

**SEACHANGE CAPITAL PARTNERS, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**SEACHANGE CAPITAL PARTNERS, INC.  
DECEMBER 31, 2019 AND 2018**

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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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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**Report on Summarized Comparative Information**

We have previously audited the SeaChange Capital Partners, Inc. 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 3, 2020. In our opinion, the summarized comparative information presented herein for the statement of functional expenses for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Luca Grant". The signature is written in a cursive, flowing style.

August 3, 2020  
Hauppauge, New York

**SEACHANGE CAPITAL PARTNERS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	As of December 31,	
	2019	2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents		
Cash	\$ 1,667,475	\$ 1,582,858
US Treasury money market funds	676,116	664,380
<b>Total cash and cash equivalents</b>	<b>2,343,591</b>	<b>2,247,238</b>
Investments - Tweedy Brown Fund	19,261	17,322
Investments - The New York Pooled PRI Fund, LLC	243,470	208,441
Investments - Contact Fund	62,521	60,261
Pledges receivable, net	123,750	68,788
Prepaid expenses and other current assets	120,738	97,761
<b>Total current assets</b>	<b>2,913,331</b>	<b>2,699,811</b>
Due from New York Pooled PRI Fund, LLC, net	-	34,624
Loans receivable	-	50,000
Property and equipment, net of accumulated depreciation	11,813	5,861
<b>Total assets</b>	<b>\$ 2,925,144</b>	<b>\$ 2,790,296</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 20,715	\$ 8,784
Due to New York Pooled PRI Fund, LLC, net	163,549	-
Due to Contact Fund	98,599	544
Grants payable	26,000	17,000
<b>Total liabilities</b>	<b>308,863</b>	<b>26,328</b>
Net assets:		
Without donor restrictions	1,713,135	1,738,975
With donor restrictions	903,146	1,024,993
<b>Total net assets</b>	<b>2,616,281</b>	<b>2,763,968</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,925,144</b>	<b>\$ 2,790,296</b>

See independent auditors' report and notes to financial statements.

**SEACHANGE CAPITAL PARTNERS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>			
Contributions	\$ 968,679	\$ 462,925	\$ 1,431,604
In-kind contributions	345,710	-	345,710
Consulting income	30,126	-	30,126
Management fee income	470,878	-	470,878
Loan interest	1,178	-	1,178
Net assets released from restriction	584,772	(584,772)	-
<b>Total support and revenue</b>	<b>2,401,343</b>	<b>(121,847)</b>	<b>2,279,496</b>
<b>Operating expenses</b>			
Program services:			
Grantmaking	1,145,862	-	1,145,862
Credit	629,926	-	629,926
Consulting	153,154	-	153,154
Insights	140,790	-	140,790
Total program services	2,069,732	-	2,069,732
Management and general	340,300	-	340,300
Fundraising	38,987	-	38,987
<b>Total operating expenses</b>	<b>2,449,019</b>	<b>-</b>	<b>2,449,019</b>
<b>Net operating loss</b>	<b>(47,676)</b>	<b>(121,847)</b>	<b>(169,523)</b>
<b>Non-operating income</b>			
Net unrealized gain on investments	4,074	-	4,074
Interest and dividend income	17,762	-	17,762
<b>Total non-operating income</b>	<b>21,836</b>	<b>-</b>	<b>21,836</b>
<b>Decrease in net assets</b>	<b>(25,840)</b>	<b>(121,847)</b>	<b>(147,687)</b>
Net assets - beginning of year	1,738,975	1,024,993	2,763,968
<b>Net assets - end of year</b>	<b>\$ 1,713,135</b>	<b>\$ 903,146</b>	<b>\$ 2,616,281</b>

See independent auditors' report and notes to financial statements.

**SEACHANGE CAPITAL PARTNERS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>			
Contributions	\$ 920,072	\$ 391,498	\$ 1,311,570
In-kind contributions	295,008	-	295,008
Consulting income	50,318	-	50,318
Management fee income	375,468	-	375,468
Loan interest	2,500	-	2,500
Net assets released from restriction	553,686	(553,686)	-
<b>Total support and revenue</b>	<b>2,197,052</b>	<b>(162,188)</b>	<b>2,034,864</b>
<b>Operating expenses</b>			
Program services:			
Grantmaking	865,726	-	865,726
Credit	641,600	-	641,600
Analysis and advisory engagement	358,178	-	358,178
<b>Total program services</b>	<b>1,865,504</b>	<b>-</b>	<b>1,865,504</b>
Management and general	209,748	-	209,748
Fundraising	47,503	-	47,503
<b>Total operating expenses</b>	<b>2,122,755</b>	<b>-</b>	<b>2,122,755</b>
<b>Net operating income (loss)</b>	<b>74,297</b>	<b>(162,188)</b>	<b>(87,891)</b>
<b>Non-operating income (expenses)</b>			
Other income	422	-	422
Recovery on bad debt	22,250	-	22,250
Net unrealized loss on investments	(18,566)	-	(18,566)
Interest and dividend income	13,318	-	13,318
<b>Total non-operating income (expenses)</b>	<b>17,424</b>	<b>-</b>	<b>17,424</b>
<b>Increase (decrease) in net assets</b>	<b>91,721</b>	<b>(162,188)</b>	<b>(70,467)</b>
Net assets - beginning of year	1,647,254	1,187,181	2,834,435
<b>Net assets - end of year</b>	<b>\$ 1,738,975</b>	<b>\$ 1,024,993</b>	<b>\$ 2,763,968</b>

See independent auditors' report and notes to financial statements.

**SEACHANGE CAPITAL PARTNERS, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2019

	Program Services				Supporting Services			Total Operating Expenses	2018 Summarized Total
	Grantmaking	Credit	Consulting	Insights	Total Program Services	Management and General	Fundraising		
Grants made	\$ 390,865	\$ -	\$ -	\$ -	\$ 390,865	\$ -	\$ -	\$ 390,865	\$ 419,036
Salaries and benefits	452,370	309,516	130,949	107,140	999,975	154,759	35,713	1,190,447	1,095,415
Professional fees	242,824	289,710	-	17,292	549,826	101,216	-	651,042	430,644
Occupancy and utilities	37,643	25,756	10,897	8,915	83,211	12,877	2,972	99,060	96,180
Travel	13,370	535	4,278	4,813	22,996	30,485	-	53,481	36,922
Computer expenses	4,160	1,502	-	-	5,662	5,894	-	11,556	10,863
Supplies	16	-	-	-	16	1,553	-	1,569	1,749
Printing and production	28	70	-	-	98	1,304	-	1,402	1,701
Insurance expenses	1,786	1,222	517	423	3,948	611	141	4,700	4,800
Depreciation	1,436	982	416	340	3,174	491	113	3,778	4,864
Dues and subscriptions	753	215	5,920	1,722	8,610	2,154	-	10,764	2,200
Payroll service fee	-	-	-	-	-	22,746	-	22,746	17,333
Bad debt	-	-	-	-	-	6,000	-	6,000	-
Miscellaneous	611	418	177	145	1,351	210	48	1,609	1,048
<b>Total operating expenses</b>	<b>\$ 1,145,862</b>	<b>\$ 629,926</b>	<b>\$ 153,154</b>	<b>\$ 140,790</b>	<b>\$ 2,069,732</b>	<b>\$ 340,300</b>	<b>\$ 38,987</b>	<b>\$ 2,449,019</b>	<b>\$ 2,122,755</b>

See independent auditors' report and notes to financial statements.



**SEACHANGE CAPITAL PARTNERS, INC.**  
**STATEMENTS OF CASH FLOWS**

	<u>Year ended December 31,</u>	
	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Change in net assets	\$ (147,687)	\$ (70,467)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Present value adjustment on pledges receivable	(962)	(2,848)
Net unrealized (gain) loss on investments	(4,074)	18,566
Bad debt	6,000	-
Depreciation	3,778	4,864
(Increase) decrease in assets:		
Pledges receivable	(60,000)	200,251
Prepaid expenses and other current assets	(22,977)	(14,173)
Due from New York Pooled PRI Fund, LLC, net	34,624	(10,614)
Loan receivable	50,000	-
Increase (decrease) in liabilities:		
Accounts payable	11,931	(30,958)
Due to New York Pooled PRI Fund, LLC, net	163,549	-
Due to Contact Fund	98,055	544
Grants payable	9,000	10,125
<b>Net cash provided by operating activities</b>	<b>141,237</b>	<b>105,290</b>
Cash flows from investing activities:		
Purchase of investments	(35,154)	(60,619)
Purchase of property and equipment	(9,730)	(2,609)
<b>Net cash used in investing activities</b>	<b>(44,884)</b>	<b>(63,228)</b>
<b>Net increase in cash and cash equivalents</b>	<b>96,353</b>	<b>42,062</b>
Cash and cash equivalents - beginning of year	2,247,238	2,205,176
<b>Cash and cash equivalents - end of year</b>	<b>\$ 2,343,591</b>	<b>\$ 2,247,238</b>

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"), a Delaware corporation, was formed on June 28, 2006 and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. SeaChange champions nonprofits facing complex challenges and is a partner of choice for funders seeking to help. Nonprofits are critical, yet the deck is stacked against them—they're under-resourced and have inadequate outside support. We use our experience, financial resources and connections to help nonprofits navigate complex challenges while creating new ways for funders to support them. Together with our nonprofit and funder partners, we relentlessly fight for a healthier and more just society.

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 on education and youth development through the Catalyst Fund (2008-2016), SeaChange expanded into sustained collaboration with the SeaChange-Lodestar Fund for Nonprofit Collaboration (2009-present), the New York Merger and Collaboration Fund ("NYMAC," 2012-present), and the Greater Philadelphia Nonprofit Repositioning Fund ("Nonprofit Repositioning Fund," 2018-present); into credit with the Contact Fund (2013-present); and into impact investing with The New York Pooled PRI Fund ("NYPRI," 2014-present).

NYPRI and the Contact Fund are both separate legal entities; SeaChange serves as the Managing Member of NYPRI and manages Contact Fund pursuant to a management services agreement. NYMAC, the Catalyst Fund, the SeaChange-Lodestar Fund for Nonprofit Collaboration, and the Nonprofit Repositioning Fund are grantmaking 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 four programs are distinct legal entities.

In 2011, SeaChange began providing consulting services in response to requests from nonprofits and funders. Our work will continue to evolve in response to changes in the environment, feedback from the market, and reflection on our accomplishments and challenges. SeaChange also regularly releases reports analyzing major issues for the nonprofit sector, as well as opinion pieces in various publications.

During 2019, SeaChange made grants to support 25 sustained collaboration transactions across the SeaChange-Lodestar Fund (9), NYMAC (9), and the Nonprofit Repositioning Fund (7), compared to 32 total grants funded in 2018. SeaChange had a staff of nine full-time employees in 2019 and eight in 2018.

**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 without donor restrictions and with donor restrictions.

**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.

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

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

**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 net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is recorded as net assets with donor restrictions. Donor restricted contributions are reclassified to net assets without donor restrictions when the restriction is satisfied or the time restriction lapses.

**Net assets** - SeaChange presents its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958, "Not-for-Profit-Entities." Under ASU 2016-14, SeaChange's financial statements distinguish between net assets with and without donor restrictions.

Net assets without donor restrictions – net assets of SeaChange which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of SeaChange.

Net assets with donor restrictions – net assets of SeaChange which have been limited by donor-imposed stipulations or by law, that either expire with the passage of time or can be fulfilled and removed by the actions of SeaChange pursuant to those stipulations.

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

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

**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, 2019 and 2018, donated legal services totaling \$345,710 and \$342,468 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.

**Grants** - SeaChange records grants payable when the grants are approved by the Board of Directors. All grants made are in accordance with the terms of the various governing instruments and are subject to 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.

**Recent Accounting Pronouncements** - In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue which it expects to be entitled to for the transfer of promised goods or services to customers. The standard replaces most existing revenue recognition guidance in GAAP, including industry-specific guidance, and permits the use of either a full retrospective or a retrospective with cumulative effect transition method to apply the standard. SeaChange adopted the standard on January 1, 2019 using the retrospective with cumulative effect transition method. Therefore, the comparative information has not been adjusted and continues to be reported under the FASB Accounting Standards Codification (ASC) Topic 605. The adoption of this standard did not have a significant impact on SeaChange's financial statements. SeaChange derives the majority of total revenues from contributions. SeaChange analyzed its remaining revenue streams and concluded there are no changes in revenue recognition with the adoption of the new standard. The adoption of the standard did not result in a cumulative adjustment to beginning retained earnings as of January 1, 2019 and the standard did not have an impact on SeaChange's financial statements.

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

**NOTE 3 – PLEDGES RECEIVABLE**

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

	<b>2019</b>	<b>2018</b>
Pledges receivable due in less than one year	\$ 137,500	\$ 52,500
Pledges receivable due in one to five years	-	25,000
Total pledges	137,500	77,500
Less: discount to present value	-	(962)
Less: allowance for doubtful pledges receivable	(13,750)	(7,750)
Pledges receivable, net	\$ 123,750	\$ 68,788

Pledges receivable over one year are discounted at a rate of 4% for the year ended December 31, 2018.

**NOTE 4 – LOANS RECEIVABLE**

On October 10, 2017, SeaChange made a loan of \$50,000 at 5.0% interest to Theatre of the Oppressed NYC to finance improvements to their office space. The loan was repaid in full on June 21, 2019.

**NOTE 5 – PROPERTY AND EQUIPMENT**

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

	<b>2019</b>	<b>2018</b>
Furniture and equipment	\$ 17,733	\$ 17,733
Website and database	41,749	32,019
Total fixed assets	59,482	49,752
Less: Accumulated depreciation	(47,669)	(43,891)
Property and equipment, net	\$ 11,813	\$ 5,861

Depreciation expense for the years ended December 31, 2019 and 2018 was \$3,778 and \$4,864, respectively.

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

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, net assets with donor restrictions were available for the following purposes:

	2019	2018
	<u>          </u>	<u>          </u>
Educational grant making	\$ 57,320	\$ 57,320
Catalyst fund	110,914	110,914
NYPRI	-	21,964
Collaboration funds	468,816	682,720
Consulting (formerly Advisory Services)	-	34,492
National field building	191,924	52,247
Nonprofit repositioning fund	74,172	15,336
Time restricted	<u>          -</u>	<u>          50,000</u>
 Total net assets with donor restrictions	 <u><u>          \$ 903,146</u></u>	 <u><u>          \$ 1,024,993</u></u>

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

	2019	2018
	<u>          </u>	<u>          </u>
NYPRI	\$ 21,964	\$ -
Collaboration funds	410,733	428,196
Consulting (formerly Advisory Services)	34,492	100,490
National field building	52,247	-
Nonprofit repositioning fund	15,336	-
Time restricted	<u>          50,000</u>	<u>          25,000</u>
 Net assets released from restrictions	 <u><u>          \$ 584,772</u></u>	 <u><u>          \$ 553,686</u></u>

**NOTE 7 – 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. Cash and cash equivalents exceeding FDIC insurance coverage were \$1,156,581 and \$1,116,254 at December 31, 2019 and 2018, respectively. SeaChange has not suffered any losses due to the uninsured amount. However, almost all of SeaChange's cash equivalents are in what management believes are the most conservative possible investments, United States Treasury instruments.

In 2019, three donors accounted for approximately 50% of total contributions. Three donors accounted for 87% of pledges receivable, and one of them alone accounted for 65% of total pledges receivable. In 2018, three donors accounted for approximately 52% of total contributions. Two donors accounted for 97% of pledges receivable, and one of them alone accounted for 65% of total pledges receivable.

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

**NOTE 8 – RELATED PARTY TRANSACTIONS**

In 2019, board members contributed approximately \$89,133, which represented 6% of total contribution revenue. In 2018, board members contributed approximately \$133,250, which represented 10% of total contribution revenue.

SeaChange serves as the Managing Member of The New York Pooled PRI Fund, LLC. SeaChange has committed to contribute capital of \$305,000 to The New York Pooled PRI Fund, LLC. Through December 31, 2019, SeaChange has contributed capital in the amount of \$283,803 to The New York Pooled PRI Fund, LLC.

Mark Reed, a SeaChange Board Member, is the principal and sole member of The Contact Fund, LLC, which SeaChange manages. In 2017, SeaChange purchased an unsecured note in the aggregate principal amount of \$10,000 from The Contact Fund, LLC, with a per annum interest rate of 3.0%. SeaChange purchased a second unsecured note in the aggregate principal amount of \$50,000 with a per annum interest rate of 3.75% in 2018. These notes are held in donor advised funds managed by SeaChange. As of December 31, 2019 and 2018, the combined notes, including in accrued interest, amounted to \$62,521 and \$60,261, respectively.

**NOTE 9 – 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. Each employee is fully vested from the outset in the matching contributions. The 403(b) plan's expenses for the years ended December 31, 2019 and 2018 amounted to \$80,952 and \$67,812, respectively.

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, 2019 and 2018 for the 457(b) plan.

**NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

SeaChange generates financial assets through contributions from foundations and individuals, management fees for its grantmaking and lending activity, and on a more limited basis, select consulting engagements. The financial assets are acquired throughout the year to help meet SeaChange's cash needs for general expenditures.

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

**NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

The following table presents SeaChange’s financial assets available for general expenditures within one year of the financial position date:

	<u>2019</u>	<u>2018</u>
Current assets as of December 31, excluding non-financial assets:		
Cash and cash equivalents	\$ 2,343,591	\$ 2,247,238
Investments	325,252	286,024
Pledges receivable, net	123,750	68,788
Other current assets	<u>113,521</u>	<u>95,221</u>
Total current assets, excluding non-financial assets	2,906,114	2,697,271
Less those unavailable for general expenditures due to:		
Donor restrictions:	<u>903,146</u>	<u>1,024,993</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,002,968</u>	<u>\$ 1,672,278</u>

**NOTE 11 – SUBSEQUENT EVENTS**

SeaChange’s management has evaluated subsequent events through August 3, 2020, the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our donors, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact SeaChange’s financial condition or results of operations is uncertain. In light of the significant cash reserves, management believes that SeaChange will be able to weather COVID-19 without ill effects.