Membership revenue is presented net of credits and credit card chargebacks. Revenue recognition occurs ratably over the terms of the applicable membership term, which primarily range from one to six months, beginning when there is persuasive evidence of an arrangement, delivery has occurred (access has been granted), the fees are fixed or determinable and collection is reasonably assured. Members pay in advance, primarily by using a credit card, and, subject to certain conditions identified in our terms and conditions, all purchases are final and nonrefundable. Fees collected in advance for memberships are deferred and recognized as revenue using the straight-line method over the terms of the applicable membership period. Dating deferred revenue was $116.5 million, $117.9 million and $135.6 million at December 31, 2013 and 2014 and September 30, 2015, respectively. We also earn Dating revenue from online advertising, the purchase of à la carte features and offline events. Online advertising revenue is recognized every time an advertisement is displayed. Revenue from the purchase of à la carte features is recognized based on usage. Revenue and the related expenses associated with offline events are recognized when each event occurs. A substantial majority of our pro forma revenue for the nine months ended September 30, 2015 was derived from the following brands within our Dating segment: Match, Meetic, OurTime, OkCupid, PlentyOfFish and Tinder.

Non-dating revenue consists primarily of fees received for in-person and online test preparation classes, access to online test preparation materials and individual tutoring services. Fees from classes and access to online materials are recognized over the period of the course and the period of the online access, respectively. Tutoring fees are generally collected in the form of membership fees that entitle the member to a certain number of tutoring sessions over a certain period of time. These fees are recognized over the term of the membership based on usage. Non-dating deferred revenue was $3.5 million, $18.0 million and $21.5 million at December 31, 2013 and 2014 and September 30, 2015, respectively.

Cost of revenue

Cost of revenue consists primarily of compensation (including stock-based compensation) and other employee-related costs for personnel engaged in data center and customer care functions, in-app purchase fees, content acquisition costs, credit card processing fees, hosting fees, and data center rent, energy and bandwidth costs. In-app purchase fees are monies paid to Apple and Google for distribution and the facilitating of in-app purchase of product features. Content acquisition cost consists principally of payments made to tutors at The Princeton Review.

Selling and marketing expense

Selling and marketing expense consists primarily of advertising expenditures and compensation (including stock-based compensation) and other employee-related costs for personnel engaged in sales, and sales support functions. Advertising and promotional spend includes online marketing, including fees paid to search engines, offline marketing, which is primarily television advertising and partner-related payments to those who direct traffic to our brands. We plan to continue to expand sales and marketing efforts to attract new users, retain existing users and increase sales to both new and existing users.

General and administrative expense

General and administrative expense consists primarily of compensation (including stock-based compensation) and other employee-related costs for personnel engaged in executive management, finance, legal, tax and human resources, facilities costs and fees for professional services.

Product development expense

Product development expense consists primarily of compensation (including stock-based compensation) and other employee-related costs that are not capitalized for personnel engaged in the design, development, testing and enhancement of product offerings and related technology.

Results of operations

The following table sets forth our combined statement of operations information for the years ended December 31, 2012, 2013 and 2014 and the nine months ended September 30, 2014 and 2015:

	Years ended December 31,			Nine months ended September 30,	
	2012	2013	2014	2014	2015
				(in thousands)	
Revenue	$ 713,449	$ 803,089	$ 888,268	$ 649,272	$ 752,857
Operating costs and expenses:					
Cost of revenue (exclusive of depreciation)	72,794	85,945	120,024	82,079	131,118
Selling and marketing expense	304,597	321,870	335,107	271,236	289,844
General and administrative expense	76,711	93,641	117,890	74,351	121,303
Product development expense	38,921	42,973	49,738	36,614	50,740
Depreciation	16,341	20,202	25,547	17,122	19,804
Amortization of intangibles	17,455	17,125	11,395	6,841	14,130
Total operating costs and expenses	526,819	581,756	659,701	488,243	626,939
Operating income	186,630	221,333	228,567	161,029	125,918
Interest expense—related party	(29,489)	(34,307)	(25,541)	(23,214)	(6,879)
Other (expense) income, net	(7,428)	217	12,610	8,628	8,341
Earnings before income taxes	149,713	187,243	215,636	146,443	127,380
Income tax provision	(59,432)	(60,616)	(67,277)	(46,434)	(42,632)

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