Angie's List, Inc.
Form 10-Q
November 02, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-35339

ANGIE'S LIST, INC.
(Exact name of registrant as specified in its charter)

Delaware	27-2440197
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1030 E. Washington Street Indianapolis, IN	46202
(Address of principal executive offices)	(Zip Code)

(888) 888-5478
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer x
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of shares of registrant’s common stock outstanding as of October 31, 2016 was 59,153,665.

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PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS

Angie's List, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share data)

	September 30, 2016	December 31, 2015
	(Unaudited)	
Assets		
Cash and cash equivalents	$13,661	$ 32,599
Short-term investments	24,172	23,976
Accounts receivable, net of allowance for doubtful accounts of $3,210 and $1,658 at September 30, 2016 and December 31, 2015, respectively	16,817	17,019
Prepaid expenses and other current assets	18,750	19,026
Total current assets	73,400	92,620
Property, equipment and software, net	83,926	77,635
Goodwill	1,145	1,145
Amortizable intangible assets, net	1,413	2,011
Total assets	$159,884	$ 173,411
Liabilities and stockholders' deficit		
Accounts payable	$7,683	$ 10,525
Accrued liabilities	27,469	20,287
Deferred membership revenue	26,675	32,702
Deferred advertising revenue	44,749	48,930
Current maturities of long-term debt	750	1,500
Total current liabilities	107,326	113,944
Long-term debt, net	57,359	56,134
Deferred membership revenue, noncurrent	2,526	3,742
Deferred advertising revenue, noncurrent	395	640
Other liabilities, noncurrent	1,096	1,332
Total liabilities	168,702	175,792
Commitments and contingencies (Note 9)	—	—
Stockholders' deficit:		
Preferred stock, $0.001 par value: 10,000,000 shares authorized, no shares issued or outstanding at September 30, 2016 and December 31, 2015	—	—
Common stock, $0.001 par value: 300,000,000 shares authorized, 67,710,129 and 67,162,990 shares issued and 59,151,417 and 58,604,278 shares outstanding at September 30, 2016 and December 31, 2015, respectively	68	67
Additional paid-in-capital	285,812	275,445
Treasury stock, at cost: 8,558,712 shares of common stock at September 30, 2016 and December 31, 2015	(23,719)	(23,719)
Accumulated deficit	(270,979)	(254,174)
Total stockholders' deficit	(8,818)	(2,381)
Total liabilities and stockholders' deficit	$159,884	$ 173,411

See accompanying notes.

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Angie’s List, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Unaudited)		(Unaudited)	
Revenue				
Membership	$13,661	$ 17,178	$45,640	$ 51,427
Service provider	66,084	69,814	201,021	206,443
Total revenue	79,745	86,992	246,661	257,870
Operating expenses				
Operations and support	10,236	14,022	32,617	43,476
Selling	29,659	28,743	84,474	88,587
Marketing	25,343	26,175	58,890	73,730
Product and technology	16,973	8,990	40,330	26,977
General and administrative	12,914	8,287	43,734	26,599
Operating income (loss)	(15,380)	775	(13,384)	(1,499)
Interest expense, net	1,417	684	3,385	2,380
Income (loss) before income taxes	(16,797)	91	(16,769)	(3,879)
Income tax expense	23	9	36	28
Net income (loss)	$(16,820)	$ 82	$(16,805)	$ (3,907)
Net income (loss) per common share — basic and diluted	$(0.28)	$ 0.00	$(0.29)	$ (0.07)
Weighted-average number of common shares outstanding — basic and diluted	59,495,592	58,516,677	58,736,480	58,516,677

See accompanying notes.

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Angie's List, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended September 30,	
	2016	2015
	(Unaudited)	
Operating activities		
Net loss	$(16,805)	$(3,907)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,108	4,791
Amortization of debt discount, deferred financing fees and bond premium	493	526
Non-cash stock-based compensation	11,530	6,249
Non-cash long-lived asset impairment charge	—	686
Non-cash loss on disposal of long-lived assets	171	279
Deferred income taxes	15	—
Changes in certain assets:		
Accounts receivable, net	202	(1,074)
Prepaid expenses and other current assets	276	(3,048)
Changes in certain liabilities:		
Accounts payable	(1,902)	8,046
Accrued liabilities	7,316	7,338
Deferred advertising revenue	(4,426)	503
Deferred membership revenue	(7,243)	1,052
Net cash provided by (used in) operating activities	(1,265)	21,441
Investing activities		
Purchases of investments	(17,474)	(13,680)
Sales of investments	17,260	13,355
Property, equipment and software	(4,006)	(6,473)
Capitalized website and software development costs	(11,960)	(20,429)
Intangible assets	(156)	(379)
Net cash (used in) investing activities	(16,336)	(27,606)
Financing activities		
Proceeds from exercise of stock options	1,356	—
Taxes paid on behalf of employees related to net share settlement	(2,518)	—
Payments on capital lease obligation	(175)	(164)
Net cash (used in) financing activities	(1,337)	(164)
Net decrease in cash and cash equivalents	$(18,938)	$(6,329)
Cash and cash equivalents, beginning of period	32,599	39,991
Cash and cash equivalents, end of period	$13,661	$33,662
Supplemental cash flow disclosures		
Capital expenditures incurred but not yet paid	$366	$1,666

See accompanying notes.

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Angie’s List, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(in thousands, except share and per share data)

1. Description of Business, Basis of Presentation and Summary of Significant Accounting Policies

Angie’s List, Inc. (collectively with its wholly owned subsidiaries, the “Company”, “we”, “us” or “our”) operates a national local services consumer review service and marketplace where members can research, shop for and purchase local services for critical needs, such as home, health and automotive services, as well as rate and review the providers of these services. Ratings and reviews, which are now available to members free-of-charge, assist members in identifying and hiring a highly-rated provider for their local service needs. The Company’s services are provided in markets located across the continental United States.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP were condensed or omitted pursuant to such rules and regulations. Accordingly, the accompanying unaudited condensed consolidated financial statements do not include all information and footnotes necessary for fair presentation of financial position, results of operations and cash flows in conformity with U.S. GAAP and should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015. The accompanying unaudited condensed consolidated balance sheet as of December 31, 2015 was derived from the audited consolidated financial statements as of that date but does not include all disclosures required by U.S. GAAP, including certain notes thereto.

The condensed consolidated financial statements reflect all adjustments of a normal recurring nature considered, in the opinion of management, necessary to fairly present the results for the periods presented. Operating results from interim periods are not necessarily indicative of results that may be expected for the fiscal year as a whole.

For additional information, including a discussion of the Company’s significant accounting policies, refer to the audited consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015.

Operating Segments

Operating segments are defined as components of an enterprise engaging in business activities for which discrete financial information is available and regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company manages its business on the basis of one operating segment.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and accompanying notes as well as the disclosure of contingent assets and liabilities and reported revenue and expenses. Actual results could differ from those estimates.

Reclassification of Prior Year Presentation

Certain prior year amounts were reclassified for consistency with the current period presentation, including the marketing compensation and personnel-related costs and general marketing operating expenditures that were moved from general and administrative expense and selling expense to marketing expense within the consolidated statements of operations. These reclassifications did not impact net income (loss) previously reported.

Significant Accounting Policies

Other than as a result of the adoption of certain recent accounting pronouncements as discussed herein, there were no material changes to the Company’s significant accounting policies from those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015.

Income Taxes - Valuation Allowance

The Company evaluates whether it will realize the benefits of its net deferred tax assets and establishes a valuation allowance to reduce the carrying value of its deferred tax assets to the amount considered more likely than not to be recognized. Deferred tax assets arise as a result of tax loss carryforwards and various differences between the book basis and the tax basis of such assets. The Company periodically reviews the deferred tax assets for recoverability based on historical taxable income, projected future taxable income and the expected timing of the reversals of existing temporary differences. Should there be a change in the ability to recover deferred tax assets, the tax provision would be adjusted in the period in which the assessment is changed. There was no change to the Company’s assessment during the three or nine month periods ended September 30, 2016. The income tax benefit related to stock-based compensation expense was $927 for the three months ended September 30, 2016 and $1,049 for the nine months ended September 30, 2016, none of which was recognized as a result of the valuation allowance. There was no income tax benefit related to stock-based compensation expense for either the three or nine months ended September 30, 2015.

Contractual Obligations

The Company’s contractual obligations primarily consist of long-term noncancellable operating leases expiring through 2021 and long-term debt comprised of a $60,000 term loan scheduled to mature on September 26, 2019. There have been no significant changes in the Company’s contractual obligations from those disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015. Total combined future minimum payment obligations under long-term noncancellable operating leases amounted to approximately $7,616 as of September 30, 2016, and the Company had $58,109 in outstanding borrowings, net of unamortized deferred financing fees and unamortized fees paid to the lender, under the term loan as of the same date.

Stock-Based Compensation

On June 29, 2016, the Company granted 3,034,329 performance awards of restricted stock units (“PRSUs”) under a long-term incentive plan (the “2016 LTIP”) to its executive officers and other members of the Company’s senior leadership team as of that date. The PRSUs granted are contingent upon the Company’s performance with respect to certain predetermined Total Cumulative Revenue targets over the 33-month period commencing April 1, 2016 and concluding December 31, 2018, subject to the Company’s achievement of a predetermined cumulative Adjusted EBITDA threshold over the same time period. Of the 3,034,329 PRSUs granted, 2,919,827 PRSUs remain outstanding as of September 30, 2016, representing the number of shares to be issued at the 100% target achievement level for this award. The number of shares ultimately issued could be 0% or range from 75% (threshold achievement level) to 200% (maximum achievement level) of the number of PRSUs outstanding, based on the Company’s performance in relation to the performance conditions, and linear interpolation will be applied should Total Cumulative Revenue fall between the threshold and maximum achievement levels. Any PRSUs earned under the 2016 LTIP will vest in full on May 31, 2019, subject to continued employment as of that date. The Company is recognizing stock-based compensation expense for these awards over the vesting period based on the projected probability of achievement of the aforementioned performance conditions as of the end of each reporting period during the performance period and may periodically adjust the recognition of such expense, as necessary, in response to any changes in the Company’s forecasts with respect to the performance conditions. For the three and nine months ended September 30, 2016, the

Company did not recognize any stock-based compensation expense related to the 2016 LTIP based on the Company's determination that achievement of the performance conditions was not probable as of that date.

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Recent Accounting Pronouncements - Adopted

As of January 1, 2016, the Company adopted the Financial Accounting Standards Board (the "FASB") Accounting Standards Update No. 2015-03: Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, which set forth a requirement that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that liability, resulting in the Company reclassifying the deferred financing fees previously recorded in other noncurrent assets, including $1,462 as of December 31, 2015, to net long-term debt in the consolidated balance sheets.

As of August 1, 2016, the Company adopted FASB Accounting Standards Update No. 2016-09: Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"), which simplified several aspects of the accounting guidance for employee share-based payment transactions, including accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. The new guidance requires companies to record excess tax benefits and tax deficiencies as income tax benefit or expense in the statement of operations when share-based payment awards vest or are settled. Upon adoption, the Company's previously unrecognized excess tax benefits were recorded as a deferred tax asset, which was fully offset by a valuation allowance. Without the valuation allowance, the Company's deferred tax asset would have increased by $2,406. Additionally, under the new guidance, the Company elected to begin accounting for forfeitures of share-based payment awards as they occur in lieu of the previous practice of estimating the number of awards expected to be forfeited and adjusting the estimate when it was no longer probable that the corresponding service condition would be fulfilled. As ASU 2016-09 was adopted as of an interim date, the Company recorded a modified retrospective transition adjustment as of the beginning of 2016 during the third quarter to reflect an increase in stock-based compensation expense of $804 related to the forfeitures election. No changes in presentation or classification in the statement of cash flows were required in connection with the adoption of ASU 2016-09, and the Company is now allowing share withholding for taxes upon the vesting of restricted stock units and PRSUs in excess of the minimum statutory tax withholding requirements, as permitted by ASU 2016-09.

Recent Accounting Pronouncements - Not Yet Adopted

In August 2016, the FASB issued Accounting Standards Update No. 2016-15: Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15"). The amendments in this update add to or clarify existing U.S. GAAP guidance on the classification of certain cash receipts and payments in the statement of cash flows. ASU 2016-15 will be effective for the Company in fiscal year 2018, but early adoption is permitted. The guidance set forth in this update must be applied retrospectively to all periods presented but may be applied prospectively if retrospective application would be impracticable. The Company is currently evaluating the impact of this update on the consolidated financial statements.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13: Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). The amendments in this update add to U.S. GAAP a current expected credit loss impairment model that is based on expected losses rather than incurred losses, requiring consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. ASU 2016-13 is also intended to reduce the complexity of U.S. GAAP by decreasing the number of credit impairment models that entities use to account for debt instruments. ASU 2016-13 will be effective for the Company in fiscal year 2020, but early adoption is permitted beginning in 2019. The Company is currently evaluating the impact of this update on the consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02: Leases (Topic 842) (“ASU 2016-02”). The amendments in this update require lessees, among other things, to recognize lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous authoritative guidance. This update also introduces new disclosure requirements for leasing arrangements. ASU 2016-02 will be effective for the Company in fiscal year 2019, but early adoption is permitted. The Company is currently evaluating the impact of this update on the consolidated financial statements.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01: Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (“ASU 2016-01”). The amendments in this update address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. In particular, the amendments in this update supersede, for public business entities, the requirement to disclose the methods and significant assumptions used in calculating the fair value of financial instruments required to be disclosed for financial instruments measured at amortized cost on the balance sheet. ASU 2016-01 will be effective for the Company in fiscal year 2018, but early adoption is permitted. The Company does not believe that the adoption of the guidance set forth in this update will have a material impact on the consolidated financial statements.

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In May 2014, the FASB issued Accounting Standards Update No. 2014-09: Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). This update outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." This update also requires significantly expanded disclosures related to revenue recognition. ASU 2014-09 will be effective for the Company in fiscal year 2018 following the issuance of Accounting Standards Update No. 2015-14: Deferral of the Effective Date in August 2015, which deferred the effective date of ASU 2014-09 by one year. In March 2016, the FASB issued Accounting Standards Update No. 2016-08: Principal versus Agent Considerations (Reporting Revenue Gross versus Net) ("ASU 2016-08"), amending the principal-versus-agent implementation guidance set forth in ASU 2014-09. Among other things, ASU 2016-08 clarifies that an entity should evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. In April 2016, the FASB issued Accounting Standards Update No. 2016-10: Identifying Performance Obligations and Licensing ("ASU 2016-10"), which amends certain aspects of the guidance set forth in the FASB's new revenue standard related to identifying performance obligations and licensing implementation. In May 2016, the FASB issued Accounting Standards Update No. 2016-12: Narrow-Scope Improvements and Practical Expedients ("ASU 2016-12"), amending certain aspects of ASU 2014-09 to address implementation issues identified by the FASB's transition resource group and clarify the new revenue standard's core revenue recognition principles. The Company is currently evaluating the future impact and method of adoption of these updates with respect to the consolidated financial statements.

2. Net Income (Loss) Per Common Share

Basic and diluted net income (loss) per common share is computed by dividing consolidated net income (loss) by the basic and diluted weighted-average number of common shares outstanding, respectively, for the period. Basic and diluted net income (loss) per common share was $(0.28) and $0.00 for the three months ended September 30, 2016 and 2015, respectively, and $(0.29) and $(0.07) for the nine months ended September 30, 2016 and 2015, respectively.

The following potentially dilutive equity awards were not included in the diluted net income (loss) per common share calculation as the impact would have been antidilutive for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Stock options	7,052,153	6,943,829	7,120,861	6,943,829
Restricted stock units	1,902,498	1,187,748	1,988,235	1,187,748
Performance awards of restricted stock units	3,274,506	955,084	3,274,385	955,084
Employee stock purchase plan	39,846	—	16,537	—

The PRSUs outstanding under the 2016 LTIP as of September 30, 2016 were not included in the computation of diluted net income (loss) per common share as the number of shares that will ultimately be issued is contingent upon the Company's achievement of certain predetermined performance conditions and does not meet the criteria for inclusion per the applicable U.S. GAAP guidance.

The Company introduced an Employee Stock Purchase Plan ("ESPP") during 2016. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 15% of eligible compensation and provides for six-month offering periods, commencing in May and November of each year.

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3. Fair Value Measurements

Whenever possible, quoted prices in active markets are used to determine the fair value of the Company's financial instruments. The Company's financial instruments are not held for trading or other speculative purposes. The estimated fair value of financial instruments was determined using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may materially impact the estimated fair value amounts.

Fair Value Hierarchy

Fair value is based on the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with Accounting Standards Codification ("ASC") 820, Fair Value Measurement ("ASC 820"), the Company categorized the financial assets and liabilities that are adjusted to fair value based on the priority of the inputs to the valuation technique, following the three-level fair value hierarchy prescribed by ASC 820, as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3: Unobservable inputs that are used when little or no market data is available.

Valuation Techniques

The Company's money market fund investments, the maturities for which are less than 90 days, are classified as cash equivalents within Level 1 of the fair value hierarchy on the basis of valuations using quoted market prices. Short-term investments consist of certificates of deposit, corporate bonds and U.S. Treasury securities with maturities of more than 90 days but less than one year. As many fixed income securities do not trade daily, fair values are often derived using recent trades of securities with similar features and characteristics. When recent trades are not available, pricing models are used to determine these prices. These models calculate fair values by discounting future cash flows at estimated market interest rates. Such market rates are derived by calculating the appropriate spreads over comparable U.S. Treasury securities, based on the credit quality, industry and structure of the asset. Typical inputs and assumptions to pricing models include, but are not limited to, a combination of benchmark yields, reported trades, issuer spreads, liquidity, benchmark securities, bids, offers, reference data and industry and economic events. The Company's fixed income certificates of deposit, U.S. Treasury securities and corporate bond investments with fixed maturities are valued using recent trades or pricing models and are therefore classified within Level 2 of the fair value hierarchy.

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Recurring Fair Value Measurements

There were no movements between fair value measurement levels for the Company's cash equivalents and investments in the nine months ended September 30, 2016 or in 2015, and there were no material unrealized gains or losses as of September 30, 2016 or December 31, 2015.

The following tables summarize the Company's financial instruments at fair value based on the fair value hierarchy for each class of instrument as of September 30, 2016 and December 31, 2015:

		Fair Value Measurement at September 30, 2016 Using		
	Carrying Value at September 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents:				
Money market funds	$ 879	$879	$ —	$ —
Investments:				
Certificates of deposit	19,120	—	19,129	—
U.S. Treasury securities	5,052	—	5,055	—
Total assets	$ 25,051	$879	$ 24,184	$ —

		Fair Value Measurement at December 31, 2015 Using		
	Carrying Value at December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents:				
Money market funds	$ 970	$970	$ —	$ —
Investments:				
Certificates of deposit	19,310	—	19,292	—
U.S. Treasury securities	3,652	—	3,649	—
Corporate bonds	1,014	—	1,013	—
Total assets	$ 24,946	$970	$ 23,954	$ —

The Company reviews its investment portfolio for other-than-temporary impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may be impaired, considering such factors as the duration, severity and reason for the decline in value as well as the potential recovery period. During the three and nine months ended September 30, 2016 and 2015, the Company did not recognize any other-than-temporary impairment losses.

The carrying amount of the term loan approximates fair value, using Level 2 inputs, as this borrowing bears interest at a variable (market) rate at September 30, 2016 and December 31, 2015.

Non-Recurring Fair Value Measurements

The Company has certain assets that are measured at fair value on a non-recurring basis under circumstances and events, including those described in Note 6, “Goodwill and Amortizable Intangible Assets,” that are adjusted to fair value in certain circumstances when the carrying values are more than the fair values. The categorization of the framework used to price the assets in the event of an impairment is considered a Level 3 measurement due to the subjective nature of the unobservable inputs used to determine the fair value.

Assets and liabilities acquired in business combinations are recorded at their fair value as of the date of acquisition using Level 2 and Level 3 inputs.

The carrying amounts of accounts receivable and accounts payable reported in the condensed consolidated balance sheets approximate fair value.

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4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets was comprised of the following as of September 30, 2016 and December 31, 2015:

	September 30, 2016	December 31, 2015
Prepaid and deferred commissions	$ 8,017	$ 8,573
Other prepaid expenses and current assets	10,733	10,453
Total prepaid expenses and other current assets	$ 18,750	$ 19,026

5. Property, Equipment and Software

Property, equipment and software was comprised of the following as of September 30, 2016 and December 31, 2015:

	September 30, 2016	December 31, 2015
Furniture and equipment	$ 16,233	$ 14,179
Land	3,448	3,392
Buildings and improvements	20,205	19,035
Software	5,979	5,814
Capitalized website and software development costs	59,021	47,877
Total property, equipment and software	104,886	90,297
Less accumulated depreciation	(20,960)	(12,662)
Total property, equipment and software, net	$ 83,926	$ 77,635

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6. Goodwill and Amortizable Intangible Assets

The Company has goodwill as well as certain amortizable intangible assets consisting of data acquisition costs, a member list, content, core technology and other intangible assets related to the purchase of a website domain name. Amortization of the intangible assets is computed using the straight-line method over the estimated lives of the assets, which are six years for the member list and three years for the content, core technology, data acquisition costs and other intangible assets.

Amortizable intangible assets as of September 30, 2016 and December 31, 2015 were as follows:

	Cost	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period (in years)
September 30, 2016				
Member list	$1,670	$ 881	$ 789	2.8
Content	140	140	—	0.0
Core technology	110	110	—	0.0
Data acquisition costs	1,393	811	582	1.5
Other intangible assets	300	258	42	0.4
Total amortizable intangible assets	$3,613	$ 2,200		