

SILVER STATE ENERGY ASSOCIATION
FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

A political subdivision of the State of Nevada

Las Vegas, Nevada

SILVER STATE ENERGY ASSOCIATION

BOARD OF DIRECTORS

DOUG BEATTY
Colorado River Commission of Nevada

DAVID JOHNSON
Southern Nevada Water Authority

RORY DWYER
City of Boulder City

EDWARD WRIGHT
Lincoln County Power District No.1

MIKE FETHERSTON
Overton Power District No. 5

MEMBERS

City of Boulder City
Colorado River Commission of Nevada
Southern Nevada Water Authority

Lincoln County Power District No.1
Overton Power District No. 5

ASSOCIATION STAFF

SCOTT KRANTZ, MANAGER
Silver State Energy Association

SILVER STATE ENERGY ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Board of Directors
Silver State Energy Association
Las Vegas, NV

We have audited the accompanying financial statements of Silver State Energy Association (SSEA) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise SSEA's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether SSEA's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SSEA's preparation and fair presentation of the basic financial statements to enable the design of audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SSEA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

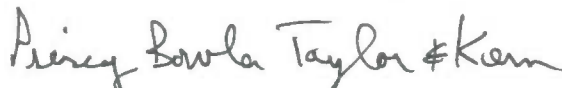
Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of SSEA as of and for the years ended June 30, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. SSEA has not presented a Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be part of, the basic financial statements.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise SSEA's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2015, on our consideration of SSEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SSEA's internal control over financial reporting and compliance.



Las Vegas, Nevada
May 19, 2015

SILVER STATE ENERGY ASSOCIATION

STATEMENTS OF NET POSITION JUNE 30, 2014 AND 2013

ASSETS	2014	2013
Current assets:		
Cash	\$ 10,988,622	\$ 2,589,182
Accounts receivable, other than members	1,748,764	279,323
Accounts receivable, members	3,274,047	6,385,278
Prepaid expenses	5,707,146	1,528,433
Total current assets	<u>21,718,579</u>	<u>10,782,216</u>
Capital assets:		
Capitalized project costs	402,342	402,342
Total assets	<u>\$ 22,120,921</u>	<u>\$ 11,184,558</u>
LIABILITIES		
Current liabilities:		
Accounts payable, other than members	\$ 12,020,195	\$ 6,757,211
Accounts payable, members	900,419	183,906
Advances from members	8,797,965	3,841,099
Total current liabilities	<u>21,718,579</u>	<u>10,782,216</u>
NET POSITION		
Invested in capital assets	402,342	402,342
Total liabilities and net position	<u>\$ 22,120,921</u>	<u>\$ 11,184,558</u>

SILVER STATE ENERGY ASSOCIATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
OPERATING REVENUE		
Power sales and other assessments to members	<u>\$ 88,076,789</u>	<u>\$ 25,139,346</u>
OPERATING EXPENSES		
Office supplies and expenses	541,337	769,150
Outside services	1,815,162	517,360
Power purchases and related expenses	<u>85,736,284</u>	<u>23,853,001</u>
Total operating expenses	<u>88,092,783</u>	<u>25,139,511</u>
OPERATING LOSS	(15,994)	(165)
Member assessments for deferred project costs		225
Investment income	<u>15,994</u>	<u>165</u>
CHANGE IN NET POSITION		225
NET POSITION, BEGINNING	<u>402,342</u>	<u>402,117</u>
NET POSITION, ENDING	<u><u>\$ 402,342</u></u>	<u><u>\$ 402,342</u></u>

SILVER STATE ENERGY ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from power sales and other assessments to members	\$ 96,144,886	\$ 22,783,745
Cash paid for goods and services	(87,761,440)	(20,306,401)
Net cash provided by operating activities	<u>8,383,446</u>	<u>2,477,344</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Cash received from members for project costs		225
Acquisition of capital assets		(225)
Net cash used in capital financing activities		<u></u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>15,994</u>	<u>165</u>
NET CHANGE IN CASH	<u>8,399,440</u>	<u>2,477,509</u>
CASH, BEGINNING	<u>2,589,182</u>	<u>111,673</u>
CASH, ENDING	<u>\$ 10,988,622</u>	<u>\$ 2,589,182</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (15,994)	\$ (165)
(Increase) decrease in operating assets:		
Accounts receivable, other than members	(1,469,441)	(279,323)
Accounts receivable, members	3,111,231	(5,948,443)
Prepaid expenses	(4,178,713)	(1,408,007)
Increase (decrease) in operating liabilities:		
Accounts payable, other than members	5,262,984	6,638,863
Accounts payable, members	716,513	(118,423)
Advances from members	<u>4,956,866</u>	<u>3,592,842</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 8,383,446</u>	<u>\$ 2,477,344</u>

SILVER STATE ENERGY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

1. Summary of significant accounting policies:

A. Reporting entity

Under the provisions of Chapter 277 of the Nevada Revised Statutes (NRS), any one or more public agencies may enter into an agreement for the joint exercise of any power, privilege, or authority and may create a separate legal or administrative entity to conduct the joint or cooperative undertaking.

The Silver State Energy Association (SSEA) is an association of public agencies with the common goal of jointly planning, developing, owning and operating power resources to meet their own needs and those of their customers. The economies of scale produced by SSEA offer improved project development opportunities and power purchasing capabilities, the sharing of resources and expertise, and the opportunity for jointly managed energy needs. SSEA is a political subdivision of the State of Nevada (Nevada) and was established August 1, 2007, through a cooperative agreement pursuant to the Interlocal Cooperation Act.

SSEA was established as a joint venture through an interlocal agreement among the member agencies (Members) consisting of the City of Boulder City, the Colorado River Commission of Nevada (CRC), Lincoln County Power District No. 1, Overton Power District No. 5 and the Southern Nevada Water Authority (SNWA), all of which are public agencies in Nevada.

As appropriate projects are selected for development, the Members involved in each project enter into a project service agreement (PSA) indicating each participating Member's allocation of project costs.

The business and other affairs of the SSEA are conducted by a Board of Directors (the Board) consisting of one director appointed by each Member. The appointed director may, but need not be, a member of the governing body of the Member.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining*

Whether Certain Organizations are Component Units, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the entity's governing body, and either the ability of the primary government to impose its will on the entity or the possibility that the entity will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other entities in which the economic resources received or held by that entity are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the entity and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

SSEA has examined its position relative to its Members and determined that there are no requirements that would cause the basic financial statements of SSEA to be included in the Members' or any other entities' comprehensive annual financial reports (CAFR). In addition, no entities were determined to be component units of SSEA.

B. Basis of presentation, measurement focus, and basis of accounting

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) applicable to government units as prescribed by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. SSEA is not subject to rate regulation by

SILVER STATE ENERGY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

federal or state utility regulatory bodies such as the Federal Energy Regulatory Commission (FERC) or the Public Utilities Commission of Nevada.

SSEA is accounted for as an enterprise fund. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods and services to customers on a continual basis be financed primarily through user charges.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of SSEA. Exchange transactions are those in which each party receives and gives up essentially equal values. For the periods reported, there were no nonexchange transactions. Non-operating revenues of enterprise funds include investment earnings, revenues resulting from ancillary activities, and capital contributions.

C. Assets, liabilities, and equity

Accounts receivable, members - Amounts due from Members are recorded at net realizable value and consist of amounts due from member agencies for general and project expenses. It is SSEA's policy to write off uncollectible receivables based on a case-by-case evaluation of facts and circumstances. At June 30, 2014 and, 2013, all amounts due from members were considered to be collectible.

Capital assets - capitalized project costs - Consistent with industry standards and GAAP, the expenditures for preliminary surveys, plans, investigations, *etc.*, made for the purpose of determining the feasibility of utility projects under contemplation are held in a capitalized account in accordance with the provisions of FERC. If the project continues to completion, these capitalized

amounts would be capitalized to property and equipment. If the project is abandoned, they would be charged to expense at that time. As of June 30, 2014 and 2013, capitalized project costs were \$402,342, for which an equal amount is reported as net assets invested in capital assets.

Advances from Members - In accordance with the cooperative agreement, revenues from Member assessments are recorded when general and administrative expenses and project costs are incurred, with any amounts received from Members in excess of those incurred expenses and costs reflected as advances from Members in the accompanying statements of net assets.

D. Use of estimates

The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

2. Stewardship, compliance, and accountability

Budgetary information - The SSEA manager prepares a tentative budget for administrative and general expenses for each fiscal year on or before April 15th with the final budget being adopted by the Board on or before June 1 of each year. SSEA administrative and general expenses incurred during any fiscal year may not exceed the budgeted level authorized by the Board. This budget may be amended by the Board as necessary.

Budgets for each project are established consistent with the requirements of each PSA.

3. Project Service Agreements (PSAs)

Except for CRC, each Member is required to execute one or more PSAs with SSEA within two years from the date the Member becomes a signatory to the Cooperative Agreement, and within two years from the date when all PSAs to which the Member is a signatory are no longer effective.

SILVER STATE ENERGY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

On November 7, 2007, the Board approved PSA No. 1 – *Joint Generation Resource Planning and Evaluation* (PSA #1). The project participants include the City of Boulder City, Overton Power District No. 5, Lincoln County Power District No. 1 and SNWA.

PSA #1 involves the joint exploration, research, investigation, review, evaluation, and feasibility of implementing, operating, and maintaining electric generation projects and such other projects, whether physical or financial, that may be designed to meet the future power needs of the project participants.

The project consists of three phases. The first two phases have been completed. The third phase, which had been put on hold by the members, was reinitiated in 2012 for the purpose of determining the feasibility of SSEA obtaining an allocation of federal hydropower through Western Area Power Administration or CRC.

The project term was November 7, 2007, through December 31, 2010, with provisions to continue from year-to-year thereafter. The project budget is \$1,000,000. Since this is an activity intended to identify projects for future development by SSEA and not a particular contemplated project, intended to result in the development of capital assets under GAAP and FERC provisions, the related costs are not capitalized, but are recorded as period costs when incurred.

On June 11, 2008, the Board approved PSA No. 2, *Eastern Nevada Transmission Project* (PSA #2). The project participants are the City of Boulder City, Overton Power District No. 5, Lincoln County Power District No. 1 and SNWA.

PSA #2 involves the joint exploration, research, investigation, review, and evaluation of the feasibility of constructing 230 kV high voltage electrical transmission lines and related facilities to allow the interconnection of the participant electrical systems with Mead Substation in southern Nevada. Work performed under this agreement includes siting, permitting, and preliminary design of the proposed transmission lines, of which \$402,342 has been

recorded as capitalized project costs under the provisions of GAAP and FERC.

The original project term was June 11, 2008, through June 11, 2011, unless terminated earlier by the project participants. PSA #2 was amended on February 28, 2011, to extend the term of PSA #2 for an additional three years. The project budget was \$2,600,000.

On July 17, 2014, subsequent to the 2014 fiscal year end, the Board approved PSA No. 2A, *Eastern Nevada Transmission Project* (PSA #2A). The project participants are the City of Boulder City, Overton Power District No. 5, Lincoln County Power District No. 1 and SNWA. PSA #2A supersedes PSA #2 which concluded in June 2014.

PSA #2A is a continuation of the project commenced under PSA #2 but with a reduced scope of work and a reduced budget of \$100,000. The project term is for five years commencing on July 17, 2014.

On November 10, 2009, the Board approved PSA No. 3, *Power Supply Management Services Agreement* (PSA #3). The project participants are the City of Boulder City, Lincoln County Power District No. 1, Overton Power District No. 5 and SNWA.

PSA #3 allows the project participants to request that SSEA provide various power supply management services in connection with the operation, scheduling, hedging or optimization of a project participant's resources or in furtherance of meeting the power supply needs of a project participant. There are two service schedules offered under PSA #3: 1) Load Requirements Service (LRS), which includes full commodity management and 2) Power Purchase and Sale Service (PPSS), which enables the project participant to buy and sell specifically requested products with SSEA.

The project term is November 10, 2009, to termination of the Cooperative Agreement. The project budget is to be developed as service is initiated by project participants. Since this is an activity intended to provide ongoing services to the participants and not a particular contemplated project that is intended to result in the development of capital

SILVER STATE ENERGY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

assets, under GAAP and FERC provisions, the related costs are not capitalized, but are recorded as period costs when incurred.

Under the provisions of service schedule LRS of PSA #3, SSEA has been delivering energy to the City of Boulder City since June 1, 2011 and to SNWA since April 1, 2013. Overton Power District No. 5 and Lincoln County Power District No. 1 entered into service schedule PPSS under PSA #3 on September 1, 2011 and October 1, 2011, respectively.

4. Risk management

SSEA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The United States has experienced a widespread recession accompanied by declines in residential real estate sales, mortgage lending and related construction activity, and other inflationary trends and weakness in the commercial and investment banking systems, all of which are likely to continue to have far-reaching effects on the economic activity in the country for an indeterminate period. The near- and long-term impact of these factors on the Nevada economy and the SSEA's operations cannot be predicted at this time but may be substantial.

SSEA often carries cash on deposit with a financial institution in excess of federally-insured limits. The financial institution pledges sufficient collateral with the Nevada State Treasurer for all amounts which exceed the applicable FDIC insurance. The financial institution pledges only AAA rated securities to secure the deposits.

5. Commitments and contingencies

Litigation – The SSEA is not currently a party to any litigation. However, the SSEA may, from time-to-time, be a party in various litigation matters. It is management's opinion, based upon advice from legal counsel, that the risk of financial losses to SSEA from

such litigation, if any, will not have a material adverse effect on SSEA's future financial position, results of operations or cash flows. Accordingly, no provision has been made for any such losses.

SSEA does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

Forward Energy Contracts – To provide electrical energy at a known and budgeted cost, SSEA actively manages a portfolio of energy resources and adheres to a strict set of energy risk management procedures established to fulfill the Energy Risk Management Policy adopted by the Board. The portfolio is composed of forward electricity contracts as well as natural gas and electricity financial contracts that exist solely for the purpose of serving SSEA's projected energy requirements over the next 5 years. These contracts are considered to be "normal purchases and sales contracts" and therefore they are considered to be outside the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

The primary risks associated with this portfolio are counter-party credit and termination risks, which are managed by policies and procedures that require careful financial evaluation of trading partners, trading limits and in some cases as specified by policy, the posting of collateral.

As of June 30, 2014 and 2013, prepaid expenses related to the future purchases of power were \$3,303,000 and \$749,000, respectively. In addition, in relation to the aforementioned forward energy contracts, the SSEA had commitments to sell energy in the amounts of \$20,616,930 and \$25,540,300, respectively, (net of commitments to purchase energy). The SSEA intends to enter into additional energy supply contracts in the future as the delivery period for the committed sales nears.

SILVER STATE ENERGY ASSOCIATION

SCHEDULE OF EXPENSES, BUDGET AND ACTUAL

For year ended June 30, 2014			
	Budget Original and Final	Actual	Variance
ADMINISTRATIVE AND GENERAL			
Labor	\$ 34,982	\$ 35,595	\$ (613)
Other	14,899	9,200	5,699
Total administrative and general expenses	<u>\$ 49,881</u>	<u>\$ 44,795</u>	<u>\$ 5,086</u>
Through June 30, 2014			
	Budget Original and Final	Actual	Remaining Available
PROJECTS			
Project Service Agreement #1			
Phase I	\$ 5,000	\$ 2,073	\$ 2,927
Phase II	5,000	2,971	2,029
Phase III:			
Work Effort 1	2,500	1,911	589
Work Effort 2	5,000	1,927	3,073
Work Effort 3	10,000	368	9,632
	<u>27,500</u>	<u>9,250</u>	<u>18,250</u>
Project Service Agreement #2			
Administrative	20,000	11,647	8,353
Siting and permitting	2,271,500	390,695	1,880,805
Project management	308,500		308,500
	<u>2,600,000</u>	<u>402,342</u>	<u>2,197,658</u>
Project Service Agreement #3			
Power purchases and related costs and expenses			
Year ended June 30, 2013	22,582,640	25,100,871	(2,518,231)
Year ended June 30, 2014	<u>82,586,672</u>	<u>88,031,994</u>	<u>(5,445,322)</u>
Total project costs and expenses	<u>\$ 85,214,172</u>	<u>\$ 88,443,586</u>	<u>\$ (3,229,414)</u>
RECONCILIATION OF EXPENSES			
Current year expenses (net)			
Project Service Agreement #3		\$ 88,031,994	
Total administrative and general expenses		44,795	
Add back:			
Interest income		15,994	
Total operating expenses		<u>\$ 88,092,783</u>	

SILVER STATE ENERGY ASSOCIATION

SCHEDULE OF EXPENSES, BUDGET AND ACTUAL

For year ended June 30, 2013			
	Budget Original and Final	Actual	Variance
ADMINISTRATIVE AND GENERAL			
Labor	\$ 26,000	\$ 25,684	\$ 316
Other	14,050	12,791	1,259
Total administrative and general expenses	<u>\$ 40,050</u>	<u>\$ 38,475</u>	<u>\$ 1,575</u>
Through June 30, 2013			
	Budget Original and Final	Actual	Remaining Available
PROJECTS			
Project Service Agreement #1			
Phase I	\$ 5,000	\$ 2,073	\$ 2,927
Phase II	5,000	2,971	2,029
Phase III:			
Work Effort 1	2,500	1,911	589
Work Effort 2	5,000	1,927	3,073
Work Effort 3	10,000	368	9,632
	<u>27,500</u>	<u>9,250</u>	<u>18,250</u>
Project Service Agreement #2			
Administrative	20,000	11,647	8,353
Siting and permitting	2,271,500	390,695	1,880,805
Project management	308,500		308,500
	<u>2,600,000</u>	<u>402,342</u>	<u>2,197,658</u>
Project Service Agreement #3			
Power purchases and related costs and expenses			
Year ended June 30, 2012	3,142,868	2,918,532	224,336
Year ended June 30, 2013	<u>22,582,640</u>	<u>25,100,871</u>	<u>(2,518,231)</u>
Total project costs and expenses	<u>\$ 25,210,140</u>	<u>\$ 25,512,463</u>	<u>\$ (302,323)</u>
RECONCILIATION OF EXPENSES			
Current year expenses (net)			
Project Service Agreement #3		\$ 25,100,871	
Total administrative and general expenses		38,475	
Add back:			
Interest income		165	
Total operating expenses		<u>\$ 25,139,511</u>	