



## **Item 4.2: Financial Summary**

*Bill Magness*

President & Chief Executive Officer

Board of Directors Meeting

ERCOT Public

October 11, 2016

## Financial Summary: Variance to Budget (\$ in Millions) Net Revenues After Department Expenditures

**Net Revenues Year to Date Actuals: \$7.5 M Favorable** *(as of August 31, 2016)*

### Major Revenue Variances

\$1.0 M under budget: system administration fees unfavorable due to milder-than-expected weather

### Major Expenditure Variances

\$2.7 M under budget: resource management (\$2.0 M staffing management; \$1.1 M project work; \$ -0.4 M staff backfill )

\$1.2 M under budget: computer hardware and other equipment purchases

\$0.9 M under budget: interest expense due to project funding; interest income due to higher rates

\$1.3 M under budget: employee health, relocation, immigration and recognition program costs

\$1.7 M under budget: timing differences

**Net Revenues Year End Forecast: \$9.6 M Favorable** *(as of September 29, 2016)*

### Major Revenue Variances

\$0.8 M over budget: system administration fees favorable based on current actuals and load forecast for remainder of year

### Major Expenditure Variances

\$4.0 M under budget: resource management (\$3.2 M staffing management; \$1.4 M project work; \$ -0.6 M staff backfill )

\$1.5 M under budget: computer hardware and other equipment purchases

\$1.4 M under budget: interest expense due to project funding and no revolver usage; interest income due to higher rates

\$1.2 M under budget: employee health, relocation, immigration and recognition program costs



## Financial Summary: Statements of Financial Position

**As of August 31, 2016 and 2015 (\$ in Millions)**

	2016	2015
<b>Assets</b>		
Current assets	\$ 744.5	\$ 756.1
Long term assets	119.9	115.9
Total assets	<u>\$ 864.4</u>	<u>\$ 872.0</u>
<b>Liabilities and Unrestricted Net Assets</b>		
Current liabilities	\$ 772.0	\$ 794.7
Long term liabilities	61.2	65.1
Unrestricted net assets	31.2	12.2
Total liabilities and unrestricted net assets	<u>\$ 864.4</u>	<u>\$ 872.0</u>

## Financial Summary: Statements of Activities and Net Assets

**For the Eight Months Ended August 31, 2016 and 2015 (\$ in Millions)**

	<b>2016</b>	<b>2015</b>
Operating revenues	\$ 144.7	\$ 124.0
Operating expenses	120.3	120.4
Gain (Loss) from operations	24.4	3.6
Other income (expense)	(0.8)	(1.0)
Change in unrestricted net assets	23.6	2.6
Unrestricted net assets, beginning of year	7.6	9.6
Unrestricted net assets, end of period	\$ 31.2	\$ 12.2

# Appendices

Electric Reliability Council of Texas, Inc. 2016 Financial Summary As of September 29, 2016 (\$ in Millions)											
	Year to Date (August 31)					Year End (December 31)					
	2015	2016				2015	2016				
Line	Actual	Budget	Actual	Variance		Actual	Budget	Forecast	Variance		
				\$	%				\$	%	
1	System Administration Revenue	\$ 111.1	\$ 133.2	\$ 132.2	\$ (1.0)	(0.8)	\$ 162.0	\$ 193.9	\$ 194.7	\$ 0.8	0.4
2	<b>Department Net Expenditures</b>										
3	Information Technology	36.2	40.4	38.4	2.0	5.0	55.4	61.8	59.5	2.3	3.7
4	Operations	37.0	39.4	35.9	3.5	8.9	55.7	58.5	55.2	3.3	5.6
5	Finance & Treasury	9.0	9.9	8.3	1.6	16.2	13.3	14.8	12.9	1.9	12.8
6	External Affairs & Corporate Communications	4.3	4.5	4.2	0.2	4.4	6.5	6.5	6.3	0.2	3.1
7	Human Resources	2.9	3.6	2.9	0.7	19.4	4.2	5.3	4.8	0.5	9.4
8	General Counsel	2.1	2.9	2.4	0.5	17.2	3.3	4.5	3.8	0.7	15.6
9	Corporate Administration	1.7	1.8	1.9	(0.1)	(5.6)	2.8	2.8	2.9	(0.1)	(3.6)
10	<b>Total Department Net Expenditures</b>	<b>93.3</b>	<b>102.5</b>	<b>94.0</b>	<b>8.5</b>	8.3	<b>141.2</b>	<b>154.1</b>	<b>145.4</b>	<b>8.8</b>	5.7
11	<b>Net Revenues After Department Expenditures</b>	<b>17.9</b>	<b>30.7</b>	<b>38.2</b>	<b>7.5</b>	<b>24.4</b>	<b>20.8</b>	<b>39.8</b>	<b>49.3</b>	<b>9.6</b>	<b>24.2</b>
12											
13	<b>Less: Project Expenditures</b>										
14	Current Budget Year Project Expenditures	16.8	21.0	15.7	5.3	25.2	21.7	37.1	34.9	2.2	5.9
15	2016 Budget Expended in 2015	0.8	5.4	-	5.4	100.0	5.4	5.4	-	5.4	100.0
16	<b>Total Project Expenditures</b>	<b>17.6</b>	<b>26.4</b>	<b>15.7</b>	<b>10.7</b>	40.5	<b>27.1</b>	<b>42.5</b>	<b>34.9</b>	<b>7.6</b>	17.9
17											
18	<b>Net Available for Debt &amp; Working Capital</b>	<b>\$ 0.3</b>	<b>\$ 4.3</b>	<b>\$ 22.5</b>	<b>\$ 18.2</b>	<b>423.3</b>	<b>\$ (6.3)</b>	<b>\$ (2.7)</b>	<b>\$ 14.4</b>	<b>\$ 17.2</b>	<b>637.8</b>

Note: Schedule may not foot due to rounding.

**Electric Reliability Council of Texas, Inc.**  
**2016 Financial Summary Variance Explanations**  
**As of September 29, 2016**

Line	Year to Date	Year End
1 System Administration Fee Revenue	-\$1.0 M - Primarily due to milder-than-expected weather	+\$0.8 M - Based on actuals and 9/26/16 load forecast
3 Information Technology	+\$0.8 M - HW/SW vendor support services due to more project work (Resource Management) +\$0.7 M - Common infrastructure purchases (Computer hardware) +\$0.4 M - Savings for staffing management (Resource Management) +\$0.3 M - Minor capital purchases (Equipment purchases) +\$0.3 M - Wide Area Network (WAN) revenues +\$0.3 M - Lower employee health costs -\$0.4 M - Outside services- staff backfill (Resource Management) -\$0.3 M - Other hardware and software services -\$0.1 M - Outside services- other	+\$1.1 M - HW/SW vendor support services due to more project work (Resource Management) +\$1.0 M - Common infrastructure purchases (Computer hardware) +\$0.6 M - Savings for staffing management (Resource Management) +\$0.3 M - Minor capital purchases (Equipment purchases) +\$0.3 M - Wide Area Network (WAN) revenues +\$0.3 M - Lower employee health costs -\$0.6 M - Outside services- staff backfill (Resource Management) -\$0.3 M - Outside services- other -\$0.2 M - Lower project funded labor (Resource Management) -\$0.2 M - Other hardware and software services
4 Operations	+\$1.4 M - Savings for staffing management (Resource Management) +\$0.3 M - Higher amount of project funded labor (Resource Management) +\$0.3 M - Lower employee health costs +\$0.1 M - Equipment purchases  <u>Timing Differences</u> +\$0.9 M - External studies/consulting services +\$0.5 M - Hardware, software and equipment purchases	+\$2.2 M - Savings for staffing management (Resource Management) +\$0.5 M - Higher amount of project funded labor (Resource Management) +\$0.3 M - Lower employee health costs +\$0.3 M - External studies/consulting services +\$0.1 M - Equipment purchases -\$0.1 M - Unbudgeted data subscriptions
5 Finance & Treasury	+\$0.6 M - Lower interest expense due to project funding +\$0.5 M - Property tax +\$0.3 M - Interest income +\$0.1 M - Equipment purchases -\$0.1 M - Insurance  <u>Timing Differences</u> +\$0.2 M - Equipment purchases	+\$0.9 M - Lower interest expense due to project funding and no revolver usage +\$0.5 M - Property tax +\$0.5 M - Interest income +\$0.1 M - Equipment purchases -\$0.1 M - Insurance
6 External Affairs & Corporate Communications	+\$0.2 M - Public Service Announcements (PSAs) not required yet +\$0.1 M - Lower employee health costs -\$0.1 M - External studies/consulting services	+\$0.2 M - Public Service Announcements (PSAs) may not be required +\$0.1 M - Lower employee health costs -\$0.1 M - External studies/consulting services
7 Human Resources	+\$0.2 M - New hire relocation costs +\$0.2 M - Employee reward and recognition program and related benefits/taxes +\$0.1 M - Immigration services +\$0.1 M - Data subscription for online training  <u>Timing Differences</u> +\$0.1 M - Immigration services	+\$0.2 M - New hire relocation costs +\$0.1 M - Employee reward and recognition program and related benefits/taxes +\$0.1 M - Immigration services +\$0.1 M - Data subscription for online training
8 General Counsel	+\$0.2 M - Savings for staffing management (Resource Management) +\$0.2 M - Regulatory studies not required yet +\$0.1 M - Lower employee health costs	+\$0.4 M - Savings for staffing management (Resource Management) +\$0.2 M - Regulatory studies may not be required +\$0.1 M - Lower employee health costs
9 Corporate Administration	-\$0.1 M - Unbudgeted executive recruiting services	-\$0.1 M - Unbudgeted executive recruiting services
14 Less: Current Budget Year Project Expenditures	+\$5.3 M - See Project Expenditures summaries in following pages	+\$2.2 M - See Project Expenditures summaries in following pages

Electric Reliability Council of Texas, Inc.  
**Project Expenditures - Technical Foundation Demand vs. Year End (YE) Forecast**  
**As of September 29, 2016**  
(\$ in Millions)

Project Name [Projects listed are at or above \$0.7 Million Estimate at Completion (EAC) Budget threshold]	Current Phase	Order Based on PPL Priority: Jan. 1, 2016	Order Based on PPL Priority: Current	Year to Date		Year End					
				Year to Date Project Actual	% Spend to Year End Forecast	Project Budget	Project Forecast	Variance			
								\$	%		
<b>Technical Foundation</b>											
Energy Management System (EMS) Upgrade	Stabilization	1	1	\$ 2.8	84.8	\$ 4.0	\$ 3.3	\$ 0.7		17.5	
Network Model Management System (NMMS) Upgrade	Execution	2	2	1.8	72.0	2.0	2.5	(0.5)		(25.0)	
<b>Projects Below \$0.7 Million EAC Budget Threshold by Phase</b>											
	Complete				0.3	100.0	0.3	0.3	-	-	
	Closing				-	n/a	-	-	-	n/a	
	Stabilization				-	n/a	-	-	-	n/a	
	Execution				-	n/a	-	-	-	n/a	
	Planning				-	-	0.2	0.2	-	-	
	Initiation				-	-	0.1	0.1	-	-	
	On Hold				-	n/a	0.3	-	0.3	100.0	
	Not Yet Initiated				-	-	0.9	0.9	-	-	
<b>Other Project Spend</b>											
	Variance of Completed Projects						-	-	-	n/a	
	Variance of In-flight & Not Yet Initiated Projects						2.2	-	2.2	100.0	
					<b>Subtotal</b>	<b>\$ 4.9</b>	<b>67.1</b>	<b>\$ 10.0</b>	<b>\$ 7.3</b>	<b>\$ 2.7</b>	<b>27.0</b>
Data Center 4.0 Optimization (DC4) Program	Planning				5.7	32.9	16.4	17.3	(0.9)	(5.5)	
2016 Budget Expended in 2015							3.6	-	3.6	100.0	
					<b>Total - Technical Foundation</b>	<b>\$ 10.6</b>	<b>43.1</b>	<b>\$ 30.0</b>	<b>\$ 24.6</b>	<b>\$ 5.4</b>	<b>18.0</b>



Electric Reliability Council of Texas, Inc.  
**Project Expenditures - Technical Foundation Project Budgets vs. Estimates at Completion (EACs)**  
**As of September 29, 2016**  
(\$ in Millions)

Project Name [Projects listed are at or above \$0.7 Million Estimate at Completion (EAC) Budget threshold]	Current Phase	Order Based on PPL Priority: Jan. 1, 2016	Order Based on PPL Priority: Current	Life to Date		Estimate at Completion (EAC)				
				Life to Date Project Actual	% Spend to EAC Forecast	Project Budget	Project Forecast	Variance		
								\$	%	
<b>Technical Foundation</b>										
Energy Management System (EMS) Upgrade	Stabilization	1	1	\$ 17.2	97.2	\$ 18.9	\$ 17.7	\$ 1.2	6.3	
Network Model Management System (NMMS) Upgrade	Execution	2	2	5.7	89.1	5.9	6.4	(0.5)	(8.5)	
<b>Projects Below \$0.7 Million EAC Budget Threshold by Phase</b>										
	Complete			1.7	100.0	1.6	1.7	(0.1)	(6.3)	
	Closing			-	n/a	-	-	-	n/a	
	Stabilization			-	n/a	-	-	-	n/a	
	Execution			-	n/a	-	-	-	n/a	
	Planning			0.5	71.4	0.7	0.7	-	-	
	Initiation			-	-	0.4	0.4	-	-	
	On Hold			0.3	37.5	0.8	0.8	-	-	
	Not Yet Initiated			-	-	2.7	2.7	-	-	
				<b>Subtotal</b>	<b>\$ 25.4</b>	<b>83.6</b>	<b>\$ 31.0</b>	<b>\$ 30.4</b>	<b>\$ 0.6</b>	<b>1.9</b>
Data Center 4.0 Optimization (DC4) Program	Planning			9.4	19.6	48.0	48.0	-	-	
				<b>Total - Technical Foundation</b>	<b>\$ 34.8</b>	<b>44.4</b>	<b>\$ 79.0</b>	<b>\$ 78.4</b>	<b>\$ 0.6</b>	<b>0.8</b>

**Electric Reliability Council of Texas, Inc.**  
**Project Expenditures - Capital Enhancements Demand vs. Year End (YE) Forecast**  
**As of September 29, 2016**  
**(\$ in Millions)**

Project Name [Projects listed are at or above \$0.7 Million Estimate at Completion (EAC) Budget threshold]	Current Phase	Order Based on PPL Priority: Jan. 1, 2016	Order Based on PPL Priority: Current	Year to Date		Year End				
				Year to Date	% Spend to	Project Budget	Project Forecast	Variance		
				Project Actual	Year End Forecast			\$	%	
<b>Regulatory</b>										
Physical Security Project #2	Execution	1	1	\$ 0.2	14.3	\$ 1.4	\$ 1.4	\$ -	-	
Configuration Management System (CMS) Requirements for CIP v5 Readiness	Complete	2	2	0.4	100.0	0.5	0.4	0.1	20.0	
CIP v5 Readiness Project	Complete	3	3	0.2	100.0	0.2	0.2	-	-	
<b>Business Strategy</b>										
Market Participant Online Data Entry: Phase 1	On Hold	1	1	-	n/a	-	-	-	-	n/a
2015 Credit Monitoring and Management (CMM) NPRRs	Planning	2	2	0.4	57.1	0.7	0.7	-	-	
2015 Outage Scheduler Enhancements	Execution	4	3	0.8	100.0	0.8	0.8	-	-	
Short Circuit Ratio Functionality	Execution	5	4	0.4	80.0	0.7	0.5	0.2	28.6	
ERCOT Flight Certification Website	Planning	-	5	0.1	25.0	0.5	0.4	0.1	20.0	
Congestion Revenue Rights (CRR) UI Framework Upgrade	Planning	6	6	0.2	33.3	1.0	0.6	0.4	40.0	
Enterprise Content Alignment Program (ECAP)	Execution	7	7	0.2	28.6	0.8	0.7	0.1	12.5	
Phasor Measurement Unit (PMU) Tool Evaluation and Implementation	Planning	-	8	-	-	0.1	0.1	-	-	
Multi Station Breaker to Breaker One Lines (Planning)	Not Yet Initiated	-	9	-	n/a	-	-	-	-	n/a
<b>Projects Below \$0.7 Million EAC Budget Threshold by Phase</b>										
	Complete			0.3	100.0	0.3	0.3	-	-	
	Closing			0.1	100.0	0.1	0.1	-	-	
	Stabilization			-	n/a	-	-	-	-	n/a
	Execution			0.8	61.5	1.6	1.3	0.3	18.8	
	Planning			0.6	26.1	2.3	2.3	-	-	
	Initiation			-	-	0.1	0.1	-	-	
	On Hold			-	n/a	0.1	-	0.1	100.0	
	Not Yet Initiated			-	-	2.4	2.4	-	-	
<b>Other Project Spend</b>										
Capital Efficiencies & Enhancements	Execution			0.4	66.7	0.6	0.6	-	-	
Variance of Completed Projects						-	-	-	-	n/a
Variance of In-flight & Not Yet Initiated Projects						(3.5)	(2.6)	(0.9)	25.7	
			<b>Subtotal</b>	<b>\$ 5.1</b>	<b>49.5</b>	<b>\$ 10.7</b>	<b>\$ 10.3</b>	<b>\$ 0.4</b>	<b>3.7</b>	
2016 Budget Expended in 2015						1.8	-	1.8	100.0	
			<b>Total - Capital Enhancements</b>	<b>\$ 5.1</b>	<b>49.5</b>	<b>\$ 12.5</b>	<b>\$ 10.3</b>	<b>\$ 2.2</b>	<b>17.6</b>	

Electric Reliability Council of Texas, Inc.

Project Expenditures - Capital Enhancements Project Budgets vs. Estimates at Completion (EACs)

As of September 29, 2016

(\$ in Millions)

Project Name [Projects listed are at or above \$0.7 Million Estimate at Completion (EAC) Budget threshold]	Current Phase	Order Based on PPL Priority: Jan. 1, 2016	Order Based on PPL Priority: Current	Life to Date		Estimate at Completion (EAC)					
				Life to Date Project Actual	% Spend to EAC Forecast	Project Budget	Project Forecast	Variance			
								\$	%		
<b>Regulatory</b>											
Physical Security Project #2	Execution	1	1	\$ 0.3	16.7	\$ 1.8	\$ 1.8	\$ -	-		
Configuration Management System (CMS) Requirements for CIP v5 Readiness	Complete	2	2	1.6	100.0	1.6	1.6	-	-		
CIP v5 Readiness Project	Complete	3	3	1.0	100.0	1.0	1.0	-	-		
<b>Business Strategy</b>											
Market Participant Online Data Entry: Phase 1	On Hold	1	1	0.3	33.3	0.9	0.9	-	-		
2015 Credit Monitoring and Management (CMM) NPRRs	Planning	2	2	0.4	14.8	2.7	2.7	-	-		
2015 Outage Scheduler Enhancements	Execution	4	3	1.2	92.3	1.3	1.3	-	-		
Short Circuit Ratio Functionality	Execution	5	4	0.5	83.3	0.8	0.6	0.2	25.0		
ERCOT Flight Certification Website	Planning	-	5	0.2	20.0	1.0	1.0	-	-		
Congestion Revenue Rights (CRR) UI Framework Upgrade	Planning	6	6	0.1	5.6	1.8	1.8	-	-		
Enterprise Content Alignment Program (ECAP)	Execution	7	7	0.4	8.2	4.9	4.9	-	-		
Phasor Measurement Unit (PMU) Tool Evaluation and Implementation	Planning	-	8	-	-	1.1	1.1	-	-		
Multi Station Breaker to Breaker One Lines (Planning)	Not Yet Initiated	-	9	-	-	1.2	1.2	-	-		
<b>Projects Below \$0.7 Million EAC Budget Threshold by Phase</b>											
	Complete			0.8	100.0	0.7	0.8	(0.1)	(14.3)		
	Closing			0.2	100.0	0.2	0.2	-	-		
	Stabilization			-	n/a	-	-	-	n/a		
	Execution			0.8	57.1	1.7	1.4	0.3	17.6		
	Planning			0.6	20.7	2.7	2.9	(0.2)	(7.4)		
	Initiation			-	-	0.1	0.1	-	-		
	On Hold			-	-	0.1	0.1	-	-		
	Not Yet Initiated			-	-	2.4	2.4	-	-		
<b>Other Project Spend</b>											
Capital Efficiencies & Enhancements	Execution			0.4	66.7	0.6	0.6	-	-		
<b>Total - Capital Enhancements</b>				<b>\$ 8.8</b>	<b>31.0</b>	<b>\$ 28.6</b>	<b>\$ 28.4</b>	<b>\$ 0.2</b>	<b>0.7</b>		

**Preliminary - Unaudited**

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**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

**Statements of Financial Position**

**As of August 31, 2016 and 2015**

(Dollars in Thousands)

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	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 347,300	\$ 353,121
Accounts receivable	6,545	5,485
Unbilled revenue	3,440	2,868
Restricted cash	367,111	373,651
Prepaid expenses and other current assets	20,112	20,952
Total current assets	<u>744,508</u>	<u>756,077</u>
Property and equipment, net	96,518	85,738
Systems under development	23,332	30,119
Total assets	<u>\$ 864,358</u>	<u>\$ 871,934</u>
 <b>Liabilities and Unrestricted Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 7,505	\$ 5,369
Accrued liabilities	12,806	10,552
Deferred revenue	4,753	4,996
Market settlement liabilities	375,821	396,092
Security deposits	367,111	373,651
Notes payable, current portion	4,000	4,000
Total current liabilities	<u>771,996</u>	<u>794,660</u>
Notes payable:		
Principal	61,000	65,000
Less unamortized debt issuance cost	216	223
Notes payable less unamortized debt issuance cost	<u>60,784</u>	<u>64,777</u>
Other long term liabilities	345	342
Total liabilities	<u>833,125</u>	<u>859,779</u>
Unrestricted net assets	31,233	12,155
Total liabilities and unrestricted net assets	<u>\$ 864,358</u>	<u>\$ 871,934</u>

**Preliminary - Unaudited**

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**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

**Statements of Activities and Net Assets**

**For the Eight Months Ended August 31, 2016 and 2015**

(Dollars in Thousands)

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	<u>2016</u>	<u>2015</u>
Operating revenues		
System administration fees	\$ 132,182	\$ 111,110
Reliability organization pass-through	9,318	9,802
Other services revenue	3,238	3,068
Total operating revenues	<u>144,738</u>	<u>123,980</u>
Operating expenses		
Salaries and related benefits	64,445	65,596
Facility and equipment costs	7,257	7,057
Outside services	7,135	6,759
Hardware and software maintenance and licensing	14,031	12,268
Reliability organization assessment	9,318	9,802
Depreciation	13,594	47,967
Amortization of regulatory asset	-	(33,526)
Other	4,565	4,481
Total operating expenses	<u>120,345</u>	<u>120,404</u>
Income (loss) from operations	24,393	3,576
Other income (expense)		
Interest income	338	20
Interest expense	(1,243)	(1,419)
Non-operating income	128	357
Change in unrestricted net assets	23,616	2,534
Unrestricted net assets, beginning of year	7,617	9,621
Unrestricted net assets, end of period	<u>\$ 31,233</u>	<u>\$ 12,155</u>

Preliminary - Unaudited

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

**Statements of Cash Flows**

**For the Eight Months Ended August 31, 2016 and 2015**

(Dollars in Thousands)

	<b>2016</b>	<b>2015</b>
<b>Operating activities:</b>		
Change in unrestricted net assets	\$ 23,616	\$ 2,534
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	13,594	47,967
Amortization of regulatory liabilities	-	(33,526)
Amortization of debt issuance costs	11	21
Net gain on capital assets	(113)	(310)
Changes in operating assets and liabilities:		
Accounts receivable	(4,286)	(2,261)
Unbilled revenue	(1,061)	(558)
Prepaid expenses and other assets	(3,080)	(4,656)
Other long-term liabilities	(7)	(87)
Accounts payable	3,169	2,034
Accrued liabilities	1,966	2,229
Deferred revenue	887	818
Net cash provided by operating activities	<u>34,696</u>	<u>14,205</u>
<b>Investing activities:</b>		
Capital expenditures for property and equipment and systems under development	(11,878)	(17,158)
Proceeds from sale of property and equipment	1	-
Net cash (used in) investing activities	<u>(11,877)</u>	<u>(17,158)</u>
<b>Financing activities:</b>		
Repayment of notes payable	(2,000)	(2,000)
Payment of debt issuance costs	(6)	-
(Increase) decrease in restricted cash	(3,562)	35,361
Increase in market settlement liabilities	19,134	43,273
Increase (decrease) in security deposits	3,562	(35,361)
Net cash provided by financing activities	<u>17,128</u>	<u>41,273</u>
Net increase in cash and cash equivalents	39,947	38,320
Cash and cash equivalents, beginning of year	307,353	314,801
Cash and cash equivalents, end of period	<u>\$ 347,300</u>	<u>\$ 353,121</u>