

During the year ended December 31, 2017, cash used in investing activities of \$2.0 million was related to the purchase of assets under the first Patent Assignment Agreement, offset by \$0.1 million in cash distribution received from our investment in the JVP fund.

Financing Activities: During the year ended December 31, 2019, we did not have any activity related to financing.

During the year ended December 31, 2018, net cash used in financing activities of \$21.6 million was primarily from the redemption of Series A-1 Preferred Stock totaling \$19.9 million, \$2.0 million related to the share repurchase program, offset by \$0.3 million of proceeds received from the exercise of stock options.

During the year ended December 31, 2017, net cash provided by financing activities of \$12.8 million was primarily from the issuance of Series A-1 Preferred Stock totaling \$14.4 million and a Common Share offering for \$12.0 million, offset by redeeming and retiring Series A Preferred Stock Financing of \$13.8 million.

Contractual Obligations

The following table summarizes, as of December 31, 2019, our contractual obligations over the next five years for the property lease entered into during the year ended 2018, the VPN arrangement with Avira and the asset purchase from IBM:

Contractual Obligations	Payments due by Period (In thousands)		
	Less Than 1 Year	2-5 Years	Total
Operating Lease Obligations:	\$ 773	\$ 2,055	\$ 2,828
Other Long-Term Liabilities:			
Finjan Mobile future commitment	650	—	650
Finjan Blue future commitment	2,000	2,000	4,000
Total	\$ 3,423	\$ 4,055	\$ 7,478

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or “U.S. GAAP.” The preparation of these financial statements in accordance with U.S. GAAP requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, assumptions and judgments, including those related to revenue recognition, bad debts, inventories, warranties and income taxes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and our revenue recognition. Actual results may differ from these estimates under different assumptions or conditions and the impact of such differences may be material to our consolidated financial statements.

Critical accounting policies are those policies that, in management’s view, are most important in the portrayal of our financial condition and results of operations. The methods, estimates and judgments that we use in applying our accounting policies have a significant impact on the results that we report in our financial statements. These critical accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain. Those critical accounting policies and estimates that require the most significant judgment are discussed further below. We consider our most critical accounting policies and estimates to be revenue recognition, gain on settlements, valuation of long lived assets, income taxes and valuation allowances against net deferred tax assets, derivative liabilities, stock based compensation and accounting for business combinations-acquisition method accounting.

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods and services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods and services.

The core principle of the standard is that we should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. To achieve that core principle, we apply the following five step model: