



Financial Statements  
June 30, 2021

# Green Dot Public Schools Southeast Texas

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**Certificate of Board**

We, the undersigned, certify that the attached annual financial and compliance report of Green Dot Southeast Texas were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended June 30, 2021, at a meeting of the Board of Directors of said entity on the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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Signature of Board Secretary

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Signature of Board President



## Independent Auditor's Report

Board of Directors  
Green Dot Public Schools Southeast Texas  
Beaumont, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of Green Dot Public Schools Southeast Texas ("GDPS STX") (a Texas Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities and cash flows for the period of inception of September 30, 2020 through June 30, 2021, 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 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 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to GDPS STX's preparation and fair presentation of the 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 STX's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of GDPS STX, as of June 30, 2021, and the changes in its net assets and its cash flows for the period of inception of September 30, 2020 through June 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as 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* (Uniform Guidance) and other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards and the other supplementary information as listed in the table of contents is the responsibility of management, and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 the other accompanying supplementary information is fairly stated, in all material respects, in relation to the 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 February 15, 2022 on our consideration of GDPS STX'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 internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the GDPS STX'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 STX's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
February 15, 2022

Green Dot Public Schools Southeast Texas  
Statement of Financial Position  
June 30, 2021

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Assets	
Current assets	
Cash and cash equivalents	\$ 300,000
Accounts receivable	<u>623,332</u>
Total current assets	<u><u>\$ 923,332</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 178,778
Accounts payable - related party	<u>483,855</u>
Total current liabilities	<u>662,633</u>
Net Assets	
Without donor restrictions	160,699
With donor restrictions	<u>100,000</u>
Total net assets	<u>260,699</u>
Total liabilities and net assets	<u><u>\$ 923,332</u></u>

Green Dot Public Schools Southeast Texas

Statement of Activities

Period of Inception of September 30, 2020 through June 30, 2021

Net Assets Without Donor Restriction	
Support and revenues	
Federal revenue	\$ 764,418
Contributions and grants	<u>200,000</u>
Total support and revenues	<u>964,418</u>
Expenses	
Program services	
Salaries and benefits	721
Student services	552,010
Materials and supplies	1,509
Other expenses	<u>214,835</u>
Subtotal	<u>769,075</u>
Management and general	
Salaries and benefits	8,442
Operating expenses	<u>26,202</u>
Subtotal	<u>34,644</u>
Total expenses	<u>803,719</u>
Change in Net Assets Without Donor Restriction	<u>160,699</u>
Net Assets with Donor Restriction	
Contributions and grants	<u>100,000</u>
Change in Net Assets	260,699
Net Assets, Beginning of Year	<u>-</u>
Net Assets, End of Year	<u><u>\$ 260,699</u></u>

Green Dot Public Schools Southeast Texas

Statement of Cash Flows

Period of Inception of September 30, 2021 through June 30, 2021

Operating Activities	
Change in net assets	\$ 260,699
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Changes in operating assets and liabilities	
Accounts receivable	(623,332)
Accounts payable	178,778
Accounts payable - related party	483,855
	<u>300,000</u>
Net Cash from (used for) Operating Activities	<u>300,000</u>
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 300,000</u></u>

**Note 1 - Principal Activity and Significant Accounting Policies****Organization**

Green Dot Public Schools Southeast Texas (GDPS STX) (A Texas Nonprofit Public Benefit Organization) was organized on September 30, 2020. GDPS STX receives services from Green Dot Public Schools National (GDPS National). GDPS National represents a related party. See Note 10 for additional details regarding related party relationships and transactions.

During the fiscal year ended June 30, 2021, GDPS STX incurred startup costs for Martin Luther King Middle School, Texas School #2, and Texas School #3. Martin Luther King Middle School will begin operations in the 2021-2022 fiscal year under the approval of the Beaumont Independent School District. Texas School #2 and Texas School #3 are future charter schools that do not have a start date as of June 30, 2021.

GDPS STX's mission is to transform public education so all students graduate prepared for college, leadership, and life. GDPS STX'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 STX 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. GDPS STX's students mirror the socio-economic demographic of their communities and local traditional schools

**Basis of Accounting**

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets with Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. GDPS STX reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Cash and Cash Equivalents**

GDPS STX considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

**Receivables and Credit Policies**

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as GDPS STX deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2021 are due from federal and/or local sources related to grant contributions and are expected to be collected within a period of less than one year.

**Intra-Entity Transactions**

Intra-entity transactions results from a net cumulative difference between resources provided by the GDPS STX regional office to each charter school and reimbursement for those resources from each charter school to the GDPS STX regional office. Intra-entity transfers include certain costs of shared liabilities and shared assets between GDPS STX. Intra-entity transactions, including intra-entity receivables and intra-entity payables, have been eliminated.

**Revenue and Revenue Recognition**

Operating funds for GDPS STX are derived principally from federal and local sources. Contributions are recognized when cash or notification of an entitlement is received.

A portion of GDPS STX's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when GDPS STX has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when GDPS STX would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

**Functional Allocation of Expenses**

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities and fundraising and development activities. The statement of activities present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. All expenses, excluding depreciation and grant disbursements are allocated on the basis of estimates of time and effort.

**Income Taxes**

GDPS STX is organized as a Texas nonprofit corporation and has been recognized by the Internal Revenue Service ("IRS") as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii). It is also exempt from State franchise and income taxes under Chapter 171 of the Texas Tax Code. GDPS STX is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, GDPS STX is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. GDPS STX determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that GDPS STX has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. GDPS STX would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to substantial portions of the outstanding amounts are due from governmental agencies supportive of GDPS STX's mission.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets	
Cash and cash equivalents	\$ 300,000
Accounts receivable	<u>623,332</u>
Financial Assets, at year-end	<u>923,332</u>
Less those unavailable for general expenditures within one year, due to Donor-imposed restrictions	
Restrictions by donor with purpose and time restrictions	<u>(100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 823,332</u></u>

As part of GDPS STX's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**Note 3 - Cash and Cash Equivalents**

Cash and cash equivalents consist of the following at June 30, 2021:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Deposits		
Cash on hand and in banks	<u>\$ 300,000</u>	<u>\$ 300,000</u>

The majority of GDPS STX's cash is held in non-interest bearing accounts, which are subject to federally insured limits. GDPS STX has not experienced any losses in such accounts. At June 30, 2021, GDPS STX had \$50,000 in excess of Federal Deposit Insurance Corporation insured limits in non-interest bearing accounts.

**Note 4 - Accounts Receivable**

Accounts receivable consist of the following at June 30, 2021:

Federal receivable	<u><u>\$ 623,332</u></u>
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**Note 5 - Accounts Payable and Accruals**

Accounts payable and accruals consist of the following at June 30, 2021:

Other accounts payable	<u>\$ 178,778</u>
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**Note 6 - Accounts Payable – Related Party**

Accounts payable – related party consist of the following at June 30, 2021:

GDPS National	<u>\$ 483,855</u>
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**Note 7 - Line of Credit**

GDPS STX's finance agreement with Wells Fargo Bank (“Lender”) provides for a revolving loan with a maximum borrowing capacity of \$1,000,000 available until June 5, 2022. Interest shall accrue on any unpaid outstanding principal balance at a floating rate equal to the prime rate set by the lender plus 1%. Green Dot Public Schools National pledged \$1,000,000 to Lender a first priority security interest savings account as collateral. As of year-end GDPS STX outstanding balance was zero.

**Note 8 - Net Assets**

Net assets consist of the following at June 30, 2021:

Net assets without donor restrictions	
Undesignated	<u>\$ 160,699</u>
Net assets with donor restrictions	
Subject to expenditure for specified purpose	
Strong Start Program - Regional Office	\$ 50,000
Strong Start Program - King Middle School	<u>50,000</u>
	<u>\$ 100,000</u>

**Note 9 - Contingencies, Risks, and Uncertainties**

GDPS STX 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.

GDPS STX has been negatively impacted by the effects of the world-wide coronavirus pandemic. GDPS STX is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to GDPS STX's financial position is not known beyond increased cash flow monitoring.

### Note 10 - Related Party Transactions

GDPS National is a national organization which provides services to schools in Southeast Texas. 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 STX pays service fees to GDPS National. The GDPS STX regional office operates and oversees educational services for its charter schools.

GDPS National charges GDPS STX for a non-transferable, non-sub-licensable, and non-exclusive license to use, reproduce, and display the Green Dot brand, which includes, but is not limited to: trademarks, service marks, design marks, trade names, domain names, registrations in connection with GDPS STX's oversight, support activities, and related educational activities of the schools in its region. At June 30, 2021, GDPS STX has an accounts payable to GDPS National for \$483,855.

The GDPS STX regional office operates and oversees educational services for their charter schools.

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

	Grant Revenue - <u>GDPS National</u>	Service Expense - <u>GDPS National</u>
GDPS STX Schools	<u>\$ 200,000</u>	<u>\$ 565,376</u>

### Note 11 - Subsequent Events

GDPS STX's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through February 15, 2022, which is the date the 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 financial statements.

GDPS STX opened their first school Martin Luther King Middle School in August 2021.



Supplementary Information  
June 30, 2021

# Green Dot Public Schools Southeast Texas

Green Dot Public Schools Southeast Texas  
 Schedule of Expenditures of Federal Awards  
 Period of Inception of September 30, 2020 through June 30, 2021

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Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through Texas Education Agency			
2020-2022 School Action Fund Continuation Grant	84.010A	[1]	\$ 241,687
Replication & Expansion	84.282M	[1]	<u>522,731</u>
Total Federal Assistance			<u>\$ 764,418</u>

[1] Pass-Through Entity Identifying Number not available.

Green Dot Public Schools Southeast Texas  
Regional Office Statement of Financial Position  
June 30, 2021

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Assets		
Current assets		
Cash and cash equivalents	\$	300,000
Intra-entity receivable		<u>192,824</u>
Total current assets	\$	<u><u>492,824</u></u>
Liabilities		
Current liabilities		
Accounts payable	\$	14,556
Accounts payable - related party		<u>462,912</u>
Total current liabilities		<u>477,468</u>
Net Assets		
Without donor restrictions		(34,644)
With donor restrictions		<u>50,000</u>
Total net assets		<u>15,356</u>
Total liabilities and net assets	\$	<u><u>492,824</u></u>

Green Dot Public Schools Southeast Texas  
Regional Office Statement of Activities  
Period of Inception of September 30, 2020 through June 30, 2021

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Net Assets Without Donor Restriction	
Expenses	
Management and general	
Salaries and benefits	\$ 8,442
Operating expenses	<u>26,202</u>
Total expenses	<u>34,644</u>
Change in Net Assets Without Donor Restriction	(34,644)
Net Assets with Donor Restriction	
Contributions and grants	<u>50,000</u>
Change in Net Assets	15,356
Net Assets, Beginning of Year	<u>-</u>
Net Assets, End of Year	<u><u>\$ 15,356</u></u>

Green Dot Public Schools Southeast Texas  
Regional Office Statement of Cash Flows  
Period of Inception of September 30, 2020 through June 30, 2021

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Operating Activities	
Change in net assets	\$ 15,356
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Changes in operating assets and liabilities	
Intra-entity receivable	(192,824)
Accounts payable	14,556
Accounts payable - related party	462,912
	<hr/>
Net Cash from (used for) Operating Activities	300,000
Cash and Cash Equivalents, Beginning of Year	<hr/> -
Cash and Cash Equivalents, End of Year	<hr/> <u>\$ 300,000</u>

Green Dot Public Schools Southeast Texas  
Martin Luther King Middle School Statement of Financial Position  
June 30, 2021

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Assets		
Current assets		
Accounts receivable		<u>\$ 585,702</u>
Liabilities		
Current liabilities		
Accounts payable		\$ 164,222
Intra-entity payable		155,194
Accounts payable - related party		<u>20,943</u>
Total current liabilities		<u>340,359</u>
Net Assets		
Without donor restrictions		195,343
With donor restrictions		<u>50,000</u>
Total net assets		<u>245,343</u>
Total liabilities and net assets		<u>\$ 585,702</u>

Green Dot Public Schools Southeast Texas  
 Martin Luther King Middle School Statement of Activities  
 Period of Inception of September 30, 2020 through June 30, 2021

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Net Assets Without Donor Restriction	
Support and revenues	
Federal revenue	\$ 585,702
Contributions and grants	<u>200,000</u>
Total support and revenues	<u>785,702</u>
Expenses	
Program services	
Salaries and benefits	721
Student services	373,294
Materials and supplies	1,509
Other expenses	<u>214,835</u>
Total expenses	<u>590,359</u>
Change in Net Assets Without Donor Restriction	<u>195,343</u>
Net Assets with Donor Restriction	
Contributions and grants	<u>50,000</u>
Change in Net Assets	245,343
Net Assets, Beginning of Year	<u>-</u>
Net Assets, End of Year	<u><u>\$ 245,343</u></u>

Green Dot Public Schools Southeast Texas  
Martin Luther King Middle School Statement of Cash Flows  
Period of Inception of September 30, 2020 through June 30, 2021

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Operating Activities	
Change in net assets	\$ 245,343
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Changes in operating assets and liabilities	
Accounts receivable	(585,702)
Accrued liabilities	164,222
Intra-entity payable	155,194
Accounts payable - related party	<u>20,943</u>
Net Cash from (used for) Operating Activities	-
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ -</u></u>

Green Dot Public Schools Southeast Texas  
Texas School #2 Statement of Financial Position  
June 30, 2021

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Assets		
Current assets		
Accounts receivable		<u>\$ 13,961</u>
Liabilities		
Current liabilities		
Intra-entity payable		<u>\$ 13,961</u>

Green Dot Public Schools Southeast Texas  
Texas School #2 Statement of Activities  
Period of Inception of September 30, 2020 through June 30, 2021

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Net Assets Without Donor Restriction	
Support and revenues	
Federal revenue	<u>\$ 67,142</u>
Expenses	
Program services	
Student services	<u>67,142</u>
Change in Net Assets Without Donor Restriction	-
Net Assets, Beginning of Year	<u>-</u>
Net Assets, End of Year	<u><u>\$ -</u></u>

Green Dot Public Schools Southeast Texas

Texas School #2 Statement of Cash Flows

Period of Inception of September 30, 2020 through June 30, 2021

Operating Activities	
Change in net assets	\$ -
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Changes in operating assets and liabilities	
Accounts receivable	(13,961)
Intra-entity payable	13,961
	<hr/>
Net Cash from (used for) Operating Activities	-
Cash and Cash Equivalents, Beginning of Year	<hr/> -
Cash and Cash Equivalents, End of Year	<hr/> <hr/> \$ -

Green Dot Public Schools Southeast Texas  
Texas School #3 Statement of Financial Position  
June 30, 2021

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Assets		
Current assets		
Accounts receivable		<u>\$ 23,669</u>
Liabilities		
Current liabilities		
Intra-entity payable		<u>\$ 23,669</u>

Green Dot Public Schools Southeast Texas  
Texas School #3 Statement of Activities  
Period of Inception of September 30, 2020 through June 30, 2021

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Net Assets Without Donor Restriction	
Support and revenues	
Federal revenue	<u>\$ 111,574</u>
Expenses	
Program services	
Student services	<u>111,574</u>
Change in Net Assets Without Donor Restriction	-
Net Assets, Beginning of Year	<u>-</u>
Net Assets, End of Year	<u><u>\$ -</u></u>

Green Dot Public Schools Southeast Texas  
Texas School #3 Statement of Cash Flows  
Period of Inception of September 30, 2020 through June 30, 2021

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Operating Activities	
Change in net assets	\$ -
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Changes in operating assets and liabilities	
Accounts receivable	(23,669)
Intra-entity payable	23,669
	<hr/>
Net Cash from (used for) Operating Activities	-
Cash and Cash Equivalents, Beginning of Year	<hr/> -
Cash and Cash Equivalents, End of Year	<hr/> <hr/> \$ -

Green Dot Public Schools Southeast Texas  
Combining Statement of Financial Position  
June 30, 2021

	Regional Office	Martin Luther King MS	Texas School #2	Texas School #3	Eliminations	Total
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Accounts receivable	-	585,702	13,961	23,669	-	623,332
Intra-entity receivable	192,824	-	-	-	(192,824)	-
Total current assets	<u>492,824</u>	<u>585,702</u>	<u>13,961</u>	<u>23,669</u>	<u>(192,824)</u>	<u>923,332</u>
<b>Liabilities</b>						
Current liabilities						
Accounts payable	14,556	164,222	-	-	-	178,778
Intra-entity payable	-	155,194	13,961	23,669	(192,824)	-
Accounts payable - related party	462,912	20,943	-	-	-	483,855
Total current liabilities	<u>477,468</u>	<u>340,359</u>	<u>13,961</u>	<u>23,669</u>	<u>(192,824)</u>	<u>662,633</u>
<b>Net Assets</b>						
Without donor restrictions	(34,644)	195,343	-	-	-	160,699
With donor restrictions	50,000	50,000	-	-	-	100,000
Total net assets	<u>15,356</u>	<u>245,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,699</u>
Total liabilities and net assets	<u>\$ 492,824</u>	<u>\$ 585,702</u>	<u>\$ 13,961</u>	<u>\$ 23,669</u>	<u>\$ (192,824)</u>	<u>\$ 923,332</u>

Green Dot Public Schools Southeast Texas

Combining Statement of Activities

Period of Inception of September 30, 2020 through June 30, 2021

	Regional Office	Martin Luther King MS	Texas School #2	Texas School #3	Eliminations	Total
Net Assets Without Donor Restriction						
Support and revenues						
Federal revenue	\$ -	\$ 585,702	\$ 67,142	\$ 111,574	\$ -	\$ 764,418
Contributions and grants	-	200,000	-	-	-	200,000
Total support and revenues	-	785,702	67,142	111,574	-	964,418
Expenses						
Program services						
Salaries and benefits	-	721	-	-	-	721
Student services	-	373,294	67,142	111,574	-	552,010
Materials and supplies	-	1,509	-	-	-	1,509
Other expenses	-	214,835	-	-	-	214,835
Subtotal	-	590,359	67,142	111,574	-	769,075
Management and general						
Salaries and benefits	8,442	-	-	-	-	8,442
Operating expenses	26,202	-	-	-	-	26,202
Subtotal	34,644	-	-	-	-	34,644
Total expenses	34,644	590,359	67,142	111,574	-	803,719
Change in Net Assets Without Donor Restriction	(34,644)	195,343	-	-	-	160,699
Net Assets with Donor Restriction						
Contributions and grants	50,000	50,000	-	-	-	100,000
Change in Net Assets	15,356	245,343	-	-	-	260,699
Net Assets, Beginning of Year	-	-	-	-	-	-
Net Assets, End of Year	\$ 15,356	\$ 245,343	\$ -	\$ -	\$ -	\$ 260,699

See Note to Supplementary Information

Green Dot Public Schools Southeast Texas  
Combining Statement of Cash Flows  
Period of Inception of September 30, 2020 through June 30, 2021

	Regional Office	Martin Luther King MS	Texas School #2	Texas School #3	Eliminations	Total
Operating Activities						
Change in net assets	\$ 15,356	\$ 245,343	\$ -	\$ -	\$ -	\$ 260,699
Adjustments to reconcile change in net assets to net cash from (used for) operating activities						
Changes in operating assets and liabilities						
Accounts receivable	-	(585,702)	(13,961)	(23,669)	-	(623,332)
Intra-entity receivable	(192,824)	-	-	-	192,824	-
Accounts payable	14,556	164,222	-	-	-	178,778
Intra-entity payable	-	155,194	13,961	23,669	(192,824)	-
Accounts payable - related party	462,912	20,943	-	-	-	483,855
Net Cash from (used for) Operating Activities	300,000	-	-	-	-	300,000
Cash and Cash Equivalents, Beginning of Year	-	-	-	-	-	-
Cash and Cash Equivalents, End of Year	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>

## **Note 1 - Purpose of Supplementary Schedules**

### **Schedule of Expenditures of Federal Awards**

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of GDPS STX under programs of the federal government for the year ended June 30, 2021. The information 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). Because the schedule presents only a selected portion of the operations of GDPS STX, it is not intended to and does not present the financial position, changes in net assets, or cash flows of GDPS STX.

#### Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

#### Indirect Cost Rate

GDPS STX has not elected to use the ten percent de minimis cost rate.

### **Supplementary Financial Statements by Entity**

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

### **Combining Statement of Financial Position, Combining Statement of Activities, and Combining Statement of Cash Flows**

The Combining Statement of Financial Position, Combining Statement of Activities, and Combining Statement of Cash Flows are included to provide information regarding the individual programs of the charter schools within GDPS STX and are presented on the accrual basis of accounting. Eliminating entries in the Combining Statement of Financial Position, Combining Statement of Activities, and Combining Statement of Cash Flows are for activities between each charter school.



Independent Auditor's Reports  
June 30, 2021

**Green Dot Public Schools Southeast  
Texas**



**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 Southeast Texas  
Beaumont, Texas

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 financial statements of Green Dot Public Schools Southeast Texas (“GDPS STX”) which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, and cash flows for period of inception of September 30, 2020 through June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered GDPS STX's internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GDPS STX 's internal control. Accordingly, we do not express an opinion on the effectiveness of GDPS STX'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 STX'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 STX's 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 financial statements. 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 STX'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 STX's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
February 15, 2022



## **Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors  
Green Dot Public Schools Southeast Texas  
Beaumont, Texas

### **Report on Compliance for the Major Federal Program**

We have audited Green Dot Public Schools Southeast Texas' ("GDPS STX") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on GDPS STX's major federal program for the period of inception of September 30, 2020 through June 30, 2021. GDPS STX' 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 GDPS STX's major federal program 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 STX'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 the major Federal program. However, our audit does not provide a legal determination of GDPS STX's compliance.

### **Opinion on the Major Federal Program**

In our opinion, GDPS STX complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for period of inception of September 30, 2020 through June 30, 2021.

### **Report on Internal Control over Compliance**

Management of GDPS STX 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 STX's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 STX'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 a 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.

A handwritten signature in cursive script that reads "Esde Sully LLP". The signature is written in black ink and is positioned above the printed address and date.

Rancho Cucamonga, California  
February 15, 2022



Schedule of Findings and Questioned Costs  
June 30, 2021

# Green Dot Public Schools Southeast Texas

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program: Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

**Identification of major programs:**

Name of Federal Program or Cluster	Assistance Listing Number (ALN)
Replication & Expansion	84.282M
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs, as this is the first year of GDPS STX's operation.