

GREEN DOT CORP
Form 10-Q
November 09, 2016
Table of Contents

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 September 30, 2016

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	95-4766827
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
3465 E. Foothill Blvd.	(626) 765-2000
Pasadena, California 91107	(Registrant's telephone number, including area code)
(Address of principal executive offices, including zip 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
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(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 50,192,889 shares of Class A common stock outstanding, par value \$.001 per share as of October 31, 2016.

GREEN DOT CORPORATION
TABLE OF CONTENTS

	Page
 <u>PART I – FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	<u>1</u>
<u>Consolidated Balance Sheets – September 30, 2016 and December 31, 2015</u>	<u>1</u>
<u>Consolidated Statements of Operations – Three and Nine Months Ended September 30, 2016 and 2015</u>	<u>2</u>
<u>Consolidated Statements of Comprehensive Income – Three and Nine Months Ended September 30, 2016 and 2015</u>	<u>3</u>
<u>Consolidated Statements of Cash Flows – Nine Months Ended September 30, 2016 and 2015</u>	<u>4</u>
<u>Notes to Consolidated Financial Statements</u>	<u>5</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>33</u>
Item 4. <u>Controls and Procedures</u>	<u>34</u>
 <u>PART II – OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>35</u>
Item 1A. <u>Risk Factors</u>	<u>35</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>50</u>
Item 5. <u>Other Information</u>	<u>51</u>
Item 6. <u>Exhibits</u>	<u>52</u>
<u>Signature</u>	<u>53</u>

Table of Contents

PART I

ITEM 1. Financial Statements

GREEN DOT CORPORATION

CONSOLIDATED BALANCE SHEETS

	September 30, 2016 (unaudited)	December 31, 2015
	(In thousands, except par value)	
Assets		
Current assets:		
Unrestricted cash and cash equivalents	\$597,532	\$ 772,128
Federal funds sold	—	1
Restricted cash	40,137	5,793
Investment securities available-for-sale, at fair value	39,352	49,106
Settlement assets	84,918	69,165
Accounts receivable, net	24,879	42,153
Prepaid expenses and other assets	27,800	30,511
Income tax receivable	8,955	6,434
Total current assets	823,573	975,291
Investment securities, available-for-sale, at fair value	180,624	132,433
Loans to bank customers, net of allowance for loan losses of \$272 and \$426 as of September 30, 2016 and December 31, 2015, respectively	5,697	6,279
Prepaid expenses and other assets	11,358	6,416
Property and equipment, net	81,615	78,877
Deferred expenses	6,210	14,509
Net deferred tax assets	3,471	3,864
Goodwill and intangible assets	456,796	473,779
Total assets	\$1,569,344	\$ 1,691,448
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$15,457	\$ 37,186
Deposits	592,975	652,145
Obligations to customers	42,280	61,300
Settlement obligations	3,866	5,074
Amounts due to card issuing banks for overdrawn accounts	1,618	1,067
Other accrued liabilities	96,513	87,635
Deferred revenue	10,421	22,901
Note payable	20,966	20,966
Total current liabilities	784,096	888,274
Other accrued liabilities	24,744	37,894
Note payable	84,961	100,686
Net deferred tax liabilities	1,086	1,272
Total liabilities	894,887	1,028,126
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Convertible Series A preferred stock, \$0.001 par value (as converted): 10 shares authorized as of September 30, 2016 and December 31, 2015; 0 and 2 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	—	2
	50	51

Edgar Filing: GREEN DOT CORP - Form 10-Q

Class A common stock, \$0.001 par value: 100,000 shares authorized as of September 30, 2016 and December 31, 2015; 50,380 and 50,502 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively

Additional paid-in capital	346,951	379,376
Retained earnings	327,053	284,108
Accumulated other comprehensive income (loss)	403	(215)
Total stockholders' equity	674,457	663,322
Total liabilities and stockholders' equity	\$1,569,344	\$1,691,448

See notes to unaudited consolidated financial statements

Table of ContentsGREEN DOT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands, except per share data)			
Operating revenues:				
Card revenues and other fees	\$79,056	\$71,870	\$255,484	\$242,904
Processing and settlement service revenues	29,898	28,470	152,801	155,007
Interchange revenues	45,540	46,020	147,721	148,381
Stock-based retailer incentive compensation	—	—	—	(2,520)
Total operating revenues	154,494	146,360	556,006	543,772
Operating expenses:				
Sales and marketing expenses	56,668	52,873	183,609	169,997
Compensation and benefits expenses	37,900	40,555	122,079	123,370
Processing expenses	25,703	20,496	80,760	78,216
Other general and administrative expenses	34,740	34,142	102,720	101,081
Total operating expenses	155,011	148,066	489,168	472,664
Operating (loss) income	(517)	(1,706)	66,838	71,108
Interest income	1,637	1,128	5,471	3,624
Interest expense	(1,430)	(1,465)	(7,619)	(4,510)
(Loss) income before income taxes	(310)	(2,043)	64,690	70,222
Income tax (benefit) expense	(2,347)	(2,222)	21,745	25,734
Net income	2,037	179	42,945	44,488
Income attributable to preferred stock	(35)	(5)	(1,102)	(1,269)
Net income available to common stockholders	\$2,002	\$174	\$41,843	\$43,219
Basic earnings per common share:	\$0.04	\$—	\$0.85	\$0.84
Diluted earnings per common share:	\$0.04	\$—	\$0.83	\$0.83
Basic weighted-average common shares issued and outstanding:	49,439	51,576	49,258	51,612
Diluted weighted-average common shares issued and outstanding:	50,709	52,361	50,510	52,161
See notes to unaudited consolidated financial statements				

Table of Contents

GREEN DOT CORPORATION
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (UNAUDITED)

	Three Months		Nine Months	
	Ended		Ended September	
	September 30,		30,	
	2016	2015	2016	2015
	(In thousands)			
Net income	\$2,037	\$179	\$42,945	\$44,488
Other comprehensive income				
Unrealized holding gains (losses), net of tax	(56	) 315	618	37
Comprehensive income	\$1,981	\$494	\$43,563	\$44,525
See notes to unaudited consolidated financial statements				

3

Table of Contents

GREEN DOT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	2016	2015
	(In thousands)	
Operating activities		
Net income	\$42,945	\$44,488
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	30,794	28,061
Amortization of intangible assets	17,272	17,124
Provision for uncollectible overdrawn accounts	58,694	46,480
Provision for uncollectible trade receivables	1,520	—
Employee stock-based compensation	20,941	19,076
Stock-based retailer incentive compensation	—	2,520
Amortization of premium on available-for-sale investment securities	1,000	821
Change in fair value of contingent consideration	(5,500)	(7,516)
Amortization of deferred financing costs	1,151	1,151
Impairment of capitalized software	137	5,739
Deferred income tax expense	(389)	29
Changes in operating assets and liabilities:		
Accounts receivable, net	(43,267)	(17,263)
Prepaid expenses and other assets	(1,699)	(11,317)
Deferred expenses	8,299	11,347
Accounts payable and other accrued liabilities	(17,609)	(29,030)
Amounts due to card issuing banks for overdrawn accounts	551	(244)
Deferred revenue	(12,555)	(14,293)
Income tax receivable/payable	(2,463)	16,670
Other, net	318	(94)
Net cash provided by operating activities	100,140	113,749
Investing activities		
Purchases of available-for-sale investment securities	(123,447)	(175,857)
Proceeds from maturities of available-for-sale securities	83,031	57,309
Proceeds from sales of available-for-sale securities	1,322	24,289
Increase in restricted cash	(34,344)	(918)
Payments for acquisition of property and equipment	(33,266)	(37,372)
Net decrease (increase) in loans	582	(57)
Acquisition, net of cash acquired	—	(65,209)
Net cash used in investing activities	(106,122)	(197,815)
Financing activities		
Repayments of borrowings from note payable	(16,875)	(16,875)
Borrowings on revolving line of credit	25,000	30,001
Repayments on revolving line of credit	(25,000)	(30,001)
Proceeds from exercise of options	9,410	2,077
Excess tax benefits from exercise of options	1,894	158
Taxes paid related to net share settlement of equity awards	(6,325)	(3,333)

Edgar Filing: GREEN DOT CORP - Form 10-Q

Net decrease in deposits	(59,170)	(65,379)
Net (decrease) increase in obligations to customers	(35,981)	90,817
Contingent consideration payments	(2,555)	(882)
Repurchase of Class A common stock	(59,013)	(40,000)
Net cash used in financing activities	(168,615)	(33,417)
Net decrease in unrestricted cash, cash equivalents, and federal funds sold	(174,597)	(117,483)
Unrestricted cash, cash equivalents, and federal funds sold, beginning of year	772,129	724,638
Unrestricted cash, cash equivalents, and federal funds sold, end of year	\$597,532	\$607,155
Cash paid for interest	\$6,467	\$3,359
Cash paid for income taxes	\$22,626	\$9,324
See notes to unaudited consolidated financial statements		

Table of Contents

GREEN DOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1—Organization

Green Dot Corporation (“we,” “us” and “our” refer to Green Dot Corporation and its wholly-owned subsidiaries) is a pro-consumer technology innovator with a mission to reinvent personal banking for the masses. Our products and services include: Green Dot MasterCard and Visa-branded prepaid debit cards and several co-branded reloadable prepaid card programs, collectively referred to as our GPR cards; Visa-branded gift cards; checking account products, such as GoBank, an innovative checking account developed for use via mobile phones that is available at Walmart and online; our proprietary swipe reload and MoneyPak products referred to as our cash transfer products, which enable cash loading and transfer services through our Green Dot Network; and tax refund processing services designed to facilitate the secure receipt of a customer's income tax refund.

Our products and services are available to consumers through a large-scale "branchless bank" distribution network of approximately 100,000 U.S. locations, including retailers, neighborhood financial service center locations and tax preparation offices, as well as online, in the leading app stores and through leading online tax preparation providers. The Green Dot Network enables consumers to use cash to reload our prepaid debit cards or to transfer cash to any of our Green Dot Network acceptance members, including competing prepaid card programs and other online accounts. We are also the tax refund processing service provider for several leading consumer tax preparation companies. We market our products and services to consumers in the United States. Our products are issued by our wholly-owned subsidiary, Green Dot Bank, and third-party issuing banks including The Bancorp Bank and Sunrise Banks, N.A. We also have multi-year distribution arrangements with many large and medium-sized retailers, including Walmart, Walgreens, CVS, Rite Aid, 7-Eleven, Kroger, Kmart, and Dollar Tree, and with various industry resellers, including Blackhawk Network and InComm. We refer to participating retailers collectively as our “retail distributors.” Our tax refund processing services are integrated into the offerings of partnering tax software companies, which enables us to serve approximately 27,000 independent online and in-person tax preparers and accountants nationwide.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, or GAAP. We consolidated our wholly-owned subsidiaries and eliminated all significant intercompany balances and transactions.

We have also prepared the accompanying unaudited consolidated financial statements in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X and, consequently, they do not include all of the annual disclosures required by GAAP. Reference is made to our Annual Report on Form 10-K for the year ended December 31, 2015 for additional disclosures, including a summary of our significant accounting policies. There have been no changes to our significant accounting policies during the nine months ended September 30, 2016. In our opinion, the accompanying unaudited consolidated financial statements contain all adjustments, consisting of normal and recurring items, except as otherwise noted, necessary for the fair presentation of our financial position, results of operations and cash flows for the interim periods presented.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13") that requires financial assets measured at amortized cost be presented at the net amount expected to be collected. Credit losses on available-for-sale debt securities should be recorded through an allowance for credit losses limited by the amount that the fair value is less than amortized cost. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of ASU 2016-13 on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09") that will simplify how companies account for certain aspects of share-based payments to employees, including the accounting for income taxes upon vesting or

exercise of share-based payments, classification of awards as either equity or liabilities with respect to statutory tax withholding thresholds, accounting for forfeitures, as well as certain classifications on the statement of cash flows. ASU 2016-09 is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is permitted. We are currently evaluating the impact of ASU 2016-09 on our consolidated financial statements.

Table of Contents

GREEN DOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Note 2—Summary of Significant Accounting Policies (continued)

In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net) ("ASU 2016-08"). ASU 2016-08 clarifies the implementation guidance on principal versus agent considerations. The guidance includes indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customers. The effective date and transition requirements for the ASU is the same as the effective date and transition requirements of ASU 2014-09. We are currently in the process of evaluating the impact of adoption of ASU 2016-08 on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-04, Liabilities – Extinguishment of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products ("ASU 2016-04"). ASU 2016-04 aligns recognition of the financial liabilities related to prepaid stored-value products (for example, gift cards) with Topic 606, Revenues from Contracts with Customers, for non-financial liabilities. In general, these liabilities may be extinguished proportionately in earnings as redemptions occur, or when redemption is remote if issuers are not entitled to the unredeemed stored value. ASU 2016-04 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted. We do not expect the adoption of ASU 2016-04 to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02") in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous GAAP. ASU 2016-02 requires that a lessee should recognize a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for leases with a term greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 (including interim periods within those periods) using a modified retrospective approach and early adoption is permitted. We are currently in the process of evaluating the impact of adoption of ASU 2016-02 on our consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). ASU 2016-01 revises the classification and measurement of investments in certain equity investments and the presentation of certain fair value changes for certain financial liabilities measured at fair value. ASU 2016-01 requires the change in fair value of many equity investments to be recognized in net income. The standard is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The adoption of ASU 2016-01 may result in a cumulative adjustment to retained earnings as of the beginning of the year of adoption. We are currently evaluating the impact of the provisions of ASU 2016-01, however, we do not expect the adoption of it to have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP. ASU 2014-09, as amended by ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, is effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods, with early adoption permitted for annual reporting periods beginning after December 15, 2016. We are currently evaluating the effect of ASU 2014-09, as well as other clarifications and technical guidance issued by the FASB related to this new revenue standard, on our consolidated financial statements.

Table of Contents

GREEN DOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Note 3—Investment Securities

Our available-for-sale investment securities were as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
September 30, 2016				
Corporate bonds	\$20,454	\$ 28	\$ (5)	\$20,477
Commercial paper	13,383	5	(2)	13,386
U.S. Treasury notes	21,560	10	(4)	21,566
Agency securities	4,010	—	—	4,010
Mortgage-backed securities	124,025	603	(351)	124,277
Municipal bonds	1,471	28	(5)	1,494
Asset-backed securities	34,748	34	(16)	34,766
Total investment securities	\$219,651	\$ 708	\$ (383)	\$219,976

December 31, 2015

Corporate bonds	\$33,201	\$ —	\$ (47)	\$33,154
Commercial paper	6,504	3	(2)	6,505
U.S. Treasury notes	17,541	—	(16)	17,525
Agency securities	4,034	—	(19)	4,015
Mortgage-backed securities	100,131	195	(554)	99,772
Municipal bonds	1,954	11	(65)	1,900
Asset-backed securities	18,725	—	(57)	18,668
Total investment securities	\$182,090	\$ 209	\$ (760)	\$181,539

As of September 30, 2016 and December 31, 2015, the gross unrealized losses and fair values of available-for-sale investment securities that were in unrealized loss positions were as follows:

	Less than 12 months		12 months or more		Total fair value	Total unrealized loss
	Fair value	Unrealized loss	Fair value	Unrealized loss		
	(In thousands)					
September 30, 2016						
Corporate bonds	\$4,811	\$ (3)	\$1,998	\$ (2)	\$6,809	\$ (5)
Commercial paper	1,987	(2)	—	—	1,987	(2)
US Treasury notes	8,057	(4)	—	—	8,057	(4)
Mortgage-backed securities	21,058	(96)	40,389	(255)	61,447	(351)
Municipal bonds	—	—	250	(5)	250	(5)
Asset-backed securities	18,338	(16)	—	—	18,338	(16)
Total investment securities	\$54,251	\$ (121)	\$42,637	\$ (262)	\$96,888	\$ (383)
December 31, 2015						
Corporate bonds	\$20,416	\$ (22)	\$10,679	\$ (25)	\$31,095	\$ (47)
Commercial paper	4,322	(2)	—	—	4,322	(2)
U.S. Treasury notes	17,525	(16)	—	—	17,525	(16)
Agency securities	4,015	(19)	—	—	4,015	(19)

Edgar Filing: GREEN DOT CORP - Form 10-Q

Mortgage-backed securities	53,634	(410	)	21,518	(144	)	75,152	(554)
Municipal bonds	—	—		1,035	(65	)	1,035	(65)
Asset-backed securities	18,668	(57	)	—	—		18,668	(57)
Total investment securities	\$118,580	\$ (526	)	\$33,232	\$ (234	)	\$151,812	\$ (760)

7

Table of Contents

GREEN DOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Note 3—Investment Securities (continued)

We did not record any other-than-temporary impairment losses during the three and nine months ended September 30, 2016 or 2015 on our available-for-sale investment securities. We do not intend to sell these investments and we have determined that it is more likely than not that we will not be required to sell these investments before recovery of their amortized cost bases, which may be at maturity.

As of September 30, 2016, the contractual maturities of our available-for-sale investment securities were as follows:

	Amortized cost	Fair value
	(In thousands)	
Due in one year or less	\$39,341	\$39,352
Due after one year through five years	21,256	21,280
Due after five years through ten years	67	68
Due after ten years	910	929
Mortgage and asset-backed securities	158,077	158,347
Total investment securities	\$219,651	\$219,976

The expected payments on mortgage-backed and asset-backed securities may not coincide with their contractual maturities because the issuers have the right to call or prepay certain obligations.

Note 4—Accounts Receivable

Accounts receivable, net consisted of the following:

	September 30, 2016	September 31, 2015
	(In thousands)	
Overdrawn account balances due from cardholders	\$14,723	\$10,198
Reserve for uncollectible overdrawn accounts	(11,791)	(7,999)
Net overdrawn account balances due from cardholders	2,932	2,199
Trade receivables	2,005	10,644
Reserve for uncollectible trade receivables	(211)	(58)
Net trade receivables	1,794	10,586
Receivables due from card issuing banks	10,183	8,852
Fee advances	1,543	11,621
Other receivables	8,427	8,895
Accounts receivable, net	\$24,879	\$42,153

Activity in the reserve for uncollectible overdrawn accounts consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands)			
Balance, beginning of period	\$14,506	\$12,039	\$7,999	\$11,196
Provision for uncollectible overdrawn accounts:				
Fees	17,299	13,012	53,003	40,393
Purchase transactions	1,609	1,902	5,691	6,087
Charge-offs	(21,623)	(16,410)	(54,902)	(47,133)

Edgar Filing: GREEN DOT CORP - Form 10-Q

Balance, end of period \$11,791 \$10,543 \$11,791 \$10,543

Additionally, during the three months ended September 30, 2016, we recorded a write-off of approximately \$1.5 million for a prior period receivable that we determined to be uncollectible.

Table of Contents

GREEN DOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Note 5—Property and Equipment

During the three months ended September 30, 2016, we did not incur any impairment charges. We recorded impairment charges of \$0.7 million during the three months ended September 30, 2015 and \$0.1 million and \$5.7 million during the nine months ended September 30, 2016 and 2015, respectively, associated with capitalized internal-use software we determined were no longer viable. The impairment charges are included within other general and administrative expenses in our consolidated statements of operations.

Note 6—Loans to Bank Customers

The following table presents total outstanding loans, gross of the related allowance for loan losses, and a summary of the related payment status:

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Current or Less Than 30 Days Past Due	Total Outstanding
(In thousands)						
September 30, 2016						
Residential	\$4	\$ —	\$ —	\$4	\$3,774	\$ 3,778
Commercial	—	—	—	—	323	323
Installment	15	—	—	15	1,839	1,854
Other	—	—	—	—	14	14
Total loans	\$19	\$ —	\$ —	\$19	\$5,950	\$ 5,969

Percentage of outstanding	0.3 %	—%	—%	0.3 %	99.7 %	100.0 %
---------------------------	-------	----	----	-------	--------	---------

December 31, 2015

Residential	\$
-------------	----