



**Item 7.1: Review 2017 Financial Summary**

*Sean Taylor*  
Controller

Finance & Audit Committee Meeting

ERCOT Public  
August 7, 2017

# Review 2017 Financial Summary: Variance to Budget (\$ in Millions) Net Revenues After Department Expenditures

**Net Revenues Year to Date Actuals: \$3.4 M Favorable** *(as of June 30, 2017)*

## **Major Revenue Variances**

\$2.1 M under budget: system administration fees unfavorable due to mild weather

## **Major Expenditure Variances**

\$1.8 M under budget: interest expense due to project funding and no revolver usage; interest income due to higher rates

\$0.7 M under budget: computer hardware and equipment purchases

\$0.4 M over budget: resource management (\$-1.0 M staff backfill and augmentation; \$0.5M project work, \$0.1M staffing management)

\$1.8 M under budget: timing differences

**Net Revenues Year End Forecast: \$4.5 M Favorable** *(as of July 26, 2017)*

## **Major Revenue Variances**

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

## **Major Expenditure Variances**

\$3.1 M under budget: interest expense due to project funding and minimal revolver usage; interest income due to higher rates

\$1.0 M under budget: computer hardware and equipment purchases

\$0.5 M over budget: resource management (\$-2.1 M staff backfill and augmentation; \$0.8 M project work; \$0.8 M staffing management)

# Review 2017 Financial Summary: Statements of Financial Position

## As of June 30, 2017 and 2016 (\$ in Millions)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current assets		
Unrestricted cash	\$ 392.0	\$ 330.7
Restricted cash	469.3	402.7
Other current assets	36.8	24.8
Total current assets	<u>898.1</u>	<u>758.2</u>
Long term assets	131.1	115.6
Total assets	<u>\$ 1,029.2</u>	<u>\$ 873.8</u>
 <b>Liabilities and Unrestricted Net Assets</b>		
Current liabilities		
CRR auction liabilities	\$ 350.0	\$ 288.3
Other market liabilities	92.4	84.5
Total market settlement liabilities	<u>442.4</u>	<u>372.8</u>
Security deposits	469.3	402.7
Other current liabilities	20.8	19.7
Total current liabilities	<u>932.5</u>	<u>795.2</u>
Long term liabilities	57.2	61.1
Unrestricted net assets	39.5	17.5
Total liabilities and unrestricted net assets	<u>\$ 1,029.2</u>	<u>\$ 873.8</u>



## Review 2017 Financial Summary: Statements of Activities and Net Assets

### For the Six Months Ended June 30, 2017 and 2016 (\$ in Millions)

	<b>2017</b>		<b>2016</b>
Operating revenues	\$ 103.1	\$	100.0
Operating expenses	100.2		89.4
Gain (Loss) from operations	2.9		10.6
Other income (expense)	(0.1)		(0.7)
Change in unrestricted net assets	2.8		9.9
Unrestricted net assets, beginning of year	36.7		7.6
Unrestricted net assets, end of period	\$ 39.5	\$	17.5

# Appendices

ERCOT 2017 Financial Summary As of July 26, 2017 (\$ in Millions)		Year to Date (June 30)					Year End (December 31)				
		2016	2017				2016	2017			
			Budget	Actual	Variance			Budget	Forecast	Variance	
		Line	Actual	Budget	Actual	\$	%	Actual	Budget	Forecast	\$
1	<b>System Administration Revenue</b>	\$ 90.5	\$ 94.8	\$ 92.7	\$ (2.1)	(2.2)	\$ 195.9	\$ 197.5	\$ 196.8	\$ (0.8)	(0.4)
2	<b>Department Net Expenditures</b>										
3	Information Technology	27.6	31.9	32.0	(0.1)	(0.3)	59.6	63.7	64.1	(0.4)	(0.6)
4	Operations	27.0	30.5	28.6	1.9	6.2	54.4	60.2	59.1	1.1	1.8
5	Finance & Treasury	6.3	8.0	5.8	2.2	27.5	12.2	15.9	13.2	2.7	17.0
6	External Affairs & Corporate Communications	3.2	3.1	2.9	0.2	6.5	6.2	6.4	6.2	0.3	4.7
7	Human Resources	2.1	2.7	2.1	0.6	22.2	4.6	5.3	4.7	0.6	11.3
8	General Counsel	1.7	2.5	2.0	0.5	20.0	3.1	5.0	4.4	0.6	12.0
9	Corporate Administration	1.3	1.2	0.9	0.2	16.7	2.6	2.5	2.1	0.4	16.0
10	<b>Total Department Net Expenditures</b>	<b>69.4</b>	<b>79.9</b>	<b>74.3</b>	<b>5.6</b>	<b>7.0</b>	<b>142.7</b>	<b>159.0</b>	<b>153.8</b>	<b>5.3</b>	<b>3.3</b>
11	<b>Net Revenues After Department Expenditures</b>	<b>21.1</b>	<b>14.9</b>	<b>18.3</b>	<b>3.4</b>	<b>22.8</b>	<b>53.2</b>	<b>38.5</b>	<b>43.0</b>	<b>4.5</b>	<b>11.7</b>
12											
13	<b>Less: Project Expenditures</b>	<b>8.2</b>	<b>26.9</b>	<b>22.4</b>	<b>4.4</b>	<b>16.5</b>	<b>31.8</b>	<b>40.5</b>	<b>40.5</b>	<b>-</b>	<b>-</b>
14											
15	<b>Net Available for Debt &amp; Working Capital</b>	<b>\$ 12.9</b>	<b>\$ (12.0)</b>	<b>\$ (4.1)</b>	<b>\$ 7.8</b>	<b>65.4</b>	<b>\$ 21.4</b>	<b>\$ (2.0)</b>	<b>\$ 2.5</b>	<b>\$ 4.5</b>	<b>225.0</b>
Note: Schedule may not foot due to rounding											

Electric Reliability Council of Texas, Inc. 2017 Financial Summary Variance Explanations As of July 26, 2017		
Line	Year to Date (June 30)	Year End (December 31)
1 System Administration Fee Revenue	-\$2.1 M - Mild weather	-\$0.8 M - Based on current actuals and load forecast for remainder of year
3 Information Technology	-\$0.7 M - Contracted staff augmentation (Resource Management) -\$0.3 M - Contracted staff backfill (Resource Management) -\$0.3 M - Lower-than-budgeted vacancy (Resource Management)  +\$0.5 M - Common infrastructure purchases (Computer Hardware)  +\$0.2 M - HW/SW support and maintenance renewals +\$0.2 M - Minor capital purchases (Equipment Purchases) +\$0.2 M - Building systems maintenance +\$0.1 M - Other miscellaneous variances  <u>Timing Differences</u> +\$0.4 M - Non-capital equipment purchases -\$0.4 M - HW/SW support and maintenance renewals	-\$1.4 M - Contracted staff augmentation (Resource Management) -\$0.7 M - Contracted staff backfill (Resource Management) -\$0.3 M - Lower-than-budgeted vacancy (Resource Management) -\$0.2 M - Higher allocated employee health costs -\$0.1 M - Lower amount of project funded labor (Resource Management) +\$0.7 M - Common infrastructure purchases (Computer Hardware) +\$0.4 M - HW/SW vendor support services (Resource Management) +\$0.4 M - HW/SW support and maintenance renewals +\$0.3 M - Minor capital purchases (Equipment Purchases) +\$0.2 M - Building systems maintenance +\$0.3 M - Other miscellaneous variances
4 Operations	+\$0.5 M - Higher amount of project funded labor (Resource Management) +\$0.4 M - Interconnection revenue  <u>Timing Differences</u> +\$0.6 M - External studies/consulting services +\$0.5 M - Minor capital purchases (Equipment Purchases) -\$0.1 M - Other miscellaneous variances	+\$0.6 M - Higher amount of project funded labor (Resource Management) +\$0.4 M - Interconnection revenue +\$0.3 M - Higher-than-budgeted vacancy (Resource Management) -\$0.2 M - Higher allocated employee health costs
5 Finance & Treasury	+\$0.9 M - Lower interest expense due to project funding and no revolver usage +\$0.9 M - Interest income +\$0.3 M - Property tax -\$0.3 M - Lower-than-budgeted vacancy (Resource Management)  <u>Timing Differences</u> +\$0.3 M - Fewer facilities improvements (Equipment Purchases) +\$0.1 M - Corporate insurance	+\$1.6 M - Lower interest expense due to project funding and minimal revolver usage +\$1.5 M - Interest income +\$0.3 M - Property tax -\$0.5 M - Lower-than-budgeted vacancy (Resource Management) -\$0.2 M - Corporate Insurance
6 External Affairs & Corporate Communications	+\$0.2 M - Higher-than-budgeted vacancy (Resource Management)	+\$0.4 M - Higher-than-budgeted vacancy (Resource Management) -\$0.1 M - Lower-than-budgeted project funded labor (Resource Management)
7 Human Resources	+\$0.1 M - New hire relocation +\$0.1 M - Immigration services +\$0.1 M - Healthcare insurance brokerage services  <u>Timing Differences</u> +\$0.1 M - Employee reward & recognition program +\$0.1 M - Online training subscription +\$0.1 M - Other miscellaneous variances	+\$0.3 M - New hire relocation +\$0.2 M - Immigration services +\$0.1 M - Healthcare insurance brokerage services
8 General Counsel	+\$0.3 M - Higher-than-budgeted vacancy (Resource Management) +\$0.1 M - Regulatory studies not required yet  <u>Timing Differences</u> +\$0.1 M - Outside legal services	+\$0.5 M - Higher-than-budgeted vacancy (Resource Management) +\$0.2 M - Regulatory studies may not be required -\$0.1 M - Outside legal services
9 Corporate Administration	+\$0.2 M - Higher-than-budgeted vacancy (Resource Management)	+\$0.4 M - Higher-than-budgeted vacancy (Resource Management)
14 Project Expenditures	+\$4.4 M - Multiple projects	No variance

**Electric Reliability Council of Texas, Inc.**  
**Project Expenditures - Technical Foundation Demand vs. Year End (YE) Forecast**  
**As of July 26, 2017**  
**(\$ 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, 2017	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>											
Network Model Management System (NMMS) Upgrade	Stabilization	1	1	\$ 1.2	80.0	\$ 2.1	\$ 1.5	\$ 0.6	28.6		
Identity and Access Management: Evaluation & Execution	Planning	-	2	1.1	40.7	2.7	2.7	-	-		
EDI Translator and Mapping Replacement Assessment	Not Yet Initiated	3	3	-	-	0.5	0.5	-	-		
Corporate Wireless	Planning	-	4	-	-	1.3	1.3	-	-		
<b>Projects Below \$0.7 Million EAC Budget Threshold by Phase</b>											
	Complete			0.1	100.0	0.1	0.1	-	-		
	Closing			-	n/a	-	-	-	n/a		
	Stabilization			0.4	100.0	0.4	0.4	-	-		
	Execution			0.5	71.4	0.7	0.7	-	-		
	Planning			0.1	8.3	1.3	1.2	0.1	7.7		
	Initiation			-	n/a	-	-	-	n/a		
	On Hold			-	n/a	-	-	-	n/a		
	Not Yet Initiated			-	-	0.2	0.2	-	-		
<b>Other Project Spend</b>											
	Variance of Completed Projects					-	-	-	n/a		
	Variance of In-flight & Not Yet Initiated Projects					0.7	-	0.7	100.0		
				<b>Subtotal</b>		<b>\$ 3.4</b>	<b>39.5</b>	<b>\$ 10.0</b>	<b>\$ 8.6</b>	<b>\$ 1.4</b>	<b>14.0</b>
Data Center 4.0 Optimization (DC4) Program	Planning			11.6		20.0	20.0	-	-		
				<b>Total - Technical Foundation</b>		<b>\$ 15.0</b>	<b>52.4</b>	<b>\$ 30.0</b>	<b>\$ 28.6</b>	<b>\$ 1.4</b>	<b>4.7</b>

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**Electric Reliability Council of Texas, Inc.**  
**Project Expenditures - Technical Foundation Project Budgets vs. Estimates at Completion (EACs)**  
**As of July 26, 2017**  
**(\$ 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, 2017	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>										
Network Model Management System (NMMS) Upgrade	Stabilization	1	1	\$ 8.1	97.6	\$ 8.9	\$ 8.3	\$ 0.6	6.7	
Identity and Access Management: Evaluation & Execution	Planning	-	2	1.1	21.6	5.1	5.1	-	-	
EDI Translator and Mapping Replacement Assessment	Not Yet Initiated	3	3	-	-	1.5	1.5	-	-	
Corporate Wireless	Planning	-	4	-	-	1.3	1.3	-	-	
<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			0.4	100.0	0.4	0.4	-	-	
	Execution			0.6	75.0	0.8	0.8	-	-	
	Planning			0.2	15.4	1.4	1.3	0.1	7.1	
	Initiation			-	n/a	-	-	-	n/a	
	On Hold			-	n/a	-	-	-	n/a	
	Not Yet Initiated			-	-	0.2	0.2	-	-	
			<b>Subtotal</b>	<b>\$ 10.7</b>	<b>55.7</b>	<b>\$ 19.9</b>	<b>\$ 19.2</b>	<b>\$ 0.7</b>	<b>3.5</b>	
Data Center 4.0 Optimization (DC4) Program	Planning			31.3		48.0	48.0	-	-	
			<b>Total - Technical Foundation</b>	<b>\$ 42.0</b>	<b>62.5</b>	<b>\$ 67.9</b>	<b>\$ 67.2</b>	<b>\$ 0.7</b>	<b>1.0</b>	

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**Electric Reliability Council of Texas, Inc.**  
**Project Expenditures - Capital Enhancements Demand vs. Year End (YE) Forecast**  
**As of July 26, 2017**  
**(\$ 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, 2017	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>Regulatory</b>										
Physical Security Project #2	Execution	1	1	\$ 0.6	66.7	\$ 0.9	\$ 0.9	\$ -	-	
Records Management and eDiscovery	Execution	-	2	0.2	50.0	0.4	0.4	-	-	
<b>Business Strategy</b>										
Resource Asset Registration Form (RARF) Replacement	Planning	1	1	-	-	0.4	0.4	-	-	
2015 Credit Monitoring and Management (CMM) NPRRs	Execution	2	2	0.6	37.5	1.6	1.6	-	-	
Congestion Revenue Rights (CRR) UI Framework Upgrade	Execution	4	3	1.1	73.3	1.5	1.5	-	-	
Enterprise Content Alignment Program (ECAP)	Execution	5	4	0.2	33.3	0.6	0.6	-	-	
Phasor Measurement Unit (PMU) Tool Evaluation and Implementation	Planning	6	5	-	-	1.1	1.1	-	-	
Reactive Power Coordination: Assessment & Proof of Concept (PoC)	Planning	-	6	-	-	1.1	1.1	-	-	
Multi Station Breaker to Breaker One Lines (Planning)	Execution	7	7	0.2	20.0	1.0	1.0	-	-	
Secondary Wind Forecasting Service	Initiation	-	8	-	-	0.7	0.7	-	-	
Training Facility - Scope and Design	Planning	-	9	0.1	11.1	0.9	0.9	-	-	
<b>Efficiencies / Enhancements</b>										
IT Change and Configuration Management: Evaluation & Phase 2	Planning	1	1	0.7	28.0	2.2	2.5	(0.3)	(13.6)	
SAS Technical Architecture Redesign	Execution	2	2	0.9	60.0	1.5	1.5	-	-	
<b>Projects Below \$0.7 Million EAC Budget Threshold by Phase</b>										
	Complete			0.4	100.0	0.8	0.4	0.4	50.0	
	Closing			-	n/a	-	-	-	n/a	
	Stabilization			0.6	100.0	0.8	0.6	0.2	25.0	
	Execution			1.2	70.6	1.8	1.7	0.1	5.6	
	Planning			0.1	14.3	0.8	0.7	0.1	12.5	
	Initiation			-	-	0.5	0.5	-	-	
	On Hold			-	n/a	-	-	-	n/a	
	Not Yet Initiated			-	-	0.7	0.7	-	-	
<b>Other Project Spend</b>										
Capital Efficiencies & Enhancements	Execution			0.5		0.6	0.7	(0.1)	(16.7)	
Variance of Completed Projects						(0.4)	-	(0.4)	100.0	
Variance of In-flight & Not Yet Initiated Projects						(9.0)	(7.6)	(1.4)	15.6	
<b>Total - Capital Enhancements</b>				<b>\$ 7.4</b>	<b>62.2</b>	<b>\$ 10.5</b>	<b>\$ 11.9</b>	<b>\$ (1.4)</b>	<b>(13.3)</b>	

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**Electric Reliability Council of Texas, Inc.**  
**Project Expenditures - Capital Enhancements Project Budgets vs. Estimates at Completion (EACs)**  
**As of July 26, 2017**  
**(\$ 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, 2017	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	\$ 1.6	84.2	\$ 1.9	\$ 1.9	\$ -	-		
Records Management and eDiscovery	Execution	-	2	0.5	71.4	0.7	0.7	-	-		
<b>Business Strategy</b>											
Resource Asset Registration Form (RARF) Replacement	Planning	1	1	0.4	22.2	1.8	1.8	-	-		
2015 Credit Monitoring and Management (CMM) NPRRs	Execution	2	2	1.2	40.0	3.0	3.0	-	-		
Congestion Revenue Rights (CRR) UI Framework Upgrade	Execution	4	3	1.6	80.0	2.0	2.0	-	-		
Enterprise Content Alignment Program (ECAP)	Execution	5	4	1.0	23.8	4.2	4.2	-	-		
Phasor Measurement Unit (PMU) Tool Evaluation and Implementation	Planning	6	5	-	-	1.1	1.1	-	-		
Reactive Power Coordination: Assessment & Proof of Concept (PoC)	Planning	-	6	0.1	9.1	1.1	1.1	-	-		
Multi Station Breaker to Breaker One Lines (Planning)	Execution	7	7	0.2	16.7	1.2	1.2	-	-		
Secondary Wind Forecasting Service	Initiation	-	8	-	-	0.7	0.7	-	-		
Training Facility - Scope and Design	Planning	-	9	0.1	11.1	0.9	0.9	-	-		
<b>Efficiencies / Enhancements</b>											
IT Change and Configuration Management: Evaluation & Phase 2	Planning	1	1	0.7	19.4	2.2	3.6	(1.4)	(63.6)		
SAS Technical Architecture Redesign	Execution	2	2	0.9	60.0	1.5	1.5	-	-		
<b>Projects Below \$0.7 Million EAC Budget Threshold by Phase</b>											
	Complete			1.6	100.0	2.3	1.6	0.7	30.4		
	Closing			-	n/a	-	-	-	n/a		
	Stabilization			1.4	100.0	1.6	1.4	0.2	12.5		
	Execution			1.7	77.3	2.3	2.2	0.1	4.3		
	Planning			0.1	10.0	1.1	1.0	0.1	9.1		
	Initiation			-	-	0.6	0.6	-	-		
	On Hold			-	n/a	-	-	-	n/a		
	Not Yet Initiated			-	-	1.2	1.2	-	-		
<b>Other Project Spend</b>											
Capital Efficiencies & Enhancements	Execution			0.5		0.6	0.7	(0.1)	(16.7)		
<b>Total - Capital Enhancements</b>				<b>\$ 13.6</b>	<b>42.0</b>	<b>\$ 32.0</b>	<b>\$ 32.4</b>	<b>\$ (0.4)</b>	<b>(1.3)</b>		

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**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**Statements of Financial Position**  
**As of June 30, 2017 and 2016**  
(Dollars in Thousands)

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 391,959	\$ 330,706
Accounts receivable	2,812	2,507
Unbilled revenue	3,719	3,604
Restricted cash	469,331	402,742
Prepaid expenses and other current assets	30,326	18,661
Total current assets	898,147	758,220
Property and equipment, net	103,926	92,924
Systems under development	27,127	22,671
Total assets	<u>\$ 1,029,200</u>	<u>\$ 873,815</u>
<b>Liabilities and Unrestricted Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 2,599	\$ 2,547
Accrued liabilities	10,414	9,520
Deferred revenue	3,734	3,637
Market settlement liabilities	442,413	372,731
Security deposits	469,331	402,742
Notes payable, current portion	4,000	4,000
Total current liabilities	932,491	795,177
Notes payable, less current portion:		
Principal	57,000	61,000
Less unamortized debt issuance costs	206	219
Notes payable less current portion and unamortized debt issuance costs	56,794	60,781
Other long term liabilities	381	346
Total liabilities	989,666	856,304
Unrestricted net assets	39,534	17,511
Total liabilities and unrestricted net assets	<u>\$ 1,029,200</u>	<u>\$ 873,815</u>

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**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.****Statements of Activities and Net Assets****For the Six Months Ended June 30, 2017 and 2016**(Dollars in Thousands)

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	<u>2017</u>	<u>2016</u>
Operating revenues		
System administration fees	\$ 92,740	\$ 90,516
Reliability organization pass-through	7,172	6,988
Other services revenue	3,161	2,505
Total operating revenues	<u>103,073</u>	<u>100,009</u>
Operating expenses		
Salaries and related benefits	51,837	48,191
Facility and equipment costs	4,848	4,879
Outside services	5,454	5,003
Hardware and software maintenance and licensing	14,036	10,652
Reliability organization assessment	7,172	6,988
Depreciation	13,464	10,445
Other	3,398	3,238
Total operating expenses	<u>100,209</u>	<u>89,396</u>
Income from operations	2,864	10,613
Other income (expense)		
Interest income	890	228
Interest expense	(961)	(948)
Non-operating income	3	1
Change in unrestricted net assets	2,796	9,894
Unrestricted net assets, beginning of year	<u>36,738</u>	<u>7,617</u>
Unrestricted net assets, end of period	<u>\$ 39,534</u>	<u>\$ 17,511</u>

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**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.****Statements of Cash Flows****For the Six Months Ended June 30, 2017 and 2016**(Dollars in Thousands)

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	<u>2017</u>	<u>2016</u>
<b>Operating activities:</b>		
Change in unrestricted net assets	\$ 2,796	\$ 9,894
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	13,464	10,445
Amortization of debt issuance costs	9	8
Net gain on capital assets	-	-
Changes in operating assets and liabilities:		
Accounts receivable	1,588	(248)
Unbilled revenue	(556)	(1,225)
Prepaid expenses and other assets	(8,691)	(1,620)
Other long-term liabilities	6	(6)
Accounts payable	(40)	(342)
Accrued liabilities	(851)	1,346
Deferred revenue	(469)	(229)
Net cash provided by operating activities	<u>7,256</u>	<u>18,023</u>
<b>Investing activities:</b>		
Capital expenditures for property and equipment and systems under development	(19,930)	(8,709)
Proceeds from sale of property and equipment	-	1
Net cash (used in) investing activities	<u>(19,930)</u>	<u>(8,708)</u>
<b>Financing activities:</b>		
Repayment of notes payable	(2,000)	(2,000)
Payment of debt issuance costs	(2)	(6)
(Increase) in restricted cash	(82,146)	(39,193)
Increase in market settlement liabilities	99,544	16,044
Increase in security deposits	82,146	39,193
Net cash provided by financing activities	<u>97,542</u>	<u>14,038</u>
Net increase in cash and cash equivalents	84,868	23,353
Cash and cash equivalents, beginning of year	307,091	307,353
Cash and cash equivalents, end of period	<u>\$ 391,959</u>	<u>\$ 330,706</u>