

GREEN DOT CORP
Form 10-Q
August 10, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended June 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number 001-34819

GREEN DOT CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

3465 E. Foothill Blvd.

Pasadena, California 91107

(Address of principal executive offices, including zip
code)

95-4766827

(IRS Employer Identification No.)

(626) 765-2000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 52,075,449 shares of Class A common stock, par value \$.001 per share (which number does not include 1,518,512 shares of Class A common stock issuable upon conversion of Series A Convertible Junior Participating Non-Cumulative Perpetual Preferred Stock) as of July 31, 2015.

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PART I

ITEM 1. Financial Statements

GREEN DOT CORPORATION

CONSOLIDATED BALANCE SHEETS

	June 30, 2015	December 31, 2014
	(unaudited)	
	(In thousands, except par value)	
Assets		
Current assets:		
Unrestricted cash and cash equivalents	\$763,870	\$724,158
Federal funds sold	481	480
Restricted cash	4,665	2,015
Investment securities available-for-sale, at fair value	76,746	46,650
Settlement assets	46,855	148,694
Accounts receivable, net	23,193	48,917
Prepaid expenses and other assets	30,142	23,992
Income tax receivable	—	16,290
Total current assets	945,952	1,011,196
Restricted cash	2,182	2,152
Investment securities, available-for-sale, at fair value	122,433	73,781
Loans to bank customers, net of allowance for loan losses of \$377 and \$444 as of June 30, 2015 and December 31, 2014, respectively	6,451	6,550
Prepaid expenses and other assets	11,052	11,883
Property and equipment, net	76,705	77,284
Deferred expenses	7,805	17,326
Net deferred tax assets	8,557	6,268
Goodwill and intangible assets	484,383	417,200
Total assets	\$1,665,520	\$1,623,640
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$19,729	\$36,444
Deposits	608,081	565,401
Obligations to customers	55,321	98,052
Settlement obligations	4,300	4,484
Amounts due to card issuing banks for overdrawn accounts	1,721	1,224
Other accrued liabilities	69,901	79,137
Deferred revenue	13,749	24,418
Note payable	22,500	22,500
Income tax payable	11,213	—
Net deferred tax liabilities	4,253	3,995
Total current liabilities	810,768	835,655
Other accrued liabilities	40,254	31,495
Note payable	116,250	127,500
Total liabilities	967,272	994,650
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Convertible Series A preferred stock, \$0.001 par value (as converted): 10 shares authorized as of June 30, 2015 and December 31, 2014; 2 shares issued	2	2

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and outstanding as of June 30, 2015 and December 31, 2014, respectively		
Class A common stock, \$0.001 par value: 100,000 shares authorized as of		
June 30, 2015 and December 31, 2014; 51,911 and 51,146 shares issued and	52	51
outstanding as of June 30, 2015 and December 31, 2014, respectively		
Additional paid-in capital	408,522	383,296
Retained earnings	290,002	245,693
Accumulated other comprehensive loss	(330) (52
Total stockholders' equity	698,248	628,990
Total liabilities and stockholders' equity	\$ 1,665,520	\$ 1,623,640
See notes to unaudited consolidated financial statements		

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CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands, except per share data)			
Operating revenues:				
Card revenues and other fees	\$83,810	\$60,892	\$171,034	\$129,059
Processing and settlement service revenues	39,416	45,491	126,537	91,767
Interchange revenues	47,635	42,655	102,361	89,869
Stock-based retailer incentive compensation	(614)	(2,022)	(2,520)	(4,410)
Total operating revenues	170,247	147,016	397,412	306,285
Operating expenses:				
Sales and marketing expenses	55,845	57,200	117,124	117,443
Compensation and benefits expenses	41,461	30,215	82,815	57,178
Processing expenses	27,120	17,285	57,720	39,364
Other general and administrative expenses	38,903			