

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

North American Electric Reliability Corporation)
) **Docket No. FA11-21-000**

COMPLIANCE FILING OF THE NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

The North American Electric Reliability Corporation (“NERC”)¹ submits this compliance filing in accordance with the Commission’s January 16, 2013 Order in Docket No. FA11-21-000.² In the January 16 Order, the Commission approved a Settlement Agreement between the Office of Enforcement (“Enforcement”) and NERC related to Enforcement’s findings and recommendations arising out of its 2012 performance audit of NERC. Specifically, Section II.7(b)(i) of the Settlement Agreement requires that:

Within forty-five days of the end of each quarter, beginning with the quarter ending March 31, 2013, NERC will file with the Commission the unaudited report of the NERC budget-to-actual spending variances during the preceding quarter. This report will include information regarding sources and uses of operating and working capital reserves and will match or exceed the level of detail of the quarterly budget-to-actual variance report of NERC expenditures attached to the agenda of NERC Board of Trustees Finance and Audit Committee’s October 2012 meeting.³

Attached hereto is the unaudited report of NERC’s budget-to-actual variance information for the second quarter of 2015, in accordance with the January 16 Order. This variance information was

¹ NERC was certified by FERC as the electric reliability organization (“ERO”) authorized by Section 215 of the Federal Power Act. FERC certified NERC as the ERO in its order issued July 20, 2006 in Docket No. RR06-1-000. *Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006) (“ERO Certification Order”).

² See *North American Electric Reliability Corporation, Order Approving Settlement Agreement*, 142 FERC ¶ 61,042 (2013) (“January 16 Order”).

³ *Id.*

posted on NERC's website and reviewed in open session at the August 12, 2015 meeting of the NERC Finance and Audit Committee. The unaudited report was accepted by the NERC Board of Trustees at its meeting on August 13, 2015.

I. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to:

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*Persons to be included on the
Commission's official service list

II. CONCLUSION

NERC respectfully requests that the Commission accept this filing as compliant with Section II.7(b)(i) of the Settlement Agreement and the Commission's January 16 Order in Docket No. FA11-21-000.

Respectfully submitted,

/s/ Meredith M. Jolivert

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*Counsel for North American Electric
Reliability Corporation*

Dated: August 14, 2015

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 14th day of August, 2015.

/s/ Meredith M. Jolivert

Meredith M. Jolivert
*Counsel for North American
Electric Reliability Corporation*

ATTACHMENT

North American Electric Reliability Corporation Summary of Results as of June 30, 2015

Through June, NERC was \$3M, 8.9%, under its expense and fixed asset budget, including costs related to CRISP. As reflected in the table below, NERC is projecting to be approximately \$393k, 0.6%, over budget at year end.

Excluding CRISP, NERC was \$554k, 1.9%, under budget and is projecting to be approximately \$1.6M, 2.8% over budget. The year-end over budget variance is primarily due to the authorized use of reserves for various expenditures which are noted below in more detail.

YTD Actual vs Budget and Annual Projection vs Budget By Category – Including CRISP

	YTD Actual vs Budget				Annual Projection vs Budget			
	Actual	Budget	Variance Over (Under)	%	Annual Projection	Annual Budget	Variance Over (Under)	%
TOTAL FUNDING	\$ 37,188,361	\$ 34,259,292	\$ 2,929,069	8.5%	\$ 65,657,854	\$ 67,371,264	\$ (1,713,410)	-2.5%
BUDGET - EXPENSES and FIXED ASSETS								
PERSONNEL EXPENSES	\$ 17,904,779	\$ 18,198,237	\$ (293,458)	-1.6%	\$ 35,758,363	\$ 35,803,311	\$ (44,948)	-0.1%
MEETINGS, TRAVEL and CONFERENCE CALLS	1,871,967	1,718,185	153,782	9.0%	3,662,333	3,566,146	96,187	2.7%
CONSULTANTS and CONTRACTS	5,596,135	7,611,630	(2,015,495)	-26.5%	13,975,464	14,311,466	(336,002)	-2.3%
RENT	1,355,478	1,493,885	(138,407)	-9.3%	2,987,777	2,987,777	-	0.0%
OFFICE COSTS, PROFESSIONAL SERVICES and MISC.	2,887,118	3,115,526	(228,407)	-7.3%	5,763,286	6,231,108	(467,822)	-7.5%
Other Non-Operating Expenses	11,395	65,500	(54,105)	-82.6%	70,206	131,000	(60,794)	-46.4%
FIXED ASSET PURCHASES (excluding depreciation)	1,345,405	1,809,250	(463,845)	-25.6%	4,824,472	3,618,500	1,205,972	33.3%
TOTAL BUDGET	\$ 30,972,277	\$ 34,012,213	\$ (3,039,936)	-8.9%	\$ 67,041,901	\$ 66,649,308	\$ 392,592	0.6%
FTEs	189.87	192.35	(2.48)	-1.3%	192.03	192.30	(0.37)	-0.2%

NERC VARIANCES - excluding CRISP

NERC was \$554k, 1.9%, under budget but is projecting to be \$1.6M, 2.8%, over budget at year end due to the following items which required and received all necessary reserve authorizations:

- (1) Consulting support for assessment studies regarding the EPA's proposed Clean Power Plan;
- (2) Contract costs for multiple reliability tools and costs of a secure alert system that was anticipated to be replaced by another system at lower costs¹;
- (3) Leasehold improvements in the Atlanta and DC offices, which were funded by reserves and approved by the FAC at their meeting in November, 2014;

¹ A replacement system is currently under evaluation.

- (4) Capitalized software costs to begin development of the document management system for which reserve funding has been authorized; and
- (5) The executive and employee compensation studies.

**YTD Actual vs Budget and Annual Projection vs Budget
By Category – Excluding CRISP**

	YTD Actual vs Budget				Annual Projection vs Budget			
	Actual	Budget	Variance Over (Under)	%	Annual Projection	Annual Budget	Variance Over (Under)	%
TOTAL FUNDING	\$ 29,255,709	\$ 29,340,453	\$ (84,744)	-0.3%	\$ 57,546,023	\$ 57,550,142	\$ (4,119)	0.0%
BUDGET - EXPENSES and FIXED ASSETS								
PERSONNEL EXPENSES	\$ 17,797,696	\$ 17,964,916	\$ (167,220)	-0.9%	\$ 35,299,572	\$ 35,344,061	\$ (44,489)	-0.1%
MEETINGS, TRAVEL and CONFERENCE CALLS	1,858,795	1,693,181	165,614	9.8%	3,612,333	3,516,146	96,187	2.7%
CONSULTANTS and CONTRACTS	3,799,908	3,778,603	21,304	0.6%	7,459,364	6,645,411	813,953	12.2%
RENT	1,355,478	1,493,885	(138,407)	-9.3%	2,987,777	2,987,777	-	0.0%
OFFICE COSTS, PROFESSIONAL SERVICES and MISC.	2,829,340	2,788,024	41,316	1.5%	5,271,246	5,576,108	(304,862)	-5.5%
Other Non-Operating Expenses	11,395	65,500	(54,105)	-82.6%	70,206	131,000	(60,794)	-46.4%
FIXED ASSET PURCHASES (excluding depreciation)	1,336,364	1,759,250	(422,886)	-24.0%	4,624,472	3,518,500	1,105,972	31.4%
TOTAL BUDGET	\$ 28,988,975	\$ 29,543,358	\$ (554,384)	-1.9%	\$ 59,324,969	\$ 57,719,003	\$ 1,605,967	2.8%
FTEs	188.58	190.47	(1.89)	-1.0%	190.15	190.42	(0.37)	-0.2%

Following is a brief summary of variances by major categories:

- Personnel expenses were under budget \$167k, 0.9%, due to lower than budgeted benefits and retirement costs, offset by higher than budgeted employment agency fees and payroll taxes. Personnel expenses are projected to be \$44k, 0.1%, under budget at year-end. The 2015 budget for personnel expenses and total FTEs included a 6% vacancy assumption to account for attrition and timing of hiring open positions. As we move through the year, we adjust this vacancy rate down to account for the declining impact of vacancies as the year progresses.
- Meeting, travel and conferencing expenses were collectively over budget \$166k, 9.8%, through June, and are projected to be \$96k, 2.7%, over budget at year-end. Travel expenses were over budget \$105k through June, but are projected to be \$7k under budget at year-end. Meetings expenses were over budget \$78k through June, and are projected to be \$58k over budget at year-end in the absence of further cost control. Conference calls expense is \$18k under budget but projected to be \$45k over budget. Senior management is putting in place additional controls in an effort to further reduce projected year end negative variances.

- Consultant and Contract expenses were \$21k, 0.6%, over budget YTD and projected to be \$814k, 12.2%, over budget at year-end inclusive of authorized use of reserves. The table below summarizes existing and projected over budget variances by department.
 - RAPA - Over budget \$113k YTD and projected to be \$205k over budget at year-end due to costs for consulting support for assessment studies regarding the EPA’s proposed Clean Power Plan and added support for the Reliability Issues Steering Committee (RISC). The use of operating reserves received all required authorizations.
 - Reliability Risk Management – Over budget \$563k YTD and projected to be \$340k over budget at year-end due to higher than budgeted costs for multiple reliability tools, costs resulting from delays in the replacement of a secure alert system, and costs resulting from delays in the transition from NERCnet to the new network established by the Eastern Interconnection Data Sharing Network, Inc.
 - General and Administrative – The YTD actual and projected year-end over budget variance is related to the ERO effectiveness survey which began in 2014 and carried over into 2015 and was not budgeted in 2015.
 - Compliance Assurance; ES-ISAC; Training and Education; IT, and Finance and Accounting - Under budget YTD due to timing difference between actual expenses incurred and the budget, which is allocated equally throughout the year.
 - HR - Under budget \$87k YTD but projected to be \$174k over budget at year-end due to costs for an executive and employee compensation study. This expenditure received required approvals for reserve usage and was also authorized by the CGHRC.

**Consultant and Contract Expenses
By Department**

<u>CONSULTANTS and CONTRACTS</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>	<u>Annual Projection</u>	<u>Annual Budget</u>	<u>Variance Over (Under)</u>
COMPLIANCE ASSURANCE	\$ 133,111	\$ 194,002	\$ (60,891)	\$ 388,000	\$ 388,000	\$ -
RAPA	917,890	805,100	112,791	1,160,780	955,450	205,330
RRM	1,230,098	667,185	562,913	1,417,589	1,077,321	340,268
ES-ISAC	446,890	545,065	(98,175)	1,154,830	1,090,135	64,695
TRAINING, EDUC and OP CERT	277,411	376,062	(98,651)	752,670	752,130	540
GEN & ADMIN	58,845	-	58,845	80,000	-	80,000
POLICY and EXTERNAL AFFAIRS	2,400	7,500	(5,100)	15,000	15,000	-
INFORMATION TECHNOLOGY	627,217	864,802	(237,585)	1,678,720	1,729,600	(50,880)
HUMAN RESOURCES	61,686	149,139	(87,453)	472,275	298,275	174,000
FINANCE and ACCOUNTING	44,359	169,748	(125,389)	339,500	339,500	-
TOTAL (excluding CRISP)	\$ 3,799,908	\$ 3,778,603	\$ 21,304	\$ 7,459,364	\$ 6,645,411	\$ 813,953

- Office Costs, Professional Services and Miscellaneous expenses were collectively \$41.3k, 1.5%, over budget through June; projected to be \$304.9k, 5.5%, under budget at year-end.
 - Office Costs were \$197.9k, 12.1%, over budget but projected to be slightly under budget at year-end.
 - Professional services were \$148.7k, 13.2%, under budget through June and projected to be \$300k, 13.3%, under budget at year-end, primarily due to lower projected outside counsel expense
- Other Non-Operating expenses were \$54k, 82.6%, under budget through June, and are projected to be \$60k, 46.4%, under budget at year-end due to lower than budgeted interest expense related to the capital financing loan. As a result of budget under runs in 2014, management did not draw on the loan in 2014 as was planned when the 2015 budget was developed.
- Fixed Asset Purchases (excluding depreciation) were \$423k, 24.0%, under budget through June and are projected to be \$1.1M, 31.4%, over budget at year end due to (1) the document management implementation that was approved by the FAC and Board in May, 2015 and (2) leasehold improvements in the Atlanta and DC offices, which were funded by reserves and approved at the FAC in November, 2014.

CRISP VARIANCES

CRISP was \$2.4M, 53.3% under budget through June, and is projected to be \$1.1M, 12.2%, under budget at year-end, primarily due to lower than budgeted contract and consulting expense. When the 2015 budget was prepared, it was assumed that all CRISP contracts would be executed and associated expenses would be incurred in 2015. However, as previously reported, a portion of CRISP expenses that were budgeted in 2015 were incurred in 2014. Based upon 2015 contract costs, which were finalized after the 2015 budget was submitted to FERC, contract and consulting expense related to CRISP is projected to be \$1.1M under budget in 2015. This will also reduce 2015 funding from CRISP participants since CRISP contractual provisions require funding to match actual costs. Any under runs in actual versus budgeted CRISP costs which are funded by CRISP participants will be credited to CRISP participants pursuant to the terms of the CRISP participant agreements.

OPERATING RESERVES – Current Balances

As of June 30, 2015, the balance in working capital and operating reserves was \$13.1M, which was \$7.9M higher than budget. This higher than budgeted reserve balance was the result of two factors that were not anticipated at the time the 2015 budget was approved:

- (1) The reserve balance reflects \$5.9M in CRISP reserves that are in addition to a \$500k CRISP insurance reserves, due to timing differences between receipt of third-party funding for CRISP, which occurs at the beginning of the year, and expenses incurred throughout the year.
- (2) The beginning balance in working capital and operating reserves was \$1.9M higher than budgeted due to expense and fixed asset under runs in 2014. The actual 2015 beginning balance in working capital and operating reserves was \$7.5M, based upon audited 2014 year-end results.
- (3) The balances in the Future Obligations Reserve, the Operating Contingency Reserve, the System Operator Reserves, and CRISP Reserves as of June 30, were approximately \$3.3M, \$2.4M, \$1.0M, and \$6.4M respectively.

					June 30, 2015 Reserve Balances				
	Actual	Budget	Variance Over (Under)		Future Obligations Reserve	Operating Contingency Reserve	System Operator Reserves	***CRISP Reserves	Assessment Stabilization Reserve
2015 Beginning Reserve Balances	\$ 7,460,907	\$ 5,573,225	\$ 1,887,682		\$ 3,569,492	\$ 2,011,402	\$ 1,294,513	\$ 585,500	\$ -
<u>Change in Reserves from Current Year Operations</u>									
Change in Reserves from budgeted operations	6,508,571	247,079	6,261,493		62,000	938,862	(294,037)	5,801,747	
Approved use of reserves	(292,488)	-	(292,488)			(292,488)			
<u>Capital Financing</u>									
Proceeds from Financing Activities (non-current only)	-	-	-			-			
Debt Service	(210,834)	(446,832)	235,999			(210,834)			
Other adjustments to reserves**	(329,142)	(161,109)	(168,033)		(298,049)	(31,093)			
Reserve Balance	\$ 13,137,015	\$ 5,212,363	\$ 7,924,652		\$3,333,443	\$2,415,850	\$1,000,475	\$6,387,247	\$ -

**Represents transactions recorded only on the Statement of Financial Position (balance sheet) and do not impact the Statement of Activities (income statement), including recording of capitalized leases,

***Represents 2015 CRISP funding billed, net of 2014 credits issued for budget under runs.

OPERATING RESERVES – Year End Projection

The current year-end projection in total operating reserves for 2015 is \$6.3M, including \$2.0M in the Operating Contingency Reserve. The projected use of operating reserves includes the following:

- (1) \$600k for a document management program (approved by the Board in May 2015)
- (2) \$551k for leasehold improvements (approved by the FAC in November 2014)
- (3) \$140k to study the EPA Clean Power Plan (approved by the CEO)
- (4) \$50k for higher than budgeted costs associated with GridEx III (approved by the CFAO)
- (5) \$174k for the executive and employee compensation study (approved by the CEO)
- (6) \$60k for RISC support (approved by CFAO)

	2015 Projection	2015 Budget	Variance Over (Under)	2015 Projected Year End Reserve Balances					
				Future Obligations Reserve	Operating Contingency Reserve	System Operator Reserves	***CRISP Reserves	Assessment Stabilization Reserve	
2015 Beginning Reserve Balances	\$ 7,460,907	\$ 5,573,225	\$ 1,887,682	\$ 3,569,492	\$ 2,011,402	\$ 1,294,513	\$ 585,500	\$ -	
<u>Change in Reserves from Current Year Operations</u>									
Change in Reserves from budgeted operations	191,624	721,956	(530,332)	62,000	702,761	(503,358)	(69,779)		
Approved use of reserves	(1,575,671)	-	(1,575,671)		(1,575,671)				
<u>Capital Financing</u>									
Proceeds from Financing Activities (non-current only)	1,266,667	1,266,667	-		1,266,667				
Debt Service	(421,667)	(893,664)	471,997		(421,667)				
Other adjustments to reserves**	(608,337)	(322,218)	(286,119)	(593,418)	(14,919)				
Reserve Balance	\$ 6,313,523	\$ 6,345,966	\$ (32,442)	\$ 3,038,074	\$ 1,968,573	\$ 791,155	\$ 515,721	\$ -	

**Represents transactions recorded only on the Statement of Financial Position (balance sheet) and do not impact the Statement of Activities (income statement), including recording of capitalized leases, amortization of

***Represents 2015 CRISP funding billed, net of 2014 credits issued for budget under runs.

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
Statement of Activities and Fixed Assets Budget
(Unaudited)
For the period ended 06/30/2015

	Actual	Budget	Variance Over (Under)	%	Annual Projection	Annual Budget	Variance Over (Under)	%
Funding								
Assessments	\$ 27,654,188	\$ 27,654,187	\$ 1		\$ 55,308,375	\$ 55,308,375	\$ -	
Penalties	1,155,000	1,155,000	-		1,155,000	1,155,000	-	
Third-Party Funding (CRISP)	7,485,000	4,471,795	3,013,205		7,233,140	8,943,589	(1,710,449)	
Testing	760,117	835,004	(74,887)		1,670,000	1,670,000	-	
Services & Software	30,000	25,004	4,996		50,000	50,000	-	
Workshop Fees	99,462	116,800	(17,338)		237,025	241,300	(4,275)	
Interest	4,438	1,502	2,936		4,158	3,000	1,158	
Miscellaneous	156	-	156		156	-	156	
Total Funding	\$ 37,188,361	\$ 34,259,292	\$ 2,929,069	8.5%	\$ 65,657,854	\$ 67,371,264	\$ (1,713,410)	-2.5%
Expenses								
Personnel Expenses								
Salaries	\$ 13,824,400	\$ 13,790,342	\$ 34,058		\$ 27,807,341	\$ 27,580,676	\$ 226,665	
Payroll Taxes	1,162,440	1,117,395	45,044		1,826,683	1,673,628	153,055	
Employee Benefits	1,609,262	1,773,583	(164,321)		3,381,238	3,547,177	(165,939)	
Savings & Retirement	1,308,677	1,516,916	(208,239)		2,743,101	3,001,829	(258,728)	
Total Personnel Expenses	\$ 17,904,779	\$ 18,198,237	\$ (293,458)	-1.6%	\$ 35,758,363	\$ 35,803,311	\$ (44,948)	-0.1%
Meeting Expenses								
Meetings	\$ 542,366	\$ 460,125	\$ 82,241		\$ 1,108,004	\$ 1,050,000	\$ 58,004	
Travel	1,194,056	1,101,681	92,375		2,196,388	2,203,395	(7,007)	
Conference Calls	135,546	156,379	(20,833)		357,941	312,751	45,190	
Total Meeting Expenses	\$ 1,871,967	\$ 1,718,185	\$ 153,782	9.0%	\$ 3,662,333	\$ 3,566,146	\$ 96,187	2.7%
Operating Expenses								
Consultants and Contracts	\$ 5,596,135	\$ 7,611,630	\$ (2,015,495)		\$ 13,975,464	\$ 14,311,466	\$ (336,002)	
Rent & Improvements	1,355,478	1,493,885	(138,407)		2,987,777	2,987,777	-	
Office Costs	1,837,860	1,791,632	46,229		3,575,494	3,583,328	(7,834)	
Professional Services	1,038,945	1,305,644	(266,699)		2,150,792	2,611,280	(460,488)	
Miscellaneous	10,313	18,250	(7,937)		37,000	36,500	500	
Depreciation	961,908	1,166,504	(204,597)		2,438,614	2,333,006	105,608	
Total Operating Expenses	\$ 10,800,640	\$ 13,387,545	\$ (2,586,906)	-19.3%	\$ 25,165,141	\$ 25,863,357	\$ (698,216)	-2.7%
Other Non-Operating Expenses	\$ 11,395	\$ 65,500	\$ (54,105)	-82.6%	\$ 70,206	\$ 131,000	\$ (60,794)	-46.4%
Indirect Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Total Expenses	\$ 30,588,780	\$ 33,369,467	\$ (2,780,688)	-8.3%	\$ 64,656,043	\$ 65,363,815	\$ (707,771)	-1.1%
Net Change in Assets	\$ 6,599,581	\$ 889,824	\$ 5,709,757	641.7%	\$ 1,001,811	\$ 2,007,449	\$ (1,005,639)	-50.1%
Fixed Assets								
Depreciation	\$ (961,908)	\$ (1,166,504)	\$ 204,597		\$ (2,438,614)	\$ (2,333,006)	\$ (105,608)	
Computer & Software	939,329	1,576,750	(637,421)		3,683,757	3,153,500	530,257	
Furniture & Fixtures	29,551	-	29,551		29,551	-	29,551	
Equipment	194,287	232,500	(38,213)		559,743	465,000	94,743	
Leasehold Improvements	182,238	-	182,238		551,421	-	551,421	
Allocation of Fixed Assets	-	-	-		-	-	-	
Incr(Dec) in Fixed Assets	\$ 383,498	\$ 642,746	\$ (259,248)	-40.3%	\$ 2,385,857	\$ 1,285,494	\$ 1,100,364	85.6%
Total Budget (Expenses plus Incr(Dec) in Fixed Assets)	\$ 30,972,277	\$ 34,012,213	\$ (3,039,936)	-8.9%	\$ 67,041,901	\$ 66,649,308	\$ 392,592	0.6%
FTE's	189.87	192.35	(2.48)	-1.3%	192.03	192.30	(0.27)	-0.1%

**NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
STATEMENT OF FINANCIAL POSITION
(Unaudited)**

	Unaudited		Audited		Working Capital and Operating Reserves	
	6/30/2015	12/31/2014	6/30/2015	12/31/2014	6/30/2015	12/31/2014
ASSETS						
Cash	\$ 42,836,771	\$ 38,904,711	\$ 42,836,771	\$ 38,904,711		
Accounts receivable, net of allowance for uncollectible accounts of \$0	17,576,051	5,059,002	17,576,051	5,059,002		
Prepaid expenses and other current assets	756,700	756,727	756,700	756,727		
Security deposit	125,416	99,136				
Employee Fiduciary - 457b	522,756	522,756				
457(f) Non-Qualified Def Comp	171,200	-				
Property and equipment	6,313,042	5,929,365				
Total Assets	\$ 68,301,936	\$ 51,271,697				
LIABILITIES AND NET ASSETS						
Liabilities						
Current Portion						
Accounts payable and accrued expenses (includes vacation accrual)	\$ 3,239,246	\$ 4,970,198	\$ (3,239,246)	\$ (4,970,198)		
Accrued incentive compensation	2,051,323	4,054,329	(2,051,323)	(4,054,329)		
Deferred rent-current	258,564	249,269	(258,564)	(249,269)		
Deferred compensation - current	14,257	14,257	(14,257)	(14,257)		
Capital lease obligations - current	56,457	56,457	(56,457)	(56,457)		
Accrued retirement liabilities	1,122,584	1,907,562	(1,122,584)	(1,907,562)		
Debt service - current portion	421,667	421,667	(421,667)	(421,667)		
Deferred income	16,613,440	6,228,959	(16,613,440)	(6,228,959)		
Deferred revenue - other	-	-	-	-		
Deferred revenue - penalties	-	-	-	-		
Deferred revenue - CRISP	-	3,953,379	-	(3,953,379)		
Regional assessments	20,544,969	11,438,455	(20,544,969)	(11,438,455)		
Total Current Portion	\$ 44,322,507	\$ 33,294,532				
Long-Term Portion						
Deferred compensation ¹	778,812	783,446				
Long-Term Debt	245,972	456,806				
Deferred Rent-non-current	3,442,642	3,569,492				
CRISP Insurance Reserve	500,000	500,000				
Capital lease obligations - non-current	216,481	216,481				
Total Long-Term Portion	\$ 5,183,908	\$ 5,526,224				
Total Liabilities	\$ 49,506,414	\$ 38,820,756				
Net Assets - unrestricted	\$ 15,085,522	\$ 8,485,941				
Net Assets - restricted	3,710,000	3,965,000	(3,710,000)	(3,965,000)		
Total Liabilities and Net Assets	\$ 68,301,936	\$ 51,271,697	\$ 13,137,015	\$ 7,460,907		
Working Capital and Operating Reserves	\$ 13,137,015	\$ 7,460,907				

¹Includes 457b liability, life insurance for former executive, and retiree medical

Financial Covenants

1 - WC & OR Balance to Debt Service Ratio > 1.2 to 1.0 (Working Capital / Debt Service)	31.15
2 - Liquidity to Debt Service Ratio > 1.5 to 1.0* (= Cash - Regional Assessments - Restricted Net Assets)	44.07