

**ROCKETSHIP EDUCATION  
AND ITS AFFILIATES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
June 30, 2015  
with comparative totals for June 30, 2014**

	Rocketship Education D.C						
	Rocketship	Rocketship	Public	Launchpad			
	Education	Education	Charter	Development			
	Education	Wisconsin Inc.	School, Inc.	Company	Eliminations	2015 Total	2014 Total
<b>ASSETS</b>							
<b>CURRENT ASSETS:</b>							
Cash and cash equivalents (notes 1,2)	\$ 10,402,100	\$ 669,192	\$ -	\$ 5,001,339	\$ -	\$ 16,072,631	\$ 33,058,905
Restricted cash (note 1)	-	-	-	5,136,357	-	5,136,357	5,149,879
Investments	249,350	-	-	-	-	249,350	-
Accounts receivable (note 3)	6,858,242	80,121	-	23,164	(1,122,646)	5,838,881	9,513,318
Deferred rent asset	-	-	-	70,814	(70,814)	-	-
Grants receivable (note 4)	338,050	-	250,000	-	-	588,050	873,694
Prepaid expenses and deposits	784,821	17,518	-	463,346	-	1,265,685	1,736,015
Total current assets	<u>18,632,563</u>	<u>766,831</u>	<u>250,000</u>	<u>10,695,020</u>	<u>(1,193,460)</u>	<u>29,150,954</u>	<u>50,331,811</u>
<b>LONG-TERM ASSETS:</b>							
Grants receivable (note 4)	163,714	-	-	-	-	163,714	420,022
Intracompany receivable	1,500,000	-	-	-	(1,500,000)	-	-
Security deposits	400,000	-	-	-	(400,000)	-	-
Note receivable	-	-	-	560,000	-	560,000	560,000
Deferred rent asset	-	-	-	2,843,921	(2,843,921)	-	-
Property, plant and equipment, net (note 5)	3,590,083	-	-	60,054,568	-	63,644,651	58,986,771
Total long-term assets	<u>5,653,797</u>	<u>-</u>	<u>-</u>	<u>63,458,489</u>	<u>(4,743,921)</u>	<u>64,368,365</u>	<u>59,966,793</u>
Total assets	<u>\$ 24,286,360</u>	<u>\$ 766,831</u>	<u>\$ 250,000</u>	<u>\$ 74,153,509</u>	<u>\$ (5,937,381)</u>	<u>\$ 93,519,319</u>	<u>\$ 110,298,604</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES:</b>							
Accounts payable and accrued liabilities	\$ 4,117,047	\$ 582,417	\$ 750,000	\$ 644,809	\$ (1,122,646)	\$ 4,971,627	\$ 6,778,855
Accrued interest	-	-	-	417,127	-	417,127	448,391
Deferred rent liability	70,814	-	-	-	(70,814)	-	-
Deferred revenues	370,372	-	-	-	-	370,372	622,884
Current portion of loans payable (note 6)	402,795	-	-	6,439,457	-	6,842,252	17,996,666
Total current liabilities	<u>4,961,028</u>	<u>582,417</u>	<u>750,000</u>	<u>7,501,393</u>	<u>(1,193,460)</u>	<u>12,601,378</u>	<u>25,846,796</u>
<b>LONG-TERM LIABILITIES:</b>							
Security deposits	-	-	-	400,000	(400,000)	-	-
Accrued interest	108,256	-	-	-	-	108,256	77,459
Deferred rent liability	3,298,182	78,486	-	652,345	(2,843,921)	1,185,092	631,405
Intracompany payable	-	1,500,000	-	-	(1,500,000)	-	-
Convertible loans (note 6)	-	-	-	-	-	-	550,000
Loans payable (note 6)	1,950,012	-	-	67,111,834	-	69,061,846	69,836,416
Total long-term liabilities	<u>5,356,450</u>	<u>1,578,486</u>	<u>-</u>	<u>68,164,179</u>	<u>(4,743,921)</u>	<u>70,355,194</u>	<u>71,095,280</u>
<b>NET ASSETS:</b>							
Unrestricted	13,480,415	(1,394,072)	(500,000)	(1,512,063)	-	10,074,280	12,089,432
Temporarily restricted (note 7)	488,467	-	-	-	-	488,467	1,267,096
Total net assets	<u>13,968,882</u>	<u>(1,394,072)</u>	<u>(500,000)</u>	<u>(1,512,063)</u>	<u>-</u>	<u>10,562,747</u>	<u>13,356,528</u>
Total liabilities and net assets	<u>\$ 24,286,360</u>	<u>\$ 766,831</u>	<u>\$ 250,000</u>	<u>\$ 74,153,509</u>	<u>\$ (5,937,381)</u>	<u>\$ 93,519,319</u>	<u>\$ 110,298,604</u>

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

**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2015**  
**with comparative totals for the Year Ended June 30, 2014**

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, 2015  
with comparative totals for the Year Ended June 30, 2014**

	Rocketship						
	Rocketship	Rocketship	Rocketship	Launchpad			
	Education	Education	Education D.C	Development			
	Education	Wisconsin Inc.	Public Charter	Company	Eliminations	2015 Total	2014 Total
			School, Inc.				
<b>CASH FLOWS from OPERATING ACTIVITIES:</b>							
Change in Net Assets	\$ (177,678)	\$ (665,807)	\$ (500,000)	\$ 365,422	\$ -	\$ (978,063)	\$ (2,524,682)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:							
Depreciation and amortization	211,566	-	-	1,868,968	-	2,080,534	1,453,818
Allowance for non-recoverable project costs				6,365	-	6,365	670,656
Debt forgiven through grant agreement	(550,000)	-	-	-	-	(550,000)	(566,782)
Donated investments	(249,350)	-	-	-	-	(249,350)	-
(Increase) or decrease in operating assets:							
Accounts receivable	5,886,187	162,065	-	307,754	721,420	7,077,426	1,467,891
Grants receivable	791,952	-	(250,000)	-	-	541,952	2,735
Prepaid expenses and other current assets	1,019,650	46,671	-	(145,988)	(450,000)	470,333	(88,087)
Deferred rent asset	-	-	-	(1,143,447)	1,143,447	-	-
Increase or (decrease) in operating liabilities:							
Accounts payable and accrued liabilities	460,301	270,192	750,000	(61,200)	(721,420)	697,873	(384,880)
Deferred revenues	(252,513)	-	-	-	-	(252,513)	(1,012,883)
Deferred rent liability	1,508,200	6,071	-	145,015	(1,143,447)	515,839	492,459
Net cash provided (used) by operating activities	8,648,315	(180,808)	-	1,342,889	(450,000)	9,360,396	(489,755)
<b>CASH FLOWS from INVESTING ACTIVITIES:</b>							
Proceeds from sale of property, plant and equipment	-	-	-	-	-	-	770,000
Purchases of property, plant and equipment	(1,504,656)	-	-	(9,521,320)	-	(11,025,976)	(13,206,306)
Net cash used by investing activities	(1,504,656)	-	-	(9,521,320)	-	(11,025,976)	(12,436,306)
<b>CASH FLOWS from FINANCING ACTIVITIES:</b>							
Change in restricted cash	-	-	-	13,522	-	13,522	(135,150)
Intracompany loans	(850,000)	850,000	-	-	-	-	-
Receipt (return) of long-term security deposits	-	-	-	(450,000)	450,000	-	-
Change in lines of credit	-	-	-	-	-	-	-
Proceeds from debt	400,000	-	-	-	-	400,000	47,916,624
Repayment of debt	(11,957,488)	-	-	(3,776,728)	-	(15,734,216)	(16,114,463)
Net cash provided (used) by financing activities	(12,407,488)	850,000	-	(4,213,206)	450,000	(15,320,694)	31,667,011
Net increase (decrease) in cash and cash equivalents	(5,263,829)	669,192	-	(12,391,637)	-	(16,986,274)	18,740,950
Cash and cash equivalents at the beginning of the year	15,665,929	-	-	17,392,976	-	33,058,905	14,317,955
Cash and cash equivalents at the end of the year	<u>\$ 10,402,100</u>	<u>\$ 669,192</u>	<u>\$ -</u>	<u>\$ 5,001,339</u>	<u>\$ -</u>	<u>\$ 16,072,631</u>	<u>\$ 33,058,905</u>
<b>CASH PAID FOR INTEREST (Net)</b>	<u>\$ 72,415</u>	<u>\$ 19,793</u>	<u>\$ -</u>	<u>\$ 4,903,254</u>	<u>\$ (19,793)</u>	<u>\$ 4,975,669</u>	<u>\$ 3,715,640</u>
<b>CAPITALIZED INTEREST</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,319</u>	<u>\$ -</u>	<u>\$ 130,319</u>	<u>\$ 162,839</u>

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