

**ROCKETSHIP EDUCATION  
AND ITS AFFILIATES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
June 30, 2016  
with comparative totals for June 30, 2015**

	Rocketship Education D.C.						
	Rocketship	Public	Launchpad				
	Education	Charter	Development				
	Wisconsin Inc.	School, Inc.	Company	Eliminations	2016 Total	2015 Total	
	Education	Wisconsin Inc.	School, Inc.	Company	Eliminations	2016 Total	2015 Total
<b>ASSETS</b>							
<b>CURRENT ASSETS:</b>							
Cash and cash equivalents (notes 1,2)	\$ 13,561,320	\$ 386,046	\$ 810,445	\$ 9,815,821	\$ -	\$ 24,573,632	\$ 16,072,631
Restricted cash (note 1)	-	-	-	7,624,930	-	7,624,930	5,136,357
Investments	-	-	-	-	-	-	249,350
Accounts receivable (note 3)	7,791,464	80,824	-	54,296	(37,069)	7,889,515	5,838,881
Deferred rent asset	-	-	-	65,636	(65,636)	-	-
Grants receivable (note 4)	257,160	-	246,000	-	-	503,160	588,050
Prepaid expenses and deposits	2,129,394	62,546	53,849	578,689	(326,964)	2,497,514	1,265,685
Total current assets	<u>23,739,338</u>	<u>529,416</u>	<u>1,110,294</u>	<u>18,139,372</u>	<u>(429,669)</u>	<u>43,088,751</u>	<u>29,150,954</u>
<b>LONG-TERM ASSETS:</b>							
Grants receivable (note 4)	40,434	-	195,040	-	-	235,474	163,714
Intracompany receivable	4,546,491	-	600,000	-	(5,146,491)	-	-
Security deposits	400,000	-	-	-	(400,000)	-	-
Note receivable	-	-	-	560,000	-	560,000	560,000
Deferred rent asset	-	-	-	3,080,643	(3,080,643)	-	-
Property, plant and equipment, net (note 5)	5,363,093	-	-	83,880,130	-	89,243,223	63,644,651
Total long-term assets	<u>10,350,018</u>	<u>-</u>	<u>795,040</u>	<u>87,520,773</u>	<u>(8,627,134)</u>	<u>90,038,697</u>	<u>64,368,365</u>
Total assets	<u>\$ 34,089,356</u>	<u>\$ 529,416</u>	<u>\$ 1,905,334</u>	<u>\$ 105,660,145</u>	<u>\$ (9,056,803)</u>	<u>\$ 133,127,448</u>	<u>\$ 93,519,319</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES:</b>							
Accounts payable and accrued liabilities	\$ 5,497,500	\$ 125,257	\$ 49,417	\$ 2,344,231	\$ (37,069)	\$ 7,979,336	\$ 4,971,627
Accrued interest	-	-	-	516,835	-	516,835	417,127
Deferred rent liability	65,636	-	-	-	(65,636)	-	-
Deferred revenues	1,341,972	-	-	326,964	(326,964)	1,341,972	370,372
Current portion of loans payable (note 6)	312,508	-	-	7,305,128	-	7,617,636	6,842,252
Total current liabilities	<u>7,217,616</u>	<u>125,257</u>	<u>49,417</u>	<u>10,493,158</u>	<u>(429,669)</u>	<u>17,455,779</u>	<u>12,601,378</u>
<b>LONG-TERM LIABILITIES:</b>							
Security deposits	-	-	-	400,000	(400,000)	-	-
Accrued interest	149,196	-	-	-	-	149,196	108,256
Deferred rent liability	3,329,536	112,241	-	989,815	(3,080,643)	1,350,949	1,185,092
Intracompany payable	600,000	2,161,472	2,385,019	-	(5,146,491)	-	-
Loans payable (note 6)	2,187,520	-	-	95,052,540	-	97,240,060	69,061,846
Total long-term liabilities	<u>6,266,252</u>	<u>2,273,713</u>	<u>2,385,019</u>	<u>96,442,355</u>	<u>(8,627,134)</u>	<u>98,740,205</u>	<u>70,355,194</u>
<b>NET ASSETS:</b>							
Unrestricted	20,311,191	(1,869,554)	(724,142)	(1,275,368)	-	16,442,127	10,074,280
Temporarily restricted (note 7)	294,297	-	195,040	-	-	489,337	488,467
Total net assets	<u>20,605,488</u>	<u>(1,869,554)</u>	<u>(529,102)</u>	<u>(1,275,368)</u>	<u>-</u>	<u>16,931,464</u>	<u>10,562,747</u>
Total liabilities and net assets	<u>\$ 34,089,356</u>	<u>\$ 529,416</u>	<u>\$ 1,905,334</u>	<u>\$ 105,660,145</u>	<u>\$ (9,056,803)</u>	<u>\$ 133,127,448</u>	<u>\$ 93,519,319</u>

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

**ROCKETSHIP EDUCATION  
AND ITS AFFILIATES**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016  
with comparative totals for the Year Ended June 30, 2015**

		Rocketship	Rocketship	Education D.C	Launchpad			
	Rocketship	Education	Public Charter	Development				
	Education	Wisconsin Inc.	School, Inc.	Company	Eliminations	2016 Total	2015 Total	
<b>UNRESTRICTED NET ASSETS:</b>								
Revenues								
LCFF State Aid	\$ 36,874,280	\$ -	\$ -	\$ -	\$ -	\$ 36,874,280	\$ 29,395,472	
Apportionment revenue	8,105,215	3,199,284	-	-	-	11,304,499	7,039,060	
Property taxes	9,388,704	-	-	-	-	9,388,704	7,536,074	
Other State revenue	11,742,143	76,361	-	-	-	11,818,504	9,200,216	
Federal revenue	8,843,327	873,360	-	133,549	-	9,850,236	8,136,903	
Other local revenue	2,630,736	12,696	160	10,325,970	(12,584,203)	385,359	498,053	
Contributions	6,226,687	3,500	1,780,900	130,540	-	8,141,627	5,251,662	
Amounts released from restriction	299,290	-	-	-	-	299,290	851,995	
Total unrestricted revenues	84,110,382	4,165,201	1,781,060	10,590,059	(12,584,203)	88,062,499	67,909,435	
Program Expenses								
Educational programs	61,813,865	4,034,032	1,583,763	-	(11,561,999)	55,869,661	46,219,562	
Supporting Services								
Site supports and program development	10,102,673	-	14,058	10,010,488	(50,620)	20,076,599	16,955,433	
Administration and general	5,363,068	606,651	407,381	342,876	(971,584)	5,748,392	4,933,874	
Total supporting services	15,465,741	606,651	421,439	10,353,364	(1,022,204)	25,824,991	21,889,307	
Total expenses	77,279,606	4,640,683	2,005,202	10,353,364	(12,584,203)	81,694,652	68,108,869	
Increase (decrease) in unrestricted net assets	6,830,776	(475,482)	(224,142)	236,695	-	6,367,847	(199,434)	
<b>TEMPORARILY RESTRICTED NET ASSETS:</b>								
Amounts released from restriction	(299,290)	-	-	-	-	(299,290)	(851,995)	
Contributions	105,120	-	195,040	-	-	300,160	73,366	
Increase (decrease) in temporarily restricted net assets	(194,170)	-	195,040	-	-	870	(778,629)	
Beginning net assets	13,968,882	(1,394,072)	(500,000)	(1,512,063)	-	10,562,747	13,356,528	
Adjustment for restatement	-	-	-	-	-	-	(1,815,718)	
Beginning net assets, restated	13,968,882	(1,394,072)	(500,000)	(1,512,063)	-	10,562,747	11,540,810	
Ending net assets	\$ 20,605,488	\$ (1,869,554)	\$ (529,102)	\$ (1,275,368)	\$ -	\$ 16,931,464	\$ 10,562,747	

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

**ROCKETSHIP EDUCATION  
AND ITS AFFILIATES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2016  
with comparative totals for the Year Ended June 30, 2015**

	Rocketship						
	Rocketship	Rocketship	Rocketship	Launchpad			
	Education	Education	Education D.C	Development			
	Wisconsin Inc.	Public Charter	School, Inc.	Company	Eliminations	2016 Total	2015 Total
<b>CASH FLOWS from OPERATING ACTIVITIES:</b>							
Change in Net Assets	\$ 6,636,606	\$ (475,482)	\$ (29,102)	\$ 236,695	\$ -	\$ 6,368,717	\$ (978,063)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:							
Depreciation and amortization	199,099	-	-	2,066,044	-	2,265,143	2,080,534
Allowance for non-recoverable project costs	-	-	-	-	-	-	6,365
Debt forgiven through grant agreement	-	-	-	(105,540)	-	(105,540)	(550,000)
Donated investments	-	-	-	-	-	-	(249,350)
(Increase) or decrease in operating assets:							
Accounts receivable	207,407	(703)	-	(31,132)	-	175,572	7,077,426
Grants receivable	204,170	-	(191,040)	-	-	13,130	541,952
Prepaid expenses and other current assets	(1,344,573)	(45,028)	(53,849)	(115,343)	-	(1,558,793)	470,333
Deferred rent asset	-	-	-	(231,544)	231,544	-	-
Increase or (decrease) in operating liabilities:							
Accounts payable and accrued liabilities	1,421,393	(102,998)	49,417	88,841	-	1,456,653	697,873
Deferred revenues	971,600	-	-	326,964	-	1,298,564	(252,513)
Deferred rent liability	26,176	33,755	-	337,470	(231,544)	165,857	515,839
Net cash provided (used) by operating activities	8,321,878	(590,456)	(224,574)	2,572,455	-	10,079,303	9,360,396
<b>CASH FLOWS from INVESTING ACTIVITIES:</b>							
Proceeds from sale of stock	249,350	-	-	-	-	249,350	-
Proceeds from disposal of property, plant and equipment	3,611	-	-	-	-	3,611	-
Purchases of property, plant and equipment	(1,975,720)	-	-	(24,189,927)	-	(26,165,647)	(11,025,976)
Net cash used by investing activities	(1,722,759)	-	-	(24,189,927)	-	(25,912,686)	(11,025,976)
<b>CASH FLOWS from FINANCING ACTIVITIES:</b>							
Change in restricted cash	-	-	-	(2,488,573)	-	(2,488,573)	13,522
Intracompany loans	(3,587,120)	307,310	1,035,019	-	-	(2,244,791)	-
Proceeds from debt	3,250,000	-	-	38,289,443	-	41,539,443	400,000
Repayment of debt	(3,102,779)	-	-	(9,368,916)	-	(12,471,695)	(15,734,216)
Net cash provided (used) by financing activities	(3,439,899)	307,310	1,035,019	26,431,954	-	24,334,384	(15,320,694)
Net increase (decrease) in cash and cash equivalents	3,159,220	(283,146)	810,445	4,814,482	-	8,501,001	(16,986,274)
Cash and cash equivalents at the beginning of the year	10,402,100	669,192	-	5,001,339	-	16,072,631	33,058,905
Cash and cash equivalents at the end of the year	<u>\$ 13,561,320</u>	<u>\$ 386,046</u>	<u>\$ 810,445</u>	<u>\$ 9,815,821</u>	<u>\$ -</u>	<u>\$ 24,573,632</u>	<u>\$ 16,072,631</u>
<b>CASH PAID FOR INTEREST (Net)</b>	<u>\$ 38,459</u>	<u>\$ 49,098</u>	<u>\$ -</u>	<u>\$ 5,374,480</u>	<u>\$ (85,636)</u>	<u>\$ 5,376,401</u>	<u>\$ 4,975,669</u>
<b>CAPITALIZED INTEREST</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,421</u>	<u>\$ (36,563)</u>	<u>\$ 130,858</u>	<u>\$ 130,319</u>

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