

was posted on NERC's website on August 13, 2020 and will be reviewed at the August 19, 2020 open meeting of the NERC Finance and Audit Committee.

II. NOTICES AND COMMUNICATIONS

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

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III. DISCUSSION OF SIGNIFICANT VARIANCES BETWEEN 2020 BUDGET AND ACTUAL 2020 RESULTS

The attached second quarter 2020 variance report compares actual (unaudited) financial results to NERC's budgeted expenditures as of June 30, 2020 and projected year-end 2020 financial results to NERC's total 2020 budgeted expenditures. NERC is providing additional discussion of significant variances between the projected (unaudited) year-end 2020 results and NERC's 2020 budgeted expenditures, by NERC department or program area and by major activity within departments and program areas. This discussion focuses on variances of \$500,000 or more between projected year-end 2020 results and the 2020 budget because this threshold is used in Section 7(b)(ii) of the Settlement Agreement. Section 7(b)(ii) specifies that Commission review and approval is triggered where any amount allocated from the unforeseen contingencies account of Operating Reserves plus any amount redirected from previously budgeted funds is, in the aggregate, \$500,000 or more for any one specific project or major activity in a program area.

A. Actual and Projected Variances of \$500,000 or More by Expense Category

In 2020, NERC is expected to be under budget in multiple categories. Travel and meeting costs are projected to be lower than budgeted for 2020 due to the business impact of the COVID-19 pandemic. Other areas are also expected to be under budget partially due to their cost saving efforts to prioritize expenses in light of changing economic circumstances. These reductions by NERC areas include (1) deferring hiring for some open FTE positions to 2021, (2) lowering software and hardware spending, (3) reducing the Atlanta meeting space renovation costs, and (4) avoiding debt service that had been budgeted for ERO software projects.

Four revenue and expense categories are under budget by more than \$500,000 as of June 30, 2020:

- Meetings and Travel expenses are currently \$927,020 (55.8%) under budget, and are anticipated to be \$2,381,326 under budget at year-end due to the cancelation of in-person meetings and reduced travel due to the COVID-19 pandemic.
- Consultants and Contracts are currently \$560,730 (9%) under budget; however, this is mainly attributable to the timing of expenditures. It is expected that Consultants and Contracts expenses will increase by year-end because the E-ISAC plans to use contract labor instead of budgeted FTEs to perform work in the remainder of 2020. As a result, NERC expects Consultants and Contracts expenses to be \$27,073 (0.2%) under budget at year-end.
- Office Costs, Professional, and Miscellaneous expenses are currently \$678,338 (11.6%) under budget. However, it is expected to be \$370,868 (3.2%) over budget at year-end. Office Costs are projected to be over budget due to higher software license and maintenance costs and also support and maintenance costs on leased

equipment that were budgeted as lease payments (in Net Financing Activity) but are more appropriately charged to Office Costs.

- Fixed Asset Additions are currently \$1,582,993 (67.3%) under budget. By year-end, the category is expected to be \$2,189,993 (46.5%) over budget. The category is projected to be over budget by year-end due to the unbudgeted costs for the Secure Evidence Locker project, which is partially offset by the deferral of hardware, software, and Atlanta renovation costs.

In addition to the above variances, the following two categories are currently projected to have a variance of more than \$500,000 at year-end 2020:

- Personnel is anticipated to be \$1,718,841 (3.7%) under budget by year-end 2020. This is largely because of the deferred hiring of 11 open positions until 2021 and from open E-ISAC positions budgeted as FTEs that are being filled with contractor labor.
- Net Financing Activity is expected to be \$1,702,453 (1,219.9%) under budget at year-end. The 2020 budget anticipated that NERC would pay off more in principal than it would receive in loan proceeds, but because NERC is now expected to borrow funds for a portion of the unbudgeted Secure Evidence Locker project, NERC is projected to receive more in loan proceeds than it will pay off in principal.

B. Actual and Projected Variances of \$500,000 or More by Department or Program Area

The following departments and program areas are under budget as of June 31, 2020 by \$500,000 or more:

- General & Administrative and Executive expenses are under budget \$503,729 due to lower personnel, meeting, travel, excise tax expense, and deferred Atlanta office renovation costs. At year-end 2020, this category is expected to be \$866,175 under budget.
- Information Technology is under budget \$660,397 primarily in the categories of Contracts and Consultants and Fixed Assets. At year-end, it is expected to be \$587,478 under budget.

Additionally, CRISP is \$897,117 under budget due to the timing of contractor and software license and maintenance costs. It is expected to be \$1,109,918 under budget at year-end largely because of lower contractor costs.

Finally, the following three departments are expected to have a variance of \$500,000 or more at year-end:

- Compliance Assurance is anticipated to be \$1,525,091 over budget. This is primarily because of higher than budgeted personnel expenses as well as unbudgeted hardware, software, and maintenance costs for the Secure Evidence Locker. These costs are partially offset by loan proceeds for the Secure Evidence Locker and lower travel costs.
- Compliance Enforcement is expected to be \$1,083,599 over budget. This is primarily due to unbudgeted hardware, software, and maintenance costs for the Secure Evidence Locker. These costs are partially offset by loan proceeds for the Secure Evidence Locker and lower personnel costs.
- Power System Analysis is projected to be \$569,808 under budget because of lower personnel, travel costs, and consultant costs.

IV. 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/ Nina Jenkins-Johnston

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Dated: August 14, 2020

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, 2020.

/s/ Nina Jenkins-Johnston

Nina Jenkins-Johnston
*Counsel for North American Electric
Reliability Corporation*

ATTACHMENT

Summary of Unaudited Results For the Period Ending June 30, 2020

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Executive Summary

Projected Year-End Results (\$ millions)

	<u>FUNDING</u>	<u>Projected</u>	<u>Budget</u>	<u>Over (Under)</u>
Revenues		\$ 80.7	\$ 82.0	\$ (1.3)
Funding from Reserves				
Assessment Stabilization Reserve		-	-	-
	TOTAL FUNDING	\$ 80.7	\$ 82.0	\$ (1.3)
EXPENDITURES				
Expenses (excluding Depreciation)		\$ 74.0	\$ 77.9	\$ (3.9)
Fixed Asset Additions		6.9	4.7	2.2
Net Financing Activity		(1.6)	0.1	(1.7)
	TOTAL EXPENDITURES	\$ 79.3	\$ 82.7	\$ (3.4)
	RESERVE INCREASE (DECREASE)	\$ 1.4	\$ (0.7)	\$ 2.1

Funding

- Revenues
 - Expected to be under budget at year-end due to lower investment income (from lower interest rates) and third-party revenues for the CRISP program.

Expenditures

- Expenses (excluding depreciation)
 - Personnel expenses are expected to be under budget due to the deferred hiring of 11 currently open positions until 2021 and certain E-ISAC positions budgeted as FTEs that are being filled with contract labor.
 - Meeting and Travel expenses are projected to be under budget because of the cancellation of in-person meetings and lower employee travel due to the pandemic.
 - Contracts and Consultants expenses are expected to be near budget at year-end, with E-ISAC over budget from FTE positions being filled with contract labor, which is offset by lower third-party contractor costs for the CRISP program.

- Office Costs are projected to be over budget due to higher software license and maintenance costs and also support and maintenance costs on leased equipment that were budgeted as lease payments (in Net Financing Activity) but are more appropriately charged to Office Costs.
- Fixed Asset Additions
 - Projected to be over budget by year-end due to the unbudgeted costs for the Secure Evidence Locker project, which is partially offset by the deferral of hardware, software, and Atlanta renovation costs.
- Net Financing Activity
 - The 2020 budget anticipated that NERC would pay off more in principal than it would receive in loan proceeds, but because NERC is now expected to borrow funds for a portion of the unbudgeted Secure Evidence Locker project, NERC is projected to receive more in loan proceeds than it will pay off in principal.

Operating Reserve Increase (Decrease)

- Projected reserve increase from operating activity is \$1.4M versus a budgeted decrease of \$0.7M.

**Year-to-Date Actual Results
(\$ millions)**

<u>FUNDING</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>
Revenues	\$ 40.9	\$ 41.0	\$ (0.1)
Funding from Reserves			
Assessment Stabilization Reserve	-	-	-
TOTAL FUNDING	\$ 40.9	\$ 41.0	\$ (0.1)
EXPENDITURES			
Expenses (excluding Depreciation)	\$ 36.1	\$ 38.8	\$ (2.7)
Fixed Asset Additions	0.8	2.4	(1.6)
Net Financing Activity	0.3	0.1	0.2
TOTAL EXPENDITURES	\$ 37.2	\$ 41.3	\$ (4.1)
RESERVE INCREASE (DECREASE)	\$ 3.7	\$ (0.3)	\$ 4.0

Funding

- Revenues
 - Slightly under budget due to lower investment income (from lower interest rates).

Expenditures

- Expenses (excluding depreciation)
 - Personnel expenses are under budget primarily due to deferred hiring on open positions and certain E-ISAC positions that were budgeted as FTEs that are being filled with contract labor.
 - Meeting and Travel are below budget because of the cancellation of in-person meetings and lower employee travel due to the pandemic.
 - Contracts and Consultants and Software License and Maintenance expenses are under budget mainly attributable to the timing of expenditures versus the budget.
- Fixed Asset Additions
 - Under budget year-to-date (YTD) mainly due to the deferral of hardware, software, and Atlanta renovation costs.

Operating Reserve Increase (Decrease)

- Actual reserve increase from operations is higher than budget by \$4.0 million.

Detailed Operating Results

Variances by Revenue and Expense Category

Total NERC (including CRISP)

	YTD Actual	YTD Budget	YTD Over (Under)	% Over (Under)	Annual Projection	Annual Budget	Annual Over (Under)	% Over (Under)
TOTAL FUNDING	\$ 40,893,732	\$ 41,003,475	\$ (109,743)	(0.3%)	\$ 80,668,654	\$ 82,006,951	\$ (1,338,297)	(1.6%)
EXPENDITURES								
Personnel	\$ 22,837,714	\$ 23,299,080	\$ (461,366)	(2.0%)	\$ 44,879,320	\$ 46,598,160	\$ (1,718,841)	(3.7%)
Meetings and Travel	734,535	1,661,625	(927,090)	(55.8%)	941,924	3,323,250	(2,381,326)	(71.7%)
Consultants and Contracts	5,657,221	6,217,951	(560,730)	(9.0%)	12,408,829	12,435,902	(27,073)	(0.2%)
Office Rent	1,735,148	1,725,234	9,914	0.6%	3,470,468	3,450,468	20,000	0.6%
Office Costs, Professional, and Misc.*	5,170,024	5,848,362	(678,338)	(11.6%)	12,067,591	11,696,724	370,868	3.2%
Other Non-Operating	17,127	153,312	(136,185)	(88.8%)	107,544	306,623	(199,079)	(64.9%)
Fixed Asset Additions*	770,182	2,353,175	(1,582,993)	(67.3%)	6,896,343	4,706,349	2,189,993	46.5%
Net Financing Activity**	316,165	69,779	246,386	353.1%	(1,562,895)	139,558	(1,702,453)	(1219.9%)
TOTAL EXPENDITURES	\$ 37,238,116	\$ 41,328,517	\$ (4,090,401)	(9.9%)	\$ 79,209,124	\$ 82,657,034	\$ (3,447,910)	(4.2%)
RESERVE INCREASE (DECREASE)	\$ 3,655,616	\$ (325,042)	\$ 3,980,658	(1224.7%)	\$ 1,459,530	\$ (650,083)	\$ 2,109,613	(324.5%)
FTEs	199.8	213.4	(13.6)	(6.4%)	199.9	213.4	(13.5)	(6.3%)

* Excludes depreciation expense

** A positive amount indicates that NERC is paying off more principal than it is receiving in loan proceeds. A negative amount indicates that NERC is receiving more in loan proceeds than it is paying off principal.

Following is a brief summary of variances by category:

- Personnel expenses are under budget YTD and expected to be under budget at year-end largely because of deferred hiring of open positions until 2021 and also from open E-ISAC positions budgeted as FTEs that are being filled with contractor labor.
- Meetings and Travel expenses are under budget YTD and expected to be under budget at year-end from decreased in-person meetings and travel due to the pandemic.

- Contracts and Consultants expenses are under budget YTD mainly because of the timing of expenditures versus the budget. Expected to be on budget at year-end primarily as a result of contract labor being used in the E-ISAC in lieu of FTEs which is offset by lower CRISP program contract costs.

CONTRACTS and CONSULTANTS	YTD Actual	YTD Budget	YTD Over (Under)	Annual Projection	Annual Budget	Annual Over (Under)
Reliability Standards and Risk Issue Management	\$ 70,449	\$ 20,160	\$ 50,289	\$ 151,600	\$ 40,320	\$ 111,280
Compliance Assurance	-	25,000	(25,000)	50,000	50,000	(0)
Compliance Analysis, Registration, and Certification	20,800	20,160	640	39,800	40,320	(520)
Compliance Enforcement	-	-	-	9,000	-	9,000
Power System Analysis	-	31,500	(31,500)	-	63,000	(63,000)
Reliability Assessment and Technical Committees	20,800	182,660	(161,860)	133,400	365,320	(231,920)
Advanced System Analytics and Modeling	-	87,500	(87,500)	155,000	175,000	(20,000)
Performance Analysis	180,792	74,625	106,167	307,750	149,250	158,500
Situation Awareness	-	-	-	-	-	-
Event Analysis	40,885	5,000	35,885	93,200	10,000	83,200
E-ISAC	1,171,529	706,250	465,279	2,423,545	1,412,500	1,011,045
Training, Education and Personnel Certification	218,592	196,000	22,592	411,180	392,000	19,180
General and Administrative and Executive	(52,529)	-	(52,529)	(51,567)	-	(51,567)
Legal and Regulatory	30,580	150,000	(119,420)	192,850	300,000	(107,150)
Policy and External Affairs	41,140	10,000	31,140	111,800	20,000	91,800
Information Technology	801,243	902,846	(101,603)	1,582,250	1,805,692	(223,442)
Human Resources and Administration	380,486	380,000	486	856,160	760,000	96,160
Finance and Accounting	28,359	87,500	(59,142)	107,590	175,000	(67,410)
TOTAL (excluding CRISP)	\$ 2,953,125	\$ 2,879,201	\$ 73,924	\$ 6,573,558	\$ 5,758,402	\$ 815,156
CRISP	2,704,096	3,338,750	(634,655)	5,835,271	6,677,500	(842,229)
TOTAL (including CRISP)	\$ 5,657,221	\$ 6,217,951	\$ (560,730)	\$ 12,408,829	\$ 12,435,902	\$ (27,073)

- Office Cost expenses are under budget YTD mainly due to the timing of expenditures versus the budget. Projected to be over budget at year-end due to higher software license and maintenance costs and also maintenance costs on leased equipment that were budgeted as lease payments (in Net Financing Activity) but are more appropriately charged to Office Costs.
- Professional Services expenses are under budget YTD and projected to be under budget by year-end largely because of lower than budgeted outside counsel costs.
- Fixed Asset Additions are under budget YTD due to the deferral of some hardware and software projects and the Atlanta office and meeting space renovations. Projected to be over budget by year-end due to the unbudgeted costs for the Secure Evidence Locker project and is partially offset by the deferral of the hardware, software, and Atlanta renovation costs.
- Net Financing Activity budget anticipated that NERC would pay off more in principal than it would collect in loan proceeds, but because NERC is now expected to borrow for a portion of the unbudgeted Secure Evidence Locker project, NERC is projected to receive more in loan proceeds than it will pay off in principal.

Variations by Department

DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	YTD Actual	YTD Budget	YTD Over (Under)	Annual Projection	Annual Budget	Annual Over (Under)
Reliability Standards and Risk Issue Management	\$ 1,842,796	\$ 1,959,156	\$ (116,360)	\$ 3,491,061	\$ 3,918,311	\$ (427,251)
Compliance Assurance	2,726,110	2,578,378	147,732	6,681,847	5,156,756	1,525,091
Compliance Analysis, Registration, and Certification	620,580	677,330	(56,750)	1,220,334	1,354,660	(134,327)
Compliance Enforcement	1,561,711	1,639,849	(78,138)	4,363,296	3,279,697	1,083,599
Power System Analysis	573,086	852,762	(279,676)	1,135,716	1,705,525	(569,808)
Reliability Assessment and Technical Committees	1,027,097	1,099,693	(72,596)	1,932,796	2,199,387	(266,591)
Advanced System Analytics and Modeling	592,973	696,321	(103,348)	1,459,076	1,392,641	66,434
Performance Analysis	901,870	1,027,980	(126,111)	1,719,588	2,055,961	(336,373)
Situation Awareness	1,231,864	1,471,095	(239,231)	2,544,335	2,942,190	(397,855)
Event Analysis	1,260,606	1,213,170	47,436	2,438,163	2,426,341	11,822
E-ISAC	5,719,735	6,185,456	(465,721)	11,885,781	12,370,912	(485,131)
Training, Education and Personnel Certification	785,792	799,758	(13,966)	1,482,142	1,599,516	(117,374)
General and Administrative and Executive	3,786,428	4,290,158	(503,729)	7,714,141	8,580,315	(866,175)
Legal and Regulatory	1,954,809	2,294,188	(339,379)	4,090,622	4,588,376	(497,754)
Policy and External Affairs	1,372,858	1,501,889	(129,031)	2,685,974	3,003,778	(317,805)
Information Technology	5,755,091	6,415,487	(660,397)	12,243,497	12,830,975	(587,478)
Human Resources and Administration	1,359,543	1,362,277	(2,734)	2,809,393	2,724,553	84,840
Finance and Accounting	1,010,333	1,211,619	(201,286)	2,317,382	2,423,239	(105,857)
TOTAL (excluding CRISP)	\$ 34,083,282	\$ 37,276,567	\$ (3,193,285)	\$ 72,215,142	\$ 74,553,134	\$ (2,337,991)
CRISP	3,154,833	4,051,950	(897,117)	6,993,981	8,103,900	(1,109,918)
TOTAL DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	\$ 37,238,116	\$ 41,328,517	\$ (4,090,401)	\$ 79,209,124	\$ 82,657,034	\$ (3,447,910)

Following is a brief summary of significant variances by department:

- Compliance Assurance – Expected to be over budget primarily because of higher than budgeted personnel expenses as well as unbudgeted hardware, software and maintenance costs for the Secure Evidence Locker. These costs are partially offset by loan proceeds for the Secure Evidence Locker and lower travel costs.
- Compliance Enforcement – Projected to be over budget primarily due to unbudgeted hardware, software and maintenance costs for the Secure Evidence Locker. These costs are partially offset by loan proceeds for the Secure Evidence Locker and lower personnel costs.
- Power System Analysis – Projected to be under budget largely because of lower personnel, travel costs, and consultant costs.
- General & Administrative and Executive – Under budget YTD and projected to be under budget mainly due to lower personnel, meeting, travel, excise tax expense, and Atlanta office renovation costs.
- Information Technology – Under budget YTD and projected to be under budget primarily in Contracts and Consultants and Fixed Assets.
- CRISP – Under budget YTD due to the timing of contractor and software license and maintenance costs. Expected to be under budget largely because of lower contractor costs.

Supplemental Schedules

Schedule 1 – Year-End Projected Reserves

Reserve Account	1/1/2020		Unbudgeted Funding/(Use)	Operating and Financing Activity		12/31/2020	
	Beginning Balance ⁽¹⁾	Budgeted Funding/(Use) ⁽²⁾		Versus Budget ⁽³⁾	Projected Ending Balance ⁽⁴⁾		
Operating Contingency	\$ 6,199,083	\$ (654,036)	\$ -	\$ 2,115,383	\$ 7,660,430		
Future Obligations	2,119,719	(485,958)	-	-	1,633,761		
Assessment Stabilization	2,521,000	-	-	-	2,521,000		
System Operator	777,274	-	-	(1,817)	775,457		
CRISP	500,000	-	-	-	500,000		
Total Reserves	\$ 12,117,076	\$ (1,139,994)	\$ -	\$ 2,113,566	\$ 13,090,648		

NOTES:

(1) 2020 beginning balances have been adjusted from the 12/31/2019 variance report balances as the result of a reconciliation to the final audited balance sheet.

(2) The 2020 Business Plan & Budget contained a budgeted use of Operating Contingency Reserves totaling \$654,036 to lower assessments. The Future Obligations Reserve decrease of \$485,958 is a budgeted use of deferred rent reserves to fund a portion of office lease costs.

(3) This column reflects the projected reserve impact of operating and financing activities versus budget. In 2020, NERC is expected to be under budget primarily due to the deferral of some open FTE positions to 2021, lower meeting and travel costs, lower software and hardware spending, reduction of the Atlanta meeting space renovation costs, and no debt service on ERO projects.

(4) The Operating Contingency Reserve at year-end is higher than target but is being planned to be reduced by \$1.8 million in the 2021 Business Plan & Budget for Align project delay costs.

Schedule 2 – IT Projects

Projects in Progress	Project	Actual	Expected	Expected
	Budget ⁽¹⁾	Spend Year-to-Date	Spend	Over (Under) Budget
Align (2017-2021)	\$ 7,203,000	\$ 4,126,267	\$ 7,284,524	\$ 81,524
Secure Evidence Locker	2,265,000	54,729	2,265,000	-
Microsoft Teams Pilot	98,000	49,000	98,000	-
End-Point Management	76,000	50,000	76,000	-
E-ISAC Data Center Move	52,000	-	52,000	-

Projects Completed in 2020	Project	Actual	Actual
	Budget ⁽¹⁾	Spend	Over (Under) Budget
Microsoft Windows 10 Upgrade	\$ 169,890	\$ 146,176	\$ (23,714)

NOTES:

(1) The Project Budget noted above usually corresponds to the approved business case for each project and funds for each project are drawn from the available budget. In some projects, business cases may not be prepared, particularly when a project is smaller and/or may be in response to a FERC order.

* Some of these projects span multiple years, so the amounts above do not represent a single budget year expenditure.

* The amounts noted above do not include internal labor or license/maintenance/support costs and reflect only external (consultant) costs of the projects.

Schedule 2 (continued) – IT Projects

Align

(Started May 2017 / Planned Completion Q4 2021)

This project will provide registered entities, Regional Entities, and NERC the ability manage the compliance and enforcement processes and data in a single ERO Enterprise system. Today, those processes and related data are managed across three separate systems that have to be synchronized (webCDMS, CITS, and CRATS).

Secure Evidence Locker

(Started May 2020 / Planned Completion Dec 2020)

This is a key component of the NERC's reimagined suite of Compliance Monitoring and Enforcement Program (CMEP) work and data management tools and will be implemented in conjunction with Align. It will be used for the collection and analysis of evidence provided by registered entities in connection with CMEP activities.

Microsoft Teams Pilot

(Started Apr 2020 / Planned Completion Aug 2020)

This project will implement a basic Microsoft Teams environment that will allow for unified communication and collaboration platform that combines persistent workplace chat, video meetings, and file storage (including collaboration on files).

End-Point Management

(Started May 2020 / Planned Completion Sep 2020)

This project will replace the current tool that is used as the application used for Windows security patching and updates.

E-ISAC Data Center Move

(Started Jan 2020 / Planned Completion Oct 2020)

This project will move remaining E-ISAC internally hosted technology platforms from the current DC office location to a new data center.

Microsoft Windows 10 Upgrade

(Started Dec 2019 / Completed Feb 2020)

This project involved the upgrade of all laptops and desktops from Windows 7 to Windows 10. This upgrade provided a more secure environment. Microsoft stopped support of Windows 7 security patches in January 2020.

Schedule 3 – E-ISAC and CRISP Summary of Activity

TOTAL E-ISAC (including CRISP)

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 11,681,676	\$ 23,363,353	\$ 23,363,353	\$ -
Other Funding	3,972,636	6,904,944	7,956,784	(1,051,840)
TOTAL FUNDING	\$ 15,654,312	\$ 30,268,297	\$ 31,320,137	\$ (1,051,840)
EXPENDITURES				
Personnel Expense	\$ 4,330,124	\$ 8,476,967	\$ 9,825,628	\$ (1,348,661)
Meetings and Travel Expense	87,740	126,993	464,200	(337,207)
Operating Expenses (excluding Depreciation)	4,456,704	9,795,803	9,728,189	67,614
Fixed Asset Purchases (excluding Fixed Asset Allocation)	-	480,000	421,449	58,551
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	35,347	(35,347)
Total Direct Costs (excluding Depreciation and Allocations)	\$ 8,874,568	\$ 18,879,763	\$ 20,474,812	\$ (1,595,050)
Indirect Expense Allocation	4,027,516	8,453,846	10,119,683	(1,665,838)
Fixed Asset Allocation	-	118,764	439,831	(321,067)
Net Financing Activity Allocation	85,329	119,245	285,811	(166,566)
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 12,987,414	\$ 27,571,617	\$ 31,320,137	\$ (3,748,521)
RESERVE INCREASE (DECREASE)	\$ 2,666,898	\$ 2,696,681	\$ -	\$ 2,696,681

Schedule 3 (continued) – E-ISAC and CRISP Summary of Activity

CRISP					
FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)	
Assessments	\$ 472,789	\$ 945,577	\$ 945,577	\$ -	
Other Funding	3,923,481	6,824,172	7,850,577	(1,026,405)	
TOTAL FUNDING	\$ 4,396,269	\$ 7,769,750	\$ 8,796,155	\$ (1,026,405)	
EXPENDITURES					
Personnel Expense	\$ 342,691	\$ 643,743	\$ 627,736	\$ 16,008	
Meetings and Travel Expense	16,744	18,457	49,200	(30,743)	
Operating Expenses (excluding Depreciation)	2,795,397	6,149,281	7,289,465	(1,140,184)	
Fixed Asset Purchases (excluding Fixed Asset Allocation)	-	182,500	137,500	45,000	
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	-	-	
Total Direct Costs (excluding Depreciation and Allocations)	\$ 3,154,833	\$ 6,993,981	\$ 8,103,900	\$ (1,109,918)	
Indirect Expense Allocation	337,859	803,515	645,937	157,577	
Fixed Asset Allocation	-	11,288	28,074	(16,786)	
Net Financing Activity Allocation	7,158	11,334	18,243	(6,909)	
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 3,499,851	\$ 7,820,118	\$ 8,796,155	\$ (976,037)	
RESERVE INCREASE (DECREASE)	\$ 896,419	\$ (50,368)	\$ -	\$ (50,368)	

E-ISAC (excluding CRISP)					
FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)	
Assessments	\$ 11,208,888	\$ 22,417,776	\$ 22,417,776	\$ -	
Other Funding	49,155	80,772	106,207	(25,435)	
TOTAL FUNDING	\$ 11,258,043	\$ 22,498,548	\$ 22,523,983	\$ (25,435)	
EXPENDITURES					
Personnel Expense	\$ 3,987,433	\$ 7,833,224	\$ 9,197,892	\$ (1,364,668)	
Meetings and Travel Expense	70,996	108,536	415,000	(306,464)	
Operating Expenses (excluding Depreciation)	1,661,307	3,646,522	2,438,724	1,207,798	
Fixed Asset Purchases (excluding Fixed Asset Allocation)	-	297,500	283,950	13,550	
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	35,347	(35,347)	
Total Direct Costs (excluding Depreciation and Allocations)	\$ 5,719,735	\$ 11,885,781	\$ 12,370,912	\$ (485,131)	
Indirect Expense Allocation	3,689,657	7,650,331	9,473,746	(1,823,415)	
Fixed Asset Allocation	-	107,476	411,757	(304,281)	
Net Financing Activity Allocation	78,171	107,911	267,568	(159,657)	
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 9,487,563	\$ 19,751,499	\$ 22,523,983	\$ (2,772,484)	
RESERVE INCREASE (DECREASE)	\$ 1,770,479	\$ 2,747,049	\$ -	\$ 2,747,049	