

# ROCKETSHIP EDUCATION AND ITS AFFILIATES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2010

	<u>Rocketship Schools</u>	<u>Launch Pad</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 3,260,784	\$ 3,780,332	\$ -	\$ 7,041,116
Accounts receivable	1,725,366	7,500		1,732,866
Prepaid expenses and deposits	329,822	139,036	(250,000)	218,858
Total current assets	<u>5,315,972</u>	<u>3,926,868</u>	<u>(250,000)</u>	<u>8,992,840</u>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>				
Property, plant & equipment	79,837	17,999,911		18,079,748
Less: Accumulated depreciation	(63,709)	(668,283)		(731,992)
Total property, plant and equipment, net	<u>16,128</u>	<u>17,331,628</u>	<u>-</u>	<u>17,347,756</u>
Total assets	<u>\$ 5,332,100</u>	<u>\$ 21,258,496</u>	<u>\$ (250,000)</u>	<u>\$ 26,340,596</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 211,299	\$ 1,364,646	\$ -	\$ 1,575,945
Accrued liabilities	261,316			261,316
Accrued interest	2,750	89,159		91,909
Current portion of loans payable	158,333	103,791		262,124
Total current liabilities	<u>633,698</u>	<u>1,557,596</u>	<u>-</u>	<u>2,191,294</u>
<b>LONG-TERM LIABILITIES:</b>				
Deposits		250,000	(250,000)	-
Accrued interest	126,494			126,494
Convertible debt	2,450,000			2,450,000
Notes payable	600,000	18,753,844		19,353,844
Total long-term liabilities	<u>3,176,494</u>	<u>19,003,844</u>	<u>(250,000)</u>	<u>21,930,338</u>
<b>NET ASSETS:</b>				
Unrestricted	1,521,908	697,056		2,218,964
Total net assets	<u>1,521,908</u>	<u>697,056</u>	<u>-</u>	<u>2,218,964</u>
Total liabilities and net assets	<u>\$ 5,332,100</u>	<u>\$ 21,258,496</u>	<u>\$ (250,000)</u>	<u>\$ 26,340,596</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, 2010

	Rocketship Schools	Launch Pad	Eliminations	Consolidated Total
<b>REVENUES:</b>				
Apportionment revenue	\$ 1,307,654	\$ -	\$ -	\$ 1,307,654
Categorical grant revenue	802,227			802,227
Property taxes	2,905,691			2,905,691
Other State revenue	1,307,189			1,307,189
Federal revenue	1,438,772			1,438,772
Other local revenue	110,430	1,616,447	(1,603,768)	123,109
Contributions	1,047,856			1,047,856
Total unrestricted revenues	<u>8,919,819</u>	<u>1,616,447</u>	<u>(1,603,768)</u>	<u>8,932,498</u>
<b>PROGRAM EXPENSES</b>				
Educational programs	6,278,468		(1,558,768)	4,719,700
<b>SUPPORTING SERVICES</b>				
Site supports	173,089	1,290,919	(45,000)	1,419,008
Program development and expansion	655,990			655,990
Administration and general	772,126	160,295		932,421
Total supporting services	<u>1,601,205</u>	<u>1,451,214</u>	<u>(45,000)</u>	<u>3,007,419</u>
Total expenses	<u>7,879,673</u>	<u>1,451,214</u>	<u>(1,603,768)</u>	<u>7,727,119</u>
Increase in unrestricted net assets	1,040,146	165,233	-	1,205,379
Beginning unrestricted net assets	<u>481,762</u>	<u>531,823</u>	<u>-</u>	<u>1,013,585</u>
Ending unrestricted net assets	<u>\$ 1,521,908</u>	<u>\$ 697,056</u>	<u>\$ -</u>	<u>\$ 2,218,964</u>

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, 2010

	<u>Rocketship Schools</u>	<u>Launch Pad</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b>CASH FLOWS from OPERATING ACTIVITIES:</b>				
Change in Net Assets	\$ 1,040,146	\$ 165,233	\$ -	\$ 1,205,379
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	3,844	427,057		430,901
Debt forgiven through grant agreement	(650,000)			(650,000)
(Increase) or decrease in operating assets:				
Accounts receivable	(1,035,934)	(7,500)		(1,043,434)
Prepaid expenses and other current assets	(222,690)	(118,236)	250,000	(90,926)
Intercompany receivable (payable)	50,000	(50,000)		-
Increase or (decrease) in operating liabilities:				
Accounts payable and accrued liabilities	326,675	12,420		339,095
Deposits		250,000	(250,000)	-
Net cash provided (used) by operating activities	<u>(487,959)</u>	<u>678,974</u>	<u>-</u>	<u>191,015</u>
<b>CASH FLOWS from INVESTING ACTIVITIES:</b>				
Net sale of investments	1,000,123			1,000,123
Purchases of property, plant and equipment	<u>(19,972)</u>	<u>(6,665,249)</u>		<u>(6,685,221)</u>
Net cash provided (used) by investing activities	<u>980,151</u>	<u>(6,665,249)</u>	<u>-</u>	<u>(5,685,098)</u>
<b>CASH FLOWS from FINANCING ACTIVITIES:</b>				
Proceeds from debt	1,600,000	6,686,077		8,286,077
Repayment of debt	<u>(366,667)</u>			<u>(366,667)</u>
Net cash provided by financing activities	<u>1,233,333</u>	<u>6,686,077</u>	<u>-</u>	<u>7,919,410</u>
Net increase in cash and cash equivalents	1,725,525	699,802	-	2,425,327
Cash and cash equivalents at the beginning of the year	<u>1,535,259</u>	<u>3,080,530</u>	<u>-</u>	<u>4,615,789</u>
Cash and cash equivalents at the end of the year	<u>\$ 3,260,784</u>	<u>\$ 3,780,332</u>	<u>\$ -</u>	<u>\$ 7,041,116</u>
<b>CASH PAID FOR INTEREST (Net of capitalized amount)</b>	<u>\$ 30,339</u>	<u>\$ 565,264</u>	<u>\$ -</u>	<u>\$ 595,603</u>

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