

**SEACHANGE CAPITAL PARTNERS, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**SEACHANGE CAPITAL PARTNERS, INC.  
DECEMBER 31, 2015 AND 2014**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
SeaChange Capital Partners, Inc.  
New York, New York

We have audited the accompanying financial statements of SeaChange Capital Partners, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SeaChange Capital Partners, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Prior Period Financial Statements**

The financial statements of SeaChange Capital Partners, Inc. as of December 31, 2014, were audited by another auditor whose report thereon, dated October 2, 2015, expressed an unmodified opinion on those financial statements. As discussed in Note 10 to the financial statements, the Organization has restated its 2014 financial statements during the current year to include US Treasury money market funds as cash and cash equivalents instead of investments. The other auditors reported on the 2014 financial statements before the restatement.



July 20, 2016  
Hauppauge, New York

**SEACHANGE CAPITAL PARTNERS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents		
Cash	\$ 864,390	\$ 842,647
US Treasury money market funds	1,003,915	1,260,507
Cash and cash equivalents	1,868,305	2,103,154
Investments - Tweedy Brown Fund	17,502	19,219
Investments - The New York Pooled PRI Fund, LLC	28,031	-
Pledges receivable, net	478,489	600,143
Prepaid expenses and other current assets	74,796	4,612
Property and equipment, net of accumulated depreciation	6,384	8,837
 Total Assets	 \$ 2,473,507	 \$ 2,735,965
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 25,095	\$ 25,953
Grants payable	-	312,600
Due to New York Pooled PRI Fund, LLC	344	-
 Total Liabilities	 25,439	 338,553
 Net Assets		
Unrestricted	1,311,786	1,231,960
Temporarily restricted	1,136,282	1,165,452
 Total Net Assets	 2,448,068	 2,397,412
 Total Liabilities and Net Assets	 \$ 2,473,507	 \$ 2,735,965

See independent auditors' report and notes to financial statements.

**SEACHANGE CAPITAL PARTNERS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>Support and revenues</b>			
Contributions	\$ 727,205	\$ 713,481	\$ 1,440,686
Recovery (loss) on uncollectible pledges	12,840	-	12,840
In-kind contributions	68,641	-	68,641
Advisory income	86,789	-	86,789
Management fee income	157,991	-	157,991
Net assets released from restriction	742,651	(742,651)	-
<b>Total Operating Support and Revenue</b>	<b>1,796,117</b>	<b>(29,170)</b>	<b>1,766,947</b>
<b>Operating Expenses</b>			
Program services			
Grants made	720,500	-	720,500
Other program services	796,924	-	796,924
<b>Total Program Services</b>	<b>1,517,424</b>	<b>-</b>	<b>1,517,424</b>
Management and general	151,800	-	151,800
Fundraising	46,821	-	46,821
<b>Total Operating expenses</b>	<b>1,716,045</b>	<b>-</b>	<b>1,716,045</b>
<b>Net Operating Income</b>	<b>80,072</b>	<b>(29,170)</b>	<b>50,902</b>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Other income	253	-	253
Unrealized loss on investments	(777)	-	(777)
Interest and dividend income	278	-	278
<b>Total Non-Operating Income (Expenses)</b>	<b>(246)</b>	<b>-</b>	<b>(246)</b>
<b>Change in Net Assets</b>	<b>79,826</b>	<b>(29,170)</b>	<b>50,656</b>
<b>NET ASSETS</b>			
Beginning of year	1,231,960	1,165,452	2,397,412
End of year	\$ 1,311,786	\$ 1,136,282	\$ 2,448,068

See independent auditors' report and notes to financial statements.

**SEACHANGE CAPITAL PARTNERS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2014**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Support and revenues</b>			
Contributions	\$ 638,115	\$ 411,152	\$ 1,049,267
Recovery (loss) on uncollectible pledges	33,000	-	33,000
In-kind contributions	128,652	-	128,652
Advisory income	72,710	-	72,710
Management fee income	87,762	-	87,762
Net assets released from restriction	1,156,668	(1,156,668)	-
Total Operating Support and Revenue	2,116,907	(745,516)	1,371,391
<b>Operating Expenses</b>			
Program services			
Grants made	1,045,734	-	1,045,734
Other program services	760,990	-	760,990
Total Program Services	1,806,724	-	1,806,724
Management and general	153,673	-	153,673
Fundraising	44,679	-	44,679
Total Operating expenses	2,005,076	-	2,005,076
Net Operating Income	111,831	(745,516)	(633,685)
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Other income	720	-	720
Unrealized loss on investments	(758)	-	(758)
Interest and dividend income	1,122	-	1,122
Total Non-Operating Income (Expenses)	1,084	-	1,084
Change in Net Assets	112,915	(745,516)	(632,601)
<b>NET ASSETS</b>			
Beginning of year	1,119,045	1,910,968	3,030,013
End of year	\$ 1,231,960	\$ 1,165,452	\$ 2,397,412

See independent auditors' report and notes to financial statements.

**SEACHANGE CAPITAL PARTNERS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 50,656	\$ (632,601)
Adjustments to reconcile change in net assets to net cash from operating activities		
(Recovery) loss on uncollectible pledges receivable	(12,840)	(33,000)
Present value adjustment on pledges receivable	1,259	(21,220)
Net loss on investments	777	757
Depreciation	3,451	11,655
Net change in operating assets and liabilities		
Pledges receivable	133,235	328,556
Prepaid expenses and other current assets	(70,184)	(1,549)
Accounts payable	(858)	2,109
Grants payable	(312,600)	312,600
Due to New York Pooled PRI Fund, LLC	344	-
Other liabilities	-	(100,000)
	<u>(206,760)</u>	<u>(132,693)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(27,088)	-
Purchase of equipment and improvements	(1,001)	(8,923)
	<u>(28,089)</u>	<u>(8,923)</u>
Net cash provided from investing activities	<u>(28,089)</u>	<u>(8,923)</u>
Net increase (decrease) in cash	(234,849)	(141,616)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,103,154</u>	<u>2,244,770</u>
End of year	<u>\$ 1,868,305</u>	<u>\$ 2,103,154</u>

See independent auditors' report and notes to financial statements.



**SEACHANGE CAPITAL PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF ACTIVITIES**

SeaChange Capital Partners, Inc. ("SeaChange") is a Delaware corporation that was formed on June 28, 2006, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. SeaChange's mission is to enable transactions that increase the impact of nonprofit organizations while offering leveraged funding opportunities for donors. These transactions include: mergers, acquisitions, joint-ventures, and other types of partnerships and alliances (collectively, "collaborations"); growth capital campaigns; and spin-offs, divestments, restructurings, and real estate project of various types. We facilitate transactions by making grants, loans, and investments from our funds, by providing advisory services, and by "making markets" within our network. We focus only in situations where there is a benefit to our playing an intermediary role. Our principal asset is a network of foundations, individuals, nonprofits and public entities that trust us to make strategic grants and investments, provide advice and analysis, synthesize and flow information, and manage potential conflicts of interest.

SeaChange launched in early 2008 with support from the Bill & Melinda Gates Foundation, Omidyar Network, the William and Flora Hewlett Foundation, the Surdna Foundation, Goldman Sachs, and a group of individual philanthropists. After an initial focus in education and youth development through the Catalyst Fund (2008-2016), SeaChange expanded into mergers and collaboration with the SeaChange-Lodestar Fund for Nonprofit Collaboration (2009-present) and the New York Merger Acquisition and Collaboration Fund (2012-present); into credit with the Contact Fund (2013-present); and into impact-investment with the New York Pooled PRI Fund (2014-present). (The New York Pooled PRI Fund is a Delaware Limited Liability Company exempt from registration as an Investment Company under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). SeaChange serves as the Managing Member of The New York Pooled PRI Fund. The Contact Fund is a New York Limited Liability Company exempt from registration as an Investment Company under the U.S. Investment Company Act. SeaChange manages the Contact Fund pursuant to a management services agreement. The New York Merger, Acquisition, and Collaboration Fund, the Catalyst Fund, and the SeaChange-Lodestar Fund for Nonprofit Collaboration are grant-making programs of SeaChange that are referred to as "funds" because each has a distinct set of philanthropic funders to whom certain governance rights have been granted. None of these three programs are distinct legal entities, nor are any subject to the Investment Company Act.) In 2011, we began providing Advisory Services in response to requests from nonprofits and funders. In 2015, SeaChange became the fiscal sponsor of Greater NY, which pairs corporate executives with nonprofit executives for two-year partnerships to focus on the strategic business issues which will keep New York nonprofits strong in a quickly changing business environment. Our work will continue to evolve in response to changes in the environment, feedback from the market, and reflection on our accomplishments and challenges.

During 2015 SeaChange was involved in 27 transactions across the SeaChange Lodestar Fund (13) and NYMAC (14), compared to 37 transactions in 2014. In 2015 and 2014, SeaChange had a staff of six full-time employees and one part time volunteer. SeaChange also works with outside consultants on an as-needed basis.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation - The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, gains and losses are classified based on the existence or absence of donor- imposed restrictions. Accordingly, net assets of SeaChange and changes therein, are classified and reported as unrestricted, temporarily restricted and permanently restricted.

**SEACHANGE CAPITAL PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions relates to the determination of the allowance for doubtful accounts, depreciation and functional expense allocation. Actual results could differ from those estimates.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash and short-term investments with a maturity of three months or less, at the time of purchase.

**Fair Value Measurement** - SeaChange follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. US Treasury money market funds are carried at fair value in the statements of financial position valued using Level 1 inputs.

**Investments**- SeaChange carries its investments at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Securities transactions are reported on a trade date basis.

SeaChange's investments are all in equity securities and are valued using Level 1 inputs.

**Property, Equipment and Depreciation** - Property and equipment are recorded at cost, or if received by donation, at estimated fair value at the time such items are received. Depreciation is provided using the straight-line method over estimated useful lives of five to seven years. Expenditures for maintenance and repairs are expensed as incurred. Expenditures that improve or extend the useful lives are capitalized. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease.

**Contributions** - Contributions are recognized when a donor makes a promise to give to SeaChange that is, in substance, unconditional. Contributions are recorded at fair value, and in the case of pledges, net of estimated uncollectible amounts. Unconditional promises to give that are due in future periods are reported at the present value of their net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are to be received. The pledge discount is amortized to contribution income over the pledge collection period. Support that is restricted by the donor is reported as unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is recorded as temporarily restricted or permanently restricted support depending on the nature of the restriction. Donor restricted contributions are reclassified to unrestricted net assets when the restriction is satisfied or the time restriction lapses.

Unrestricted contributions intended for the current period are recognized when received.

Temporarily restricted contributions are recorded as temporarily restricted support and net assets, if they are received, with donor stipulations that limit the use of the contributed assets. When a donor or sponsor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions having temporary restrictions which are met in the period they are received are reported as unrestricted.

**SEACHANGE CAPITAL PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Permanently restricted net assets are contributions which have been restricted by donors to be maintained in perpetuity.

There were no permanently restricted net assets at December 31, 2015 and 2014.

Allowance for Doubtful Pledges Receivable - SeaChange establishes an allowance for doubtful pledges receivable based on management's evaluation of collectability for outstanding pledges receivable.

Contributed Services –For the years ended December 31, 2015 and 2014, donated legal services totaling \$68,641 and \$128,652 were included in contributions and the related expense accounts on the statements of activities. In addition, volunteers have donated their time to SeaChange's programs and supporting services which does not meet the requirements for recognition in the financial statements.

Transfers of Assets to a Not-for-Profit Organization That Raises Contributions for Others - U.S. GAAP establishes standards for transactions in which an entity ("the donor") makes a contribution by transferring assets to a not-for-profit organization ("the recipient organization") that accepts the assets from the donor and agrees to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both to another entity ("the beneficiary") that is specified by the donor. The guidance requires a recipient organization that accepts cash or other financial assets from a donor and agrees to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both to a specified unaffiliated beneficiary to recognize the fair value of those assets as a liability to the specified beneficiary concurrent with recognition of the assets received from the donor.

SeaChange accepted approximately \$500,000 in 2015 and 2014 and transferred \$400,000 to unrelated non-for-profit organizations beneficiaries for the year ended December 31, 2014. As of December 31, 2014, \$100,000 of funds held as a liability to a specified beneficiary was reported in other liabilities on the statements of financial position. SeaChange transferred \$100,000 to unrelated non-for-profit organizations beneficiaries during the year ended December 31, 2015. As of December 31, 2015, there were no funds held or recorded as a liability to a specified beneficiary.

Grants - SeaChange records grants payable when the grants are approved in accordance with the terms of the various governing instruments, which may include the approval of the Board of Directors. All grants made are in accordance with the terms of the various governing instruments, which may include the approval of the Board.

Functional Expenses- SeaChange allocates its expenses on a functional basis among its program and supporting services. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Other expenses that are common to several functions are allocated based on estimates made by management.

SeaChange recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that SeaChange had no uncertain tax positions that would require financial statement recognition or disclosure. SeaChange is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2012.

Subsequent Events - Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 20, 2016.

**SEACHANGE CAPITAL PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**3. PLEDGES RECEIVABLE**

As of December 31, pledges receivable consisted of the following:

	<u>2015</u>	<u>2014</u>
Pledges receivable due in less than one year	\$ 404,100	\$ 474,835
Pledges receivable due in one to five years	<u>137,500</u>	<u>200,000</u>
	541,600	674,835
Less: discount to present value	(8,951)	(7,692)
Less: allowance for doubtful pledges receivable	<u>(54,160)</u>	<u>(67,000)</u>
 Pledges Receivable, net	 <u>\$ 478,489</u>	 <u>\$ 600,143</u>

Pledges that are receivable over one year are discounted at a rate ranging from 3.5% - 4.5% for the years ended December 31, 2015 and 2014.

**NOTE 4 – PROPERTY AND EQUIPMENT**

At December 31, property and equipment and related accumulated depreciation consisted of the following:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 13,586	\$ 12,586
Website	<u>20,770</u>	<u>20,770</u>
	34,356	33,356
Less: Accumulated depreciation	<u>(27,972)</u>	<u>(24,519)</u>
 Property and Equipment, net	 <u>\$ 6,384</u>	 <u>\$ 8,837</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$3,451 and \$11,655, respectively.

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

At December 31, temporarily restricted net assets were available for the following purposes:

	<u>2015</u>	<u>2014</u>
Educational Grantmaking	\$ 257,320	\$ 549,628
Catalyst Fund	171,890	199,921
Collaboration Funds	398,723	415,903
Greater NY	138,972	-
Advisory Services	50,000	-
Time Restricted	<u>119,377</u>	<u>-</u>
	<u>\$ 1,136,282</u>	<u>\$ 1,165,452</u>

**SEACHANGE CAPITAL PARTNERS, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

For the years ended December 31, temporarily restricted net assets released from restrictions were as follows:

	2015	2014
Educational Grantmaking	\$ 300,000	\$ 250,000
Catalyst Fund	28,031	200,000
Collaboration Funds	414,620	706,668
Temporarily Restricted Net Assets Released from Restrictions	\$ 742,651	\$ 1,156,668

The Catalyst Fund is a pool of philanthropic capital created by donations to SeaChange. The Fund is an integral part of the SeaChange model for funding nonprofit organizations by allowing SeaChange to participate as a principal in the funds that it manages.

**NOTE 6 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject SeaChange to concentrations of credit risk consist principally of cash and cash equivalents and pledges receivable. SeaChange maintains its cash accounts with a financial institution. At times during the year cash balances are in excess of federally insured amounts of \$250,000. SeaChange has not experienced any losses on its deposits. However, almost all of SeaChange's cash equivalents are in what management believes are the most conservative possible investments, United States Treasury instruments. SeaChange has not suffered any losses due to the uninsured amount.

In 2015, two donors accounted for approximately 32% of total contributions. Two donors accounted for 83% of pledges receivable, and one of them alone accounted for 49% of total pledges receivable. In 2014, two donors accounted for approximately 42% of total contributions. Two donors alone accounted for 83% of pledges receivable, and one of them alone accounted for 67% of total pledges receivable.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

In 2015, board members contributed approximately \$131,000, which represented 9% of total contribution revenue. In 2014, board members contributed approximately \$106,000 which represented 9% of total contribution revenue. As of December 31, 2014, pledges receivable from board members accounted for 12% of total pledges receivable.

SeaChange serves as the Managing Member of The New York Pooled PRI Fund, LLC. As of December 31, 2015, SeaChange contributed approximately \$28,000 to The New York Pooled PRI Fund, LLC. The balance is shown in "Investments" in the Statements of Financial Position.

Mark Reed, a SeaChange Board member, is principal and sole member of The Contact Fund, LLC, which SeaChange manages.

**SEACHANGE CAPITAL PARTNERS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – RETIREMENT PLANS**

SeaChange has a 403(b) retirement plan (the "403(b) plan") as of October 2007. Upon employment, an employee may elect to defer income into his or her retirement account. When an employee has completed six months at SeaChange, the firm will contribute 5% of the amount of his or her salary each pay period to his or her retirement account. The percentage will be prorated for a part-time employee to the percentage of the work week he or she is employed. In addition, an employee can contribute up to 5% of his or her salary to the 403(b) plan and SeaChange will match the contribution. Matching for part-time employees is prorated. Each employee is fully vested from the outset in the matching contributions. The 403(b) plan's expenses for the years ended December 31, 2015 and 2014 amounted to \$52,829 and \$48,417.

SeaChange also has a non-qualified 457(b) retirement plan (the "457(b) plan") for eligible employees. No expenses were incurred for the years ended December 31, 2015 and 2014 for the 457(b) plan.

**NOTE 9 – LEASE COMMITMENTS**

SeaChange leased its office space in New York City under an agreement that expired on December 31, 2015. The agreement has been extended on a quarter to quarter basis. Monthly rent expenses under the extension are \$7,166. Rent expense including utilities and real estate tax escalations for the years ended December 31, 2015 and 2014 was \$82,585 and \$59,175.

**NOTE 10 - RESTATEMENT**

The 2014 financial statements have been restated to include US Treasury money market funds as cash and cash equivalents and not investments. Net assets are unchanged due to the restatement.

**SUPPLEMENTARY INFORMATION**

**SEACHANGE CAPITAL PARTNERS, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>			
	<b>Supporting Services</b>			
<b>OPERATING EXPENSES</b>	<b><u>Program Services</u></b>	<b><u>Management</u></b>	<b><u>Fundraising</u></b>	<b><u>Total Expenses</u></b>
Grants made	\$ 720,500	\$ -	\$ -	\$ 720,500
Salaries and benefits	619,227	95,833	22,115	737,175
Professional fees	94,055	32,185	439	126,679
Occupancy and utilities	63,303	17,109	5,133	85,545
Travel	4,474	2,237	15,659	22,370
Computer expenses	4,923	1,331	399	6,653
Supplies	2,195	593	178	2,966
Printing and production	209	104	731	1,044
Insurance expenses	4,347	1,175	353	5,875
Depreciation	2,554	690	207	3,451
Dues and subscriptions	431	215	1,508	2,154
Miscellaneous	1,206	328	99	1,633
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	\$ 1,517,424	\$ 151,800	\$ 46,821	\$ 1,716,045
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	<b>2014</b>			
	<b>Supporting Services</b>			
<b>OPERATING EXPENSES</b>	<b><u>Program Services</u></b>	<b><u>Management</u></b>	<b><u>Fundraising</u></b>	<b><u>Total Expenses</u></b>
Grants made	\$ 1,045,734	\$ -	\$ -	\$ 1,045,734
Salaries and benefits	546,622	84,596	19,522	650,740
Professional fees	137,728	47,132	640	185,500
Occupancy and utilities	45,400	12,270	3,681	61,351
Travel	4,647	2,324	16,265	23,236
Computer expenses	9,503	2,568	771	12,842
Supplies	2,815	761	228	3,804
Printing and production	192	96	672	960
Insurance expenses	4,288	1,159	348	5,795
Depreciation	8,625	2,331	699	11,655
Dues and subscriptions	514	257	1,800	2,571
Miscellaneous	656	179	53	888
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	\$ 1,806,724	\$ 153,673	\$ 44,679	\$ 2,005,076
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See independent auditors' report.