

**ROCKETSHIP EDUCATION
AND ITS AFFILIATES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2017
with comparative totals for June 30, 2016**

	Rocketship Education D.C						
	Rocketship Education	Rocketship Education Wisconsin Inc.	Public Charter School, Inc.	Launchpad Development Company	Eliminations	2017 Total	2016 Total
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents (notes 1,2)	\$ 17,762,317	\$ 547,725	\$ 2,020,323	\$ 22,934,812	\$ -	\$ 43,265,177	\$ 24,573,632
Restricted cash (note 1)	-	-	-	10,634,074	-	10,634,074	7,624,930
Accounts receivable (note 3)	7,795,383	359,490	31,411	17,202	-	8,203,486	7,889,515
Deferred rent asset	-	-	-	53,960	(53,960)	-	-
Grants receivable (note 4)	52,944	-	423,297	-	-	476,241	503,160
Note receivable	-	-	-	560,000	-	560,000	-
Prepaid expenses and deposits	1,695,106	30,572	81,872	339,508	(778,959)	1,368,099	2,497,514
Total current assets	<u>27,305,750</u>	<u>937,787</u>	<u>2,556,903</u>	<u>34,539,556</u>	<u>(832,919)</u>	<u>64,507,077</u>	<u>43,088,751</u>
LONG-TERM ASSETS:							
Grants receivable (note 4)	-	-	96,325	-	-	96,325	235,474
Intracompany receivable	5,332,098	-	-	-	(5,332,098)	-	-
Security deposits	400,000	-	-	-	(400,000)	-	-
Note receivable	-	-	-	-	-	-	560,000
Deferred rent asset	-	-	-	3,924,804	(3,924,804)	-	-
Property, plant and equipment, net (note 5)	5,286,787	-	-	94,703,092	-	99,989,879	89,243,223
Total long-term assets	<u>11,018,885</u>	<u>-</u>	<u>96,325</u>	<u>98,627,896</u>	<u>(9,656,902)</u>	<u>100,086,204</u>	<u>90,038,697</u>
Total assets	<u>\$ 38,324,635</u>	<u>\$ 937,787</u>	<u>\$ 2,653,228</u>	<u>\$ 133,167,452</u>	<u>\$ (10,489,821)</u>	<u>\$ 164,593,281</u>	<u>\$ 133,127,448</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable and accrued liabilities	\$ 5,670,110	\$ 195,631	\$ 265,626	\$ 651,705	\$ -	\$ 6,783,072	\$ 7,979,336
Accrued interest	85,119	-	-	676,698	-	761,817	516,835
Deferred rent liability	52,272	1,688	-	-	(53,960)	-	-
Deferred revenues	793,406	-	29,942	778,959	(778,959)	823,348	1,341,972
Current portion of loans payable (note 6)	612,526	-	-	9,110,000	-	9,722,526	7,617,636
Total current liabilities	<u>7,213,433</u>	<u>197,319</u>	<u>295,568</u>	<u>11,217,362</u>	<u>(832,919)</u>	<u>18,090,763</u>	<u>17,455,779</u>
LONG-TERM LIABILITIES:							
Security deposits	-	-	-	400,000	(400,000)	-	-
Accrued interest	113,478	-	-	-	-	113,478	149,196
Deferred rent liability	3,293,116	22,826	637,865	1,893,838	(3,924,804)	1,922,841	1,350,949
Intracompany payable	-	2,277,511	3,054,587	-	(5,332,098)	-	-
Loans payable (note 6)	3,075,002	-	-	123,855,034	-	126,930,036	97,240,060
Total long-term liabilities	<u>6,481,596</u>	<u>2,300,337</u>	<u>3,692,452</u>	<u>126,148,872</u>	<u>(9,656,902)</u>	<u>128,966,355</u>	<u>98,740,205</u>
NET ASSETS:							
Unrestricted	24,595,459	(1,874,869)	(2,031,117)	(4,198,782)	-	16,490,691	16,442,127
Temporarily restricted (note 7)	34,147	315,000	696,325	-	-	1,045,472	489,337
Total net assets	<u>24,629,606</u>	<u>(1,559,869)</u>	<u>(1,334,792)</u>	<u>(4,198,782)</u>	<u>-</u>	<u>17,536,163</u>	<u>16,931,464</u>
Total liabilities and net assets	<u>\$ 38,324,635</u>	<u>\$ 937,787</u>	<u>\$ 2,653,228</u>	<u>\$ 133,167,452</u>	<u>\$ (10,489,821)</u>	<u>\$ 164,593,281</u>	<u>\$ 133,127,448</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, 2017
with comparative totals for the Year Ended June 30, 2016**

		Rocketship Education D.C	Launchpad			
	Rocketship Education	Education Wisconsin Inc.	Public Charter School, Inc.	Development Company	Eliminations	2017 Total
	Education	Wisconsin Inc.	School, Inc.	Company	Eliminations	2016 Total
UNRESTRICTED NET ASSETS:						
Revenues						
LCFF State Aid	\$ 38,756,121	\$ -	\$ -	\$ -	\$ -	\$ 38,756,121
Apportionment revenue	10,171,029	3,889,300	6,568,579	-	-	20,628,908
Property taxes	13,886,120	-	-	-	-	13,886,120
Other State revenue	10,856,170	74,601	1,393,599	-	-	12,324,370
Federal revenue	9,765,468	858,660	433,339	-	-	11,057,467
Other local revenue	2,426,175	129,180	10,641	14,419,119	(14,218,970)	2,766,145
Contributions	7,009,317	72,689	1,190,225	25,000	(100,000)	8,197,231
Amounts released from restriction	264,170	-	-	-	-	264,170
Total unrestricted revenues	93,134,570	5,024,430	9,596,383	14,444,119	(14,318,970)	107,880,532
Program Expenses						
Educational programs	71,118,629	4,323,993	9,349,742	-	(14,218,970)	70,573,394
Supporting Services						
Site supports and program development	10,963,748	-	-	17,088,856	(75,000)	27,977,604
Administration and general	6,767,925	705,752	1,553,616	278,677	(25,000)	9,280,970
Total supporting services	17,731,673	705,752	1,553,616	17,367,533	(100,000)	37,258,574
Total expenses	88,850,302	5,029,745	10,903,358	17,367,533	(14,318,970)	107,831,968
Increase (decrease) in unrestricted net assets	4,284,268	(5,315)	(1,306,975)	(2,923,414)	-	48,564
TEMPORARILY RESTRICTED NET ASSETS:						
Amounts released from restriction	(264,170)	-	-	-	-	(264,170)
Contributions	4,020	315,000	501,285	-	-	820,305
Increase (decrease) in temporarily restricted net assets	(260,150)	315,000	501,285	-	-	556,135
Beginning net assets	20,605,488	(1,869,554)	(529,102)	(1,275,368)	-	16,931,464
Ending net assets	\$ 24,629,606	\$ (1,559,869)	\$ (1,334,792)	\$ (4,198,782)	\$ -	\$ 17,536,163

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, 2017
with comparative totals for the Year Ended June 30, 2016**

	Rocketship						
	Rocketship	Rocketship	Education D.C	Launchpad			
	Education	Education	Public Charter	Development			
	Education	Wisconsin Inc.	School, Inc.	Company	Eliminations	2017 Total	2016 Total
CASH FLOWS from OPERATING ACTIVITIES:							
Change in Net Assets	\$ 4,024,118	\$ 309,685	\$ (805,690)	\$ (2,923,414)	\$ -	\$ 604,699	\$ 6,368,717
Adjustments to reconcile change in net assets to net cash flows from operating activities:							
Depreciation and amortization	203,639	-	-	2,753,514	-	2,957,153	2,265,143
Allowance for non-recoverable project costs	-	-	-	1,721,312	-	1,721,312	(105,540)
(Increase) or decrease in operating assets:							
Accounts receivable	(3,919)	(278,666)	(31,411)	37,094	-	(276,902)	175,572
Grants receivable	244,650	-	(78,582)	-	-	166,068	13,130
Prepaid expenses and other current assets	434,288	31,974	(28,023)	239,181	-	677,420	(1,558,793)
Deferred rent asset	-	-	-	(795,740)	795,740	-	-
Increase or (decrease) in operating liabilities:							
Accounts payable and accrued liabilities	1,362,640	424,536	966,209	(1,570,028)	-	1,183,357	1,456,653
Deferred revenues	(548,566)	-	29,942	451,995	-	(66,629)	1,298,564
Deferred rent liability	(49,784)	(87,727)	637,865	904,023	(795,740)	608,637	165,857
Net cash flows from operating activities	<u>5,667,066</u>	<u>399,802</u>	<u>690,310</u>	<u>817,937</u>	<u>-</u>	<u>7,575,115</u>	<u>10,079,303</u>
CASH FLOWS from INVESTING ACTIVITIES:							
Proceeds from sale of stock	-	-	-	-	-	-	249,350
Proceeds from disposal of property, plant and equipment	-	-	-	-	-	-	3,611
Purchases of property, plant and equipment	(127,333)	-	-	(18,638,983)	-	(18,766,316)	(26,165,647)
Net cash flows from investing activities	<u>(127,333)</u>	<u>-</u>	<u>-</u>	<u>(18,638,983)</u>	<u>-</u>	<u>(18,766,316)</u>	<u>(25,912,686)</u>
CASH FLOWS from FINANCING ACTIVITIES:							
Change in restricted cash	-	-	-	(3,009,144)	-	(3,009,144)	(2,488,573)
Intracompany loans	(2,526,236)	(238,123)	519,568	-	-	(2,244,791)	(2,244,791)
Proceeds from debt	3,750,000	-	-	41,087,264	-	44,837,264	41,539,443
Repayment of debt	(2,562,500)	-	-	(7,138,083)	-	(9,700,583)	(12,471,695)
Net cash flows from by financing activities	<u>(1,338,736)</u>	<u>(238,123)</u>	<u>519,568</u>	<u>30,940,037</u>	<u>-</u>	<u>29,882,746</u>	<u>24,334,384</u>
Net increase (decrease) in cash and cash equivalents	4,200,997	161,679	1,209,878	13,118,991	-	18,691,545	8,501,001
Cash and cash equivalents at the beginning of the year	13,561,320	386,046	810,445	9,815,821	-	24,573,632	16,072,631
Cash and cash equivalents at the end of the year	<u>\$ 17,762,317</u>	<u>\$ 547,725</u>	<u>\$ 2,020,323</u>	<u>\$ 22,934,812</u>	<u>\$ -</u>	<u>\$ 43,265,177</u>	<u>\$ 24,573,632</u>
CASH PAID FOR INTEREST (Net)	<u>\$ 2,028</u>	<u>\$ 55,744</u>	<u>\$ -</u>	<u>\$ 6,732,585</u>	<u>\$ (55,744)</u>	<u>\$ 6,734,613</u>	<u>\$ 5,376,401</u>
CAPITALIZED INTEREST	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,379</u>	<u>\$ -</u>	<u>\$ 111,379</u>	<u>\$ 130,858</u>

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