2,716,106	\$ 1,185,318
Accounts payable - related party	116,632	336,871
Deferred revenue	1,378,931	1,850,000
Total Current Liabilities	4,211,669	3,372,189
Long-Term Obligations:		
Non-current portion of long-term obligations	1,405,000	585,000
Total Liabilities	5,616,669	3,957,189
NET ASSETS		
Unrestricted	2,083,530	2,083,529
Total Net Assets	2,083,530	2,083,529
Total Liabilities and Net Assets	\$ 7,700,199	\$ 6,040,718

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
(With comparative financial information for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
State apportionments	\$ 16,988,514	\$ 9,936,960
Federal revenue	3,258,371	2,826,579
Other State revenue	-	17,353
Contributions and grants	5,203,053	2,494,854
Local revenue	277,451	61,086
Total Revenues	<u>25,727,389</u>	<u>15,336,832</u>
EXPENSES		
Program services:		
Salaries and benefits	14,755,223	7,180,582
Student services	2,968,060	1,861,567
Materials and supplies	1,042,512	316,313
Student nutrition	5,583	8,730
Other expenses	990,242	1,326,905
Depreciation	263,989	119,404
Occupancy	2,177,567	1,329,002
Interest	9,396	-
Subtotal	<u>22,212,572</u>	<u>12,142,503</u>
Management and general:		
Salaries and benefits	1,108,464	689,704
Occupancy	3,366	4,123
Operating expenses	681,840	482,137
Shared services and start-up fees - related party	1,721,146	1,967,446
Subtotal	<u>3,514,816</u>	<u>3,143,410</u>
Total Expenses	<u>25,727,388</u>	<u>15,285,913</u>
CHANGE IN UNRESTRICTED NET ASSETS	1	50,919
NET ASSETS, BEGINNING OF YEAR	<u>2,083,529</u>	<u>2,032,610</u>
NET ASSETS, END OF YEAR	<u>\$ 2,083,530</u>	<u>\$ 2,083,529</u>

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 for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 1	\$ 50,919
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	263,989	119,404
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	300,239	(749,580)
Prepaid expenses and other current assets	94,749	62,261
Cash received (paid) for security deposits - net	(14,000)	-
Increase (Decrease) in liabilities		
Accounts payable and accruals	1,530,788	646,174
Accounts payable - related party	(220,239)	(726,090)
Deferred revenue	(471,069)	1,850,000
Loan forgiveness	-	(1,000,000)
Net Cash Provided by Operating Activities	<u>1,484,458</u>	<u>253,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(1,325,632)</u>	<u>(581,083)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds, net	<u>820,000</u>	<u>585,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	978,826	257,005
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,390,371</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, 2017

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 receives services from 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. Kirby Middle School and Hillcrest High School were opened during the fiscal year ended June 30, 2017. Fairley High school, Hillcrest High School, Kirby Middle School, and Wooddale Middle school operate under the approval of the Tennessee Department of Education (TDOE) and are part of the Achievement School District. During the fiscal year ended June 30, 2017, GDPS TN incurred start-up costs to open Bluff City High School in Memphis, TN. Bluff City High School will open in the 2017-2018 school year. No students were enrolled as of June 30, 2017. Fairley High school, Hillcrest High School, Kirby Middle School, and Wooddale Middle school 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 day and year. During the 2016-2017 fiscal year, GDPS TN served 1,918 students in two high schools and two middle schools. GDPS TN's students mirror the socio-economic demographic of their communities and local traditional schools: 87% eligible for Free or Reduced Price Lunch, a federal indicator of poverty; 1% Latino; 98% African American; and 13% receiving Special Education due to disability.

Charter School Name	Number	Sponsoring District	Grades Served	Number of Students Served	Charter Expiration
Fairley High School	8055	Achievement School District	9-12	561	June 30, 2024
Wooddale Middle School	8105	Achievement School District	6-8	482	June 30, 2025
Hillcrest High School	8140	Achievement School District	9-12	483	June 30, 2026
Kirby Middle School	8135	Achievement School District	6-8	392	June 30, 2026
Bluff City High School	8005	Tennessee State Board of Education	9-12	0	June 30, 2027

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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

Transactions between GDPS TN and GDPS National have been identified on the face of the 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 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 brand, 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	Shared Service Fee Expense - Regional	Shared Service Fee Expense - National
GDPS TN Regional Office	\$ 116,632	\$ -	\$ 1,721,146
GDPS TN Schools	\$ -	\$ 2,772,958	\$ -

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017

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 TN has 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 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 at June 30, 2017.

Income Taxes

GDPS TN is a nonprofit 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.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
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NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

Consolidation

The combined financial statements include the accounts of GDPS TN regional office, Fairley High School (Fairley HS), Wooddale Middle School (Wooddale MS), Hillcrest High School (Hillcrest HS), and Kirby Charter Middle School (Kirby MS) and Bluff City High School (Bluff City HS) (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 2017 fiscal year. Accordingly, these reclassifications have been revised for the presentation of 2016 fiscal year.

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 three to 30 years. Depreciation expense for the year ended June 30, 2017, was \$263,989.

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, 2016, from which the comparative information was derived.

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 has no designated net assets at June 30, 2017.

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	\$ 4,390,371	\$ 4,567,423

The majority of GDPS TN's cash is held in non-interest bearing accounts, which are subject to federally insured limits. GDPS TN has not experienced any losses in such accounts. At June 30, 2017, GDPS TN had \$4,317,423 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	\$ 415,168
Federal receivable	1,070,586
Other receivable	<u>12,539</u>
Total Accounts Receivable	<u>\$ 1,498,293</u>

GREEN DOT PUBLIC SCHOOLS TENNESSEE
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NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017

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 in the amount of \$3,900,000. GDPS TN may receive the remaining balance of \$155,000 over the next year upon completion of all milestones outlined in the agreement.

NOTE 6 - FIXED ASSETS

Fixed assets at June 30, 2017, consisted of the following:

Building	\$ 341,890
Leasehold improvements	1,189,872
Work in progress	<u>673,620</u>
Subtotal	2,205,382
Less: accumulated depreciation	<u>(408,836)</u>
Total Fixed Assets	<u><u>\$ 1,796,546</u></u>

During the year ended June 30, 2017, \$263,989 was charged to depreciation expense.

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUALS

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

Salaries and benefits	\$ 1,211,730
Compensated absences	88,959
Other accounts payable	1,415,417
Related party	<u>116,632</u>
Total Accounts Payable and Accruals	<u><u>\$ 2,832,738</u></u>

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 - LONG-TERM OBLIGATIONS

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, 2017, the balance was \$585,000.

On October 5, 2016, GDPS TN entered into a loan agreement with CSGF Memphis, LLC. CSGF Memphis agreed to lend the principal sum of \$820,000 with an interest rate of 2.00 percent per annum on the principal sum outstanding. \$420,000 of the principal was to be used by Hillcrest High School and \$400,000 by Kirby Middle School. The first principal payment of \$136,667 is due on August 1, 2018, and the entire unpaid principal amount of the note, together with all accrued unpaid interest is due on August 1, 2023. At June 30, 2017, the balance was \$820,000.

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 March 15, 2018. GDPS TN has not drawn on this line of credit.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
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NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 - FAIR VALUE FINANCIAL INSTRUMENTS

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

	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 4,390,371	\$ 4,390,371
Notes payable	1,405,000	1,066,878

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.

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.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
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NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS, Continued

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. TCRS Legacy is reserved for employees who were enrolled and contributed to the plan prior to July 1, 2014. TCRS Hybrid is for school employees that started on or after July 1, 2014.

Under TCRS Hybrid, employees contribute 5.00 percent of their gross earnings. Upon hire, employees have 30 days to opt out of the automatic 2.00 percent deferral to the Tennessee Empower 401K plan. The GDPS TN contribution is 9.00 percent, which includes a 4.00 percent contribution to TCRS Hybrid and a 5.00 percent contribution to Tennessee Empower 401K plan.

Under TCRS Legacy, employees contribute 5.00 percent of their gross earnings, and GDPS TN contribution is 9.04 percent. The employer contribution requirement for the school is established and may be amended by the TCRS Board of Trustees.

The employer's contribution to TCRS and the TCRS 401K for the fiscal years ending June 30, 2017, were as shown below and equals the required contributions for the fiscal year:

TCRS Legacy	\$	431,864
TCRS Hybrid		163,313
TCRS 401K		203,966
Total	\$	<u>799,143</u>

Green Dot Public Schools 401K

Effective January 1, 2016, GDPS TN established a defined contribution plan, the Green Dot Public Schools 401K, 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 Green Dot Public Schools 401K up to 4.00 percent of the participant's compensation. The employer's contribution to the Green Dot Public Schools 401K for the year ended June 30, 2017, was \$11,786.

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.

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 – CONTINGENCIES, Continued

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 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.

Starting in fall 2017, GDPS TN will open Bluff City High School serving grades nine to twelve. Bluff City High School is approved by Tennessee State Board of Education and entered into a charter agreement with an expiration date of June 30, 2027.

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, 2017

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:			
Every Student Succeeds Act (ESSA):			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	[1]	\$ 992,169
Title I, School Improvement Grant (SIG), Improving Special Education Systems	84.377	[1]	440,756
Title II, Part A, Improving Teacher Quality	84.367	[1]	103,325
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETs	84.287	[1]	62,972
Special Education:			
Basic Local Assistance	84.027	[1]	521,601
Replication & Expansion	84.282M	[1]	1,094,660
Safe and Supportive Schools	84.184Y	[1]	21,740
Total U.S. Department of Education			<u>3,237,223</u>
Total Expenditures of Federal Awards			<u>\$ 3,237,223</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, 2016)

JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,390,371	\$ 3,411,545
Accounts receivable	30,292	84,216
Intra-company receivable	2,234,241	2,396,345
Prepaid expenses and other current assets	-	18,515
Total Current Assets	<u>6,654,904</u>	<u>5,910,621</u>
Non-Current Assets:		
Fixed assets	1,892	-
Total Assets	<u>\$ 6,656,796</u>	<u>\$ 5,910,621</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 2,475,347	\$ 1,037,865
Accounts payable - related parties	116,632	336,871
Deferred revenue	1,378,931	1,850,000
Total Liabilities	<u>3,970,910</u>	<u>3,224,736</u>
NET ASSETS		
Unrestricted	<u>2,685,886</u>	<u>2,685,885</u>
Total Net Assets	<u>2,685,886</u>	<u>2,685,885</u>
Total Liabilities and Net Assets	<u>\$ 6,656,796</u>	<u>\$ 5,910,621</u>

See accompanying note to supplementary information.

GREEN DOT PUBLIC SCHOOLS TENNESSEE
(A Tennessee 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

	2017	2016
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
Federal revenue	\$ 119,420	\$ 583,032
Contributions and grants	1,731,247	2,211,111
Local revenue	2,825,517	521,894
Total Revenues	<u>4,676,184</u>	<u>3,316,037</u>
EXPENSES		
Program services:		
Salaries and benefits	1,469,895	819,519
Student services	36,732	66,801
Materials and supplies	18,753	2,188
Student nutrition	535	-
Other expenses	7,856	16,104
Occupancy	-	17,913
Interest	9,396	-
Subtotal	<u>1,543,167</u>	<u>922,525</u>
Management and general:		
Salaries and benefits	1,108,464	689,704
Occupancy	3,366	4,123
Operating expenses	300,040	247,746
Shared services and start-up fees - related party	1,721,146	500,000
Subtotal	<u>3,133,016</u>	<u>1,441,573</u>
Total Expenses	<u>4,676,183</u>	<u>2,364,098</u>
CHANGE IN UNRESTRICTED NET ASSETS	1	951,939
NET ASSETS, BEGINNING OF YEAR	<u>2,685,885</u>	<u>1,733,946</u>
NET ASSETS, END OF YEAR	<u>\$ 2,685,886</u>	<u>\$ 2,685,885</u>

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 for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 1	\$ 951,939
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	53,924	221,074
Intra-company receivable	162,104	(1,681,566)
Prepaid expenses and other current assets	18,515	138,764
Increase (Decrease) in liabilities		
Accounts payable and accruals	1,437,482	502,884
Accounts payable - related party	(220,239)	(726,090)
Deferred revenue	(471,069)	1,850,000
Loan forgiveness	-	(1,000,000)
Net Cash Provided by Operating Activities	980,718	257,005
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,892)	-
NET CHANGE IN CASH	978,826	257,005
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,411,545	3,154,540
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,390,371	\$ 3,411,545
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, 2016)

JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Accounts receivable	\$ 358,549	\$ 568,721
Non-Current Assets:		
Fixed assets	188,868	188,868
Less: accumulated depreciation	<u>100,991</u>	<u>63,217</u>
Total Non-Current Assets	<u>87,877</u>	<u>125,651</u>
Total Assets	<u><u>\$ 446,426</u></u>	<u><u>\$ 694,372</u></u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 11,866	\$ 65,785
Intra-company payable	<u>920,726</u>	<u>1,114,753</u>
Total Liabilities	<u><u>932,592</u></u>	<u><u>1,180,538</u></u>
NET ASSETS (DEFICIT)		
Unrestricted	<u>(486,166)</u>	<u>(486,166)</u>
Total Net Assets (Deficit)	<u>(486,166)</u>	<u>(486,166)</u>
Total Liabilities and Net Assets	<u><u>\$ 446,426</u></u>	<u><u>\$ 694,372</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
(With comparative financial information for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
State apportionments	\$ 4,894,543	\$ 4,767,207
Federal revenue	492,418	541,148
Other State revenue	-	17,353
Contributions and grants	870,766	151,938
Local revenue	58,262	50,769
Total Revenues	<u>6,315,989</u>	<u>5,528,415</u>
EXPENSES		
Program services:		
Salaries and benefits	3,293,563	3,086,787
Student services	1,027,773	1,177,459
Materials and supplies	146,898	103,348
Student nutrition	-	2,605
Other expenses	326,585	202,001
Depreciation	37,774	37,774
Occupancy	592,287	725,205
Subtotal	<u>5,424,880</u>	<u>5,335,179</u>
Management and general:		
Operating expenses	110,000	111,790
Shared services and start-up fees - related party	781,109	756,478
Subtotal	<u>891,109</u>	<u>868,268</u>
Total Expenses	<u>6,315,989</u>	<u>6,203,447</u>
CHANGE IN UNRESTRICTED NET ASSETS	-	(675,032)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(486,166)</u>	<u>188,866</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (486,166)</u>	<u>\$ (486,166)</u>

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 for the year ended June 30, 2016)

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ -	\$ (675,032)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	37,774	37,774
Changes in operating assets and liabilities:		
Decrease in assets		
Accounts receivable	210,172	8,862
Prepaid expenses and other current assets	-	250
Increase (Decrease) in liabilities		
Accounts payable and accruals	(53,919)	61,877
Intra-company payable	(194,027)	566,269
Net Cash Provided by Operating Activities	-	-
NET CHANGE IN CASH	-	-
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)

**WOODDALE MIDDLE SCHOOL STATEMENT OF
FINANCIAL POSITION**

(With comparative financial information at June 30, 2016)

JUNE 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Accounts receivable	\$ 473,702	\$ 980,251
Intra-company receivable	18,250	-
Total Current Assets	<u>491,952</u>	<u>\$ 980,251</u>
Non-Current Assets:		
Fixed assets	570,238	507,193
Less: accumulated depreciation	<u>192,526</u>	<u>81,630</u>
Total Non-Current Assets	<u>377,712</u>	<u>425,563</u>
Total Assets	<u><u>\$ 869,664</u></u>	<u><u>\$ 1,405,814</u></u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 10,840	\$ 74,321
Intra-company payable	-	472,669
Total Current Liabilities	<u>10,840</u>	<u>546,990</u>
Long-Term Obligations:		
Non-current portion of long-term obligations	<u>585,000</u>	<u>585,000</u>
Total Liabilities	<u>595,840</u>	<u>1,131,990</u>
NET ASSETS		
Unrestricted	<u>273,824</u>	<u>273,824</u>
Total Net Assets	<u>273,824</u>	<u>273,824</u>
Total Liabilities and Net Assets	<u><u>\$ 869,664</u></u>	<u><u>\$ 1,405,814</u></u>

See accompanying note to supplementary information.

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

WOODDALE 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>
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
State apportionments	\$ 4,164,811	\$ 5,169,753
Federal revenue	894,691	1,525,151
Contributions and grants	868,766	131,805
Local revenue	37,939	7,676
Total Revenues	<u>5,966,207</u>	<u>6,834,385</u>
EXPENSES		
Program services:		
Salaries and benefits	3,306,831	3,175,081
Student services	800,907	606,861
Materials and supplies	108,364	176,174
Student nutrition	-	3,125
Other expenses	185,386	903,796
Depreciation	110,896	81,630
Occupancy	630,710	570,870
Subtotal	<u>5,143,094</u>	<u>5,517,537</u>
Management and general:		
Operating expenses	93,600	122,601
Shared services and start-up fees - related party	729,513	1,030,221
Subtotal	<u>823,113</u>	<u>1,152,822</u>
Total Expenses	<u>5,966,207</u>	<u>6,670,359</u>
CHANGE IN UNRESTRICTED NET ASSETS	-	164,026
NET ASSETS, BEGINNING OF YEAR	<u>273,824</u>	<u>109,798</u>
NET ASSETS, END OF YEAR	<u>\$ 273,824</u>	<u>\$ 273,824</u>

See accompanying note to supplementary information.

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

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

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ -	164,026
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	110,896	81,630
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	506,549	(814,172)
Intra-company receivable	(18,250)	-
Prepaid expenses and other current assets	-	470
Increase (Decrease) in liabilities		
Accounts payable and accruals	(63,481)	74,066
Intra-company payable	(472,669)	306,374
Net Cash Provided (Used) by Operating Activities	63,045	(187,606)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(63,045)	(397,394)
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
(With comparative financial information at June 30, 2016)

JUNE 30, 2017

	2017	2016
ASSETS		
Current Assets:		
Accounts receivable	\$ 440,364	\$ 40,222
Prepaid expenses and other current assets	750	77,223
Total Current Assets	441,114	\$ 117,445
Non-Current Assets:		
Fixed assets	341,890	77,508
Less: accumulated depreciation	51,284	-
Total Non-Current Assets	290,606	77,508
Total Assets	\$ 731,720	\$ 194,953
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 11,285	\$ 2,125
Intra-company payable	499,440	391,833
Total Current Liabilities	510,725	393,958
Long-Term Obligations:		
Non-current portion of long-term obligations	420,000	-
Total Liabilities	930,725	393,958
NET ASSETS (DEFICIT)		
Unrestricted	(199,005)	(199,005)
Total Net Assets (Deficit)	(199,005)	(199,005)
Total Liabilities and Net Assets	\$ 731,720	\$ 194,953

See accompanying note to supplementary information.

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

HILLCREST HIGH 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>
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
State apportionments	\$ 4,289,400	\$ -
Federal revenue	863,905	52,126
Contributions and grants	593,689	-
Local revenue	80,819	-
Total Revenues	<u>5,827,813</u>	<u>52,126</u>
EXPENSES		
Program services:		
Salaries and benefits	3,291,829	44,759
Student services	596,023	3,358
Materials and supplies	314,463	27,128
Student nutrition	4,496	1,350
Other expenses	239,513	67,520
Depreciation	51,284	-
Occupancy	557,598	7,016
Subtotal	<u>5,055,206</u>	<u>151,131</u>
Management and general:		
Shared services and start-up fees - related party	676,207	100,000
Subtotal	<u>772,607</u>	<u>100,000</u>
Total Expenses	<u>5,827,813</u>	<u>251,131</u>
CHANGE IN UNRESTRICTED NET ASSETS	-	(199,005)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(199,005)</u>	<u>-</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (199,005)</u>	<u>\$ (199,005)</u>

See accompanying note to supplementary information.

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

HILLCREST HIGH 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>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ -	\$ (199,005)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	51,284	-
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	(400,142)	(40,222)
Prepaid expenses and other current assets	76,473	(77,223)
Increase (Decrease) in liabilities		
Accounts payable and accruals	9,160	2,125
Intra-company payable	107,607	391,833
Net Cash Provided (Used) by Operating Activities	<u>(155,618)</u>	<u>77,508</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(264,382)</u>	<u>(77,508)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds, net	<u>420,000</u>	<u>-</u>
NET CHANGE IN CASH	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-
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)

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

JUNE 30, 2017

	2017	2016
ASSETS		
Current Assets:		
Accounts receivable	\$ 179,808	\$ 125,122
Non-Current Assets:		
Fixed assets	430,766	106,181
Less: accumulated depreciation	64,035	-
Total Non-Current Assets	<u>366,731</u>	<u>106,181</u>
Total Assets	<u>\$ 546,539</u>	<u>\$ 231,303</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accruals	\$ 8,588	\$ 5,222
Intra-company payable	328,960	417,090
Total Current Liabilities	<u>337,548</u>	<u>422,312</u>
Long-Term Obligations:		
Non-current portion of long-term obligations	400,000	-
Total Liabilities	<u>737,548</u>	<u>422,312</u>
NET ASSETS (DEFICIT)		
Unrestricted	<u>(191,009)</u>	<u>(191,009)</u>
Total Net Assets (Deficit)	<u>(191,009)</u>	<u>(191,009)</u>
Total Liabilities and Net Assets	<u>\$ 546,539</u>	<u>\$ 231,303</u>

See accompanying note to supplementary information.

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

KIRBY 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>
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES		
State apportionments	\$ 3,639,760	\$ -
Federal revenue	872,359	125,122
Contributions and grants	1,112,546	-
Local revenue	47,871	-
Total Revenues	<u>5,672,536</u>	<u>125,122</u>
EXPENSES		
Program services:		
Salaries and benefits	3,379,886	54,436
Student services	505,473	7,088
Materials and supplies	446,882	7,475
Student nutrition	552	1,650
Other expenses	224,933	137,484
Depreciation	64,035	-
Occupancy	382,847	7,998
Subtotal	<u>5,004,608</u>	<u>216,131</u>
Management and general:		
Operating expenses	81,800	-
Shared services and start-up fees - related party	\$ 586,128	\$ 100,000
Subtotal	<u>667,928</u>	<u>100,000</u>
Total Expenses	<u>5,672,536</u>	<u>316,131</u>
CHANGE IN UNRESTRICTED NET ASSETS	-	(191,009)
NET ASSETS, BEGINNING OF YEAR	<u>(191,009)</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ (191,009)</u>	<u>\$ (191,009)</u>

See accompanying note to supplementary information.

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

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

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ -	\$ (191,009)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	64,035	-
Changes in operating assets and liabilities:		
(Increase) Decrease in assets		
Accounts receivable	(54,686)	(125,122)
Increase (Decrease) in liabilities		
Accounts payable and accruals	3,366	5,222
Intra-company payable	(88,130)	417,090
Net Cash Provided (Used) by Operating Activities	(75,415)	106,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(324,585)	(106,181)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds, net	400,000	-
NET CHANGE IN CASH	-	-
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)

BLUFF CITY HIGH SCHOOL STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

	<u>2017</u>
ASSETS	
Current Assets:	
Accounts receivable	\$ 15,578
Prepaid expenses and other current assets	239
Total Current Assets	<u>15,817</u>
Non-Current Assets:	
Security deposits	14,000
Fixed assets	671,728
Total Non-Current Assets	<u>685,728</u>
Total Assets	<u>\$ 701,545</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accruals	\$ 198,180
Intra-company payable	503,365
Total Liabilities	<u>701,545</u>
NET ASSETS	
Unrestricted	<u>-</u>
Total Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 701,545</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 TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

BLUFF CITY HIGH SCHOOL STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>
CHANGES IN UNRESTRICTED NET ASSETS	
REVENUES	
Federal revenue	\$ 15,578
Contributions and grants	26,039
Total Revenues	<u>41,617</u>
EXPENSES	
Program services:	
Salaries and benefits	13,219
Student services	1,152
Materials and supplies	7,152
Other expenses	5,969
Occupancy	14,125
Total Expenses	<u>41,617</u>
CHANGE IN UNRESTRICTED NET ASSETS	-
NET ASSETS, BEGINNING OF YEAR	-
NET ASSETS, END OF YEAR	<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 TENNESSEE
(A Tennessee Nonprofit Public Benefit Corporation)

BLUFF CITY HIGH SCHOOL STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in unrestricted net assets	\$ -
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	(15,578)
Prepaid expenses and other current assets	(239)
Cash received (paid) for security deposits - net	(14,000)
Increase (Decrease) in liabilities	
Accounts payable and accruals	198,180
Intra-company payable	<u>503,365</u>
Net Cash Provided by Operating Activities	<u>671,728</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures	<u>(671,728)</u>
NET CHANGE IN CASH	-
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, 2017, was the first year of operation; therefore, there is no 2016 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, 2017

	Regional Office	Fairley HS	Wooddale MS
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,390,371	\$ -	\$ -
Accounts receivable	30,292	358,549	473,702
Intra-company receivable	2,234,241	-	18,250
Prepaid expenses and other current assets	-	-	-
Total Current Assets	<u>6,654,904</u>	<u>358,549</u>	<u>491,952</u>
Non-Current Assets:			
Security deposits	-	-	-
Fixed assets	1,892	188,868	570,238
Less: accumulated depreciation	-	100,991	192,526
Total Non-Current Assets	<u>1,892</u>	<u>87,877</u>	<u>377,712</u>
Total Assets	<u>\$ 6,656,796</u>	<u>\$ 446,426</u>	<u>\$ 869,664</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accruals	\$ 2,475,347	\$ 11,866	\$ 10,840
Accounts payable - related party	116,632	-	-
Intra-company payable	-	920,726	-
Deferred revenue	1,378,931	-	-
Total Current Liabilities	<u>3,970,910</u>	<u>932,592</u>	<u>10,840</u>
Long-Term Obligations:			
Non-current portion of long-term obligations	-	-	585,000
Total Liabilities	<u>3,970,910</u>	<u>932,592</u>	<u>595,840</u>
NET ASSETS (DEFICIT)			
Unrestricted	<u>2,685,886</u>	<u>(486,166)</u>	<u>273,824</u>
Total Net Assets (Deficit)	<u>2,685,886</u>	<u>(486,166)</u>	<u>273,824</u>
Total Liabilities and Net Assets	<u>\$ 6,656,796</u>	<u>\$ 446,426</u>	<u>\$ 869,664</u>

See accompanying note to supplementary information.

Hillcrest HS	Kirby MS	Bluff City HS	Elimination	Total
\$ -	\$ -	\$ -	\$ -	\$ 4,390,371
440,364	179,808	15,578	-	1,498,293
-	-	-	(2,252,491)	-
750	-	239	-	989
<u>441,114</u>	<u>179,808</u>	<u>15,817</u>	<u>(2,252,491)</u>	<u>5,889,653</u>
-	-	14,000	-	14,000
341,890	430,766	671,728	-	2,205,382
51,284	64,035	-	-	408,836
<u>290,606</u>	<u>366,731</u>	<u>685,728</u>	<u>-</u>	<u>1,810,546</u>
<u>\$ 731,720</u>	<u>\$ 546,539</u>	<u>\$ 701,545</u>	<u>\$ (2,252,491)</u>	<u>\$ 7,700,199</u>
\$ 11,285	\$ 8,588	\$ 198,180	\$ -	\$ 2,716,106
-	-	-	-	116,632
499,440	328,960	503,365	(2,252,491)	-
-	-	-	-	1,378,931
<u>510,725</u>	<u>337,548</u>	<u>701,545</u>	<u>(2,252,491)</u>	<u>4,211,669</u>
420,000	400,000	-	-	1,405,000
<u>930,725</u>	<u>737,548</u>	<u>701,545</u>	<u>(2,252,491)</u>	<u>5,616,669</u>
(199,005)	(191,009)	-	-	2,083,530
<u>(199,005)</u>	<u>(191,009)</u>	<u>-</u>	<u>-</u>	<u>2,083,530</u>
<u>\$ 731,720</u>	<u>\$ 546,539</u>	<u>\$ 701,545</u>	<u>\$ (2,252,491)</u>	<u>\$ 7,700,199</u>

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

COMBINING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Regional Office	Fairley HS	Wooddale MS
CHANGES IN UNRESTRICTED NET ASSETS			
REVENUES			
State apportionments	\$ -	\$ 4,894,543	\$ 4,164,811
Federal revenue	119,420	492,418	894,691
Contributions and grants	1,731,247	870,766	868,766
Local revenue	2,825,517	58,262	37,939
Total Revenues	<u>4,676,184</u>	<u>6,315,989</u>	<u>5,966,207</u>
EXPENSES			
Program services:			
Salaries and benefits	1,469,895	3,293,563	3,306,831
Student services	36,732	1,027,773	800,907
Materials and supplies	18,753	146,898	108,364
Student nutrition	535	-	-
Other expenses	7,856	326,585	185,386
Depreciation	-	37,774	110,896
Occupancy	-	592,287	630,710
Interest	9,396	-	-
Subtotal	<u>1,543,167</u>	<u>5,424,880</u>	<u>5,143,094</u>
Management and general:			
Salaries and benefits	1,108,464	-	-
Occupancy	3,366	-	-
Operating expenses	300,040	110,000	93,600
Shared services and start-up fees - related party	1,721,146	781,109	729,513
Subtotal	<u>3,133,016</u>	<u>891,109</u>	<u>823,113</u>
Total Expenses	<u>4,676,183</u>	<u>6,315,989</u>	<u>5,966,207</u>
CHANGE IN UNRESTRICTED NET ASSETS	1	-	-
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>2,685,885</u>	<u>(486,166)</u>	<u>273,824</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 2,685,886</u>	<u>\$ (486,166)</u>	<u>\$ 273,824</u>

See accompanying note to supplementary information.

Hillcrest HS	Kirby MS	Bluff City HS	Elimination	Total
\$ 4,289,400	\$ 3,639,760	\$ -	\$ -	\$ 16,988,514
863,905	872,359	15,578	-	3,258,371
593,689	1,112,546	26,039	-	5,203,053
80,819	47,871	-	(2,772,957)	277,451
<u>5,827,813</u>	<u>5,672,536</u>	<u>41,617</u>	<u>(2,772,957)</u>	<u>25,727,389</u>
3,291,829	3,379,886	13,219	-	14,755,223
596,023	505,473	1,152	-	2,968,060
314,463	446,882	7,152	-	1,042,512
4,496	552	-	-	5,583
239,513	224,933	5,969	-	990,242
51,284	64,035	-	-	263,989
557,598	382,847	14,125	-	2,177,567
-	-	-	-	9,396
<u>5,055,206</u>	<u>5,004,608</u>	<u>41,617</u>	<u>-</u>	<u>22,212,572</u>
-	-	-	-	1,108,464
-	-	-	-	3,366
96,400	81,800	-	-	681,840
676,207	586,128	-	(2,772,957)	1,721,146
<u>772,607</u>	<u>667,928</u>	<u>-</u>	<u>(2,772,957)</u>	<u>3,514,816</u>
<u>5,827,813</u>	<u>5,672,536</u>	<u>41,617</u>	<u>(2,772,957)</u>	<u>25,727,388</u>
-	-	-	-	1
(199,005)	(191,009)	-	-	2,083,529
<u>\$ (199,005)</u>	<u>\$ (191,009)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,083,530</u>

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

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

	Regional Office	Fairley HS	Wooddale MS
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in unrestricted net assets	\$ 1	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation expense	-	37,774	110,896
Changes in operating assets and liabilities:			
(Increase) Decrease in assets			
Accounts receivable	53,924	210,172	506,549
Intra-company receivable	162,104	-	(18,250)
Prepaid expenses and other current assets	18,515	-	-
Cash received (paid) for security deposits - net	-	-	-
Increase (Decrease) in liabilities			
Accounts payable and accruals	1,437,482	(53,919)	(63,481)
Accounts payable - related party	(220,239)	-	-
Intra-company payable	-	(194,027)	(472,669)
Deferred revenue	(471,069)	-	-
Net Cash Provided (Used) by Operating Activities	<u>980,718</u>	<u>-</u>	<u>63,045</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	<u>(1,892)</u>	<u>-</u>	<u>(63,045)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds, net	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	978,826	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,411,545</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,390,371</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	Bluff City HS	Elimination	Total
\$ -	\$ -	\$ -	\$ -	\$ 1
51,284	64,035	-	-	263,989
(400,142)	(54,686)	(15,578)	-	300,239
-	-	-	(143,854)	-
76,473	-	(239)	-	94,749
-	-	(14,000)	-	(14,000)
9,160	3,366	198,180	-	1,530,788
-	-	-	-	(220,239)
107,607	(88,130)	503,365	143,854	-
-	-	-	-	(471,069)
(155,618)	(75,415)	671,728	-	1,484,458
(264,382)	(324,585)	(671,728)	-	(1,325,632)
420,000	400,000	-	-	820,000
-	-	-	-	978,826
-	-	-	-	3,411,545
\$ -	\$ -	\$ -	\$ -	\$ 4,390,371
\$ -	\$ -	\$ -	\$ -	\$ -

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

NOTE TO SUPPLEMENTARY INFORMATION

JUNE 30, 2017

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.

The following schedule provides reconciliation between revenues reported on the Statement of Activities and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Title I, Part A, Basic Grants Low-Income and Neglected funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, Title I, School Improvement Grant (SIG), Improving Special Education Systems, Title IV and Part B, 21st Century Community Learning Centers (CCLC) – High School ASSETs funds have been recorded in the current period as revenues that have not been expended at June 30, 2017.

Description	<u>CFDA Number</u>	<u>Amount</u>
Total Federal Revenues From the Statement of Activities:		\$ 3,258,371
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	292
Title I, School Improvement Grant (SIG), Improving Special Education Systems	84.377	(20,400)
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETs	84.287	(1,040)
Total Schedule of Expenditures of Federal Awards		<u>\$ 3,237,223</u>

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



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

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**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) 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 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
December 18, 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, 2017. GDPS TN's major federal program is 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, 2017.

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

December 18, 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, 2017

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>84.010</u>	<u>Title I, Part A, Basic Grants Low-Income and Neglected</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

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

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017

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, 2017

There were no audit findings reported in the prior year.