

to be in effect when the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance reduces the deferred tax assets to the amount that is more likely than not to be realized.

The Company uses financial projections to support its net deferred tax assets, which contain significant assumptions and estimates of future operations. If such assumptions were to differ significantly from actual future results of operations, it may have a material impact on the Company's ability to realize its deferred tax assets. At the end of each period, the Company assesses the ability to realize the deferred tax assets. If it is more likely than not that the Company would not realize the deferred tax assets, then the Company would establish a valuation allowance for all or a portion of the deferred tax assets.

The Company recognizes the effect of uncertain income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company records interest and penalties related to uncertain tax positions in the provision for income tax expense on the consolidated statements of operations.

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments, including money market funds, with an original maturity of three months or less when purchased to be cash equivalents.

As of December 31, 2013, December 31, 2014, and September 30, 2015, restricted cash of \$10.0 million, \$12.0 million, and \$12.0 million, respectively, is related to pledged cash deposited into savings accounts at the financial institutions that process the Company's sellers' payment transactions. The Company uses the restricted cash to secure letters of credit with the financial institution to provide collateral for cash flow timing differences in the processing of these payments. The Company has recorded this amount as a current asset on the consolidated balance sheets due to the short-term nature of these cash flow timing differences and that there is no minimum time frame during which the cash must remain restricted.

As of December 31, 2013, the remaining restricted cash of \$9.3 million is related to cash deposited into money market funds that is used as collateral pursuant to multi-year lease agreements entered into in 2012 (note 16). As of both December 31, 2014 and September 30, 2015, the remaining restricted cash of \$14.4 million and \$14.6 million, respectively, is primarily related to cash deposited into money market funds that is used as collateral pursuant to multi-year lease agreements entered into in 2012 and 2014 (note 16). The Company has recorded this amount as a non-current asset on the consolidated balance sheets as the terms of the related leases extend beyond one year.

Concentration of Credit Risk

For the year ended December 31, 2012, no individual customer accounted for greater than 10% of total net revenue. For the years ended December 31, 2013 and 2014, the Company had no customer other than Starbucks who accounted for greater than 10% of total net revenue. For the nine months ended September 30, 2014 and 2015, the Company had no customer other than Starbucks who accounted for greater than 10% of total net revenue.

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The Company had two third-party processors that represented approximately 69% and 28% of settlements receivable as of December 31, 2013. The Company had three third-party processors that represented approximately 50%, 33%, and 12% of settlements receivable as of December 31, 2014. The Company had three third-party processors that represented approximately 58%, 21%, and 18% of settlements receivable as of September 30, 2015.

The Company places its cash and cash equivalents with large financial institutions. Balances in these accounts exceed federally insured limits at times.

Fair Value of Financial Instruments

The Company applies the provisions of ASC 820, *Fair Value Measurement* (ASC 820), to its assets and liabilities that are required to be measured at fair value pursuant to other accounting standards. (see note 2).