

SEACHANGE CAPITAL PARTNERS, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 and 2019

SEACHANGE CAPITAL PARTNERS, INC.
DECEMBER 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Report on Summarized Comparative Information

We have previously audited the SeaChange Capital Partners, Inc. 2019 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Pwoc Group". The signature is written in a cursive, flowing style.

August 20, 2021
Hauppauge, New York

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

	As of December 31,	
	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,237,140	\$ 2,343,591
Investments at fair value	861,698	325,252
Pledges receivable, net	468,525	123,750
Prepaid expenses and other current assets	171,747	120,738
Total current assets	5,739,110	2,913,331
Property and equipment, net of accumulated depreciation	8,544	11,813
Pledges receivable, net	563,725	-
Total assets	\$ 6,311,379	\$ 2,925,144
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 48,047	\$ 20,715
Due to The New York Pooled PRI Fund, LLC, net	153,608	163,549
Due to The Contact Fund, LLC	96,936	98,599
Funds held for lending	200,000	-
Grants payable	678,425	26,000
Total liabilities	1,177,016	308,863
Net assets:		
Without donor restrictions	1,730,251	1,713,135
With donor restrictions	3,404,112	903,146
Total net assets	5,134,363	2,616,281
Total liabilities and net assets	\$ 6,311,379	\$ 2,925,144

See independent auditors' report and notes to financial statements.

SEACHANGE CAPITAL PARTNERS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 975,535	\$ 3,082,476	\$ 4,058,011
In-kind contributions	191,503	-	191,503
Consulting income	170,503	-	170,503
Management fee income	441,901	-	441,901
Loan interest and closing fees	5,978	-	5,978
Investment return, net	(19,511)	-	(19,511)
Net assets released from restriction	581,510	(581,510)	-
Total support and revenue	2,347,419	2,500,966	4,848,385
Expenses			
Program	1,813,033	-	1,813,033
Management and general	477,790	-	477,790
Fundraising	39,480	-	39,480
Total expenses	2,330,303	-	2,330,303
Change in net assets	17,116	2,500,966	2,518,082
Net assets - beginning of year	1,713,135	903,146	2,616,281
Net assets - end of year	\$ 1,730,251	\$ 3,404,112	\$ 5,134,363

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
Support and revenues			
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 and closing fees	1,178	-	1,178
Investment return, net	21,836	-	21,836
Net assets released from restriction	584,772	(584,772)	-
Total support and revenue	2,423,179	(121,847)	2,301,332
Expenses			
Program	\$ 2,069,732	-	\$ 2,069,732
Management and general	340,300	-	340,300
Fundraising	38,987	-	38,987
Total expenses	2,449,019	-	2,449,019
Change in net assets	(25,840)	(121,847)	(147,687)
Net assets - beginning of year	1,738,975	1,024,993	2,763,968
Net assets - end of year	\$ 1,713,135	\$ 903,146	\$ 2,616,281

See independent auditors' report and notes to financial statements.

SEACHANGE CAPITAL PARTNERS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

	Program Services				Supporting Services			Total Expenses	2019 Summarized Total
	Grantmaking	Credit	Consulting	Insights	Total Program Services	Management and General	Fundraising		
Grants made	\$ 487,863	\$ -	\$ -	\$ -	\$ 487,863	\$ -	\$ -	\$ 487,863	\$ 390,865
Salaries and benefits	402,908	331,382	178,747	41,015	954,052	238,817	36,893	1,229,762	1,190,447
Professional fees	152,176	137,560	7,317	4,632	301,685	80,750	-	382,435	651,042
Occupancy and utilities	20,031	16,475	8,887	2,039	47,432	11,874	1,834	61,140	99,060
Travel	1,600	306	213	116	2,235	16,892	148	19,275	53,481
Computer expenses	2,822	2,321	1,252	287	6,682	1,672	258	8,612	11,556
Supplies	-	-	-	-	-	167	-	167	1,569
Printing and production	-	-	-	-	-	-	-	-	1,402
Insurance expenses	1,466	1,206	651	149	3,472	870	134	4,476	4,700
Depreciation	1,868	1,537	829	190	4,424	1,107	171	5,702	3,778
Dues and subscriptions	976	-	-	3,118	4,094	516	-	4,610	10,764
Payroll service fee	-	-	-	-	-	22,653	-	22,653	22,746
Bad debt	-	-	-	-	-	102,197	-	102,197	6,000
Miscellaneous	462	380	205	47	1,094	275	42	1,411	1,609
Total expenses	\$ 1,072,172	\$ 491,167	\$ 198,101	\$ 51,593	\$ 1,813,033	\$ 477,790	\$ 39,480	\$ 2,330,303	\$ 2,449,019

See independent auditors' report and notes to financial statements.

SEACHANGE CAPITAL PARTNERS, INC.
STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 2,518,082	\$ (147,687)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Present value adjustment on pledges receivable	11,275	(962)
Net realized and unrealized loss (gain) on investments	24,393	(4,458)
Bad debt	102,197	6,000
Depreciation	5,702	3,778
(Increase) decrease in assets:		
Pledges receivable	(1,021,972)	(60,000)
Prepaid expenses and other current assets	(51,009)	(22,977)
Due from New York Pooled PRI Fund, LLC, net	-	34,624
Loan receivable	-	50,000
Increase (decrease) in liabilities:		
Accounts payable	27,332	11,931
Due to The New York Pooled PRI Fund, LLC, net	(9,941)	163,549
Due to The Contact Fund, LLC	(1,663)	98,055
Funds held for lending	200,000	-
Grants payable	652,425	9,000
Net cash provided by operating activities	2,456,821	140,853
Cash flows from investing activities:		
Purchase of investments	(560,839)	(34,770)
Purchase of property and equipment	(2,433)	(9,730)
Net cash used in investing activities	(563,272)	(44,500)
Net increase in cash and cash equivalents	1,893,549	96,353
Cash and cash equivalents - beginning of year	2,343,591	2,247,238
Cash and cash equivalents - end of year	\$ 4,237,140	\$ 2,343,591

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), the Greater Philadelphia Nonprofit Repositioning Fund ("Nonprofit Repositioning Fund," 2018-present), and the Transformational Partnerships Fund (2020-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, the Nonprofit Repositioning Fund, and the Transformational Partnerships 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 five 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 2020, SeaChange made grants to support 34 sustained collaboration transactions across the SeaChange-Lodestar Fund (15), NYMAC (8), and the Nonprofit Repositioning Fund (11) compared to 25 total grants funded in 2019. SeaChange had a staff of 10 full-time employees in 2020 and nine in 2019.

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.

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.

SEACHANGE CAPITAL PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, 2020 and 2019, donated legal services totaling \$191,503 and \$345,710 were included in contributions and the related expense accounts on the statements of activities, respectively. 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 CAPITAL PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 3 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

SeaChange prioritizes the inputs to valuation techniques used to measure fair value. In accordance with ASU No. 2015-07, investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy.

When SeaChange believes that the reported net asset value per share (or its equivalent) of an investment is not representative of fair value, SeaChange categorizes the investment in accordance with ASC 820, Fair Value Measurements and Disclosures.

The three levels of the fair value hierarchy under FASB Accounting Standards Codification are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SeaChange has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

SEACHANGE CAPITAL PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value.

- Mutual Funds: Valued at the closing price reported in the active markets in which the individual securities are traded.
- The New York Pool PRI Fund, LLC and The Contact Fund, LLC: Valued at the net asset value (“NAV”) of the units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the investments held less its liability. This practical expedient is not used when it is determined that the investment will be sold for an amount different than the reported NAV.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the SeaChange believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, SeaChange’s assets measured at fair value:

Assets at Fair Value as of December 31, 2020

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 18,530	\$ -	\$ -	\$ 18,530
Investments measured at NAV ¹				
The New York Pooled PRI Fund, LLC				789,348
The Contact Fund, LLC				53,820
Total investments at fair value				\$ 861,698

Assets at Fair Value as of December 31, 2019

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 19,261	\$ -	\$ -	\$ 19,261
Investments measured at NAV ¹				
The New York Pooled PRI Fund, LLC				243,470
The Contact Fund, LLC				62,521
Total investments at fair value				\$ 325,252

¹Investments that are measured at fair value using NAV (or its equivalent) practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in the “Investments reported at NAV” column are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

SEACHANGE CAPITAL PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables sets forth by a summary of SeaChange’s investments that are reported at net asset value per share:

**Fair Value Using Net Asset Value per Share
at December 31, 2020**

Description	Fair Value	Unfunded Commitments	Redemption Frequency	Other	
				Redemption Restrictions	Redemption Notice Period
The New York Pooled PRI Fund, LLC	\$ 789,348	\$ -	Discretionary	None	60 days
The Contact Fund, LLC	\$ 53,820	\$ -	Semi-Annual	None	30 days

**Fair Value Using Net Asset Value per Share
at December 31, 2019**

Description	Fair Value	Unfunded Commitments	Redemption Frequency	Other	
				Redemption Restrictions	Redemption Notice Period
The New York Pooled PRI Fund, LLC	\$ 243,470	\$ -	Discretionary	None	60 days
The Contact Fund, LLC	\$ 62,521	\$ -	Semi-Annual	None	30 days

Investment return is comprised of the following:

	Year ended December 31,	
	2020	2019
Interest and dividends	\$ 4,882	\$ 17,379
Realized gain	205	384
Unrealized (loss) gain	(24,598)	4,074
Investment return, net	\$ (19,511)	\$ 21,836

NOTE 4 – PLEDGES RECEIVABLE

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

	2020	2019
Pledges receivable due in less than one year	\$ 584,472	\$ 137,500
Pledges receivable due in one to five years	575,000	-
Total pledges	1,159,472	137,500
Less: discount to present value	(11,275)	-
Less: allowance for doubtful pledges receivable	(115,947)	(13,750)
Pledges receivable, net	\$ 1,032,250	\$ 123,750

Pledges receivable over one year are discounted at a rate of 2% for the year ended December 31, 2020.

SEACHANGE CAPITAL PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2020	2019
Furniture and equipment	\$ 17,733	\$ 17,733
Website and database	44,182	41,749
Total fixed assets	61,915	59,482
Less: Accumulated depreciation	(53,371)	(47,669)
Property and equipment, net	\$ 8,544	\$ 11,813

Depreciation expense for the years ended December 31, 2020 and 2019 was \$5,702 and \$3,778, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Catalyst Fund/Educational Grantmaking	\$ 168,234	\$ 168,234
NYPRI	73,531	-
NYMAC	639,921	339,788
SeaChange-Lodestar Fund	79,775	129,027
Sustained Collaboration Network	344,424	191,924
Nonprofit Repositioning Fund	583,333	74,172
Transformational Partnerships Fund	1,539,093	-
Total net assets with donor restrictions	\$ 3,428,311	\$ 903,145

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

	2020	2019
NYPRI	\$ -	\$ 21,964
NYMAC	186,387	281,363
SeaChange-Lodestar Fund	129,027	129,370
Consulting (formerly Advisory Services)	-	34,492
Sustained Collaboration Network	191,924	52,247
Nonprofit Repositioning Fund	74,172	15,336
Transformational Partnerships Fund	-	-
Time restricted	-	50,000
Net assets released from restrictions	\$ 581,510	\$ 584,772

SEACHANGE CAPITAL PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS

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 \$2,722,643 and \$1,156,581 at December 31, 2020 and 2019, 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 2020, one donor accounted for approximately 37% of total contributions. Two donors accounted for 94% of pledges receivable, and one of them alone accounted for 85% of total pledges receivable. 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.

NOTE 8 – RELATED PARTY TRANSACTIONS

In 2020, board members contributed approximately \$120,450, which represented 6% of total contribution revenue. In 2019, board members contributed approximately \$89,133, which represented 6% 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 \$879,745 to The New York Pooled PRI Fund, LLC. Through December 31, 2020, SeaChange has contributed capital in the amount of \$831,657 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% which was since changed to 2% per annum. 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. As of December 31, 2020 and 2019, the combined notes, including in accrued interest, amounted to \$53,820 and \$62,521, 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/her/their retirement account. When an employee has completed six months at SeaChange, the firm will contribute 5% of the amount of his/her/their salary each pay period to his/her/their retirement account. The percentage will be prorated for a part-time employee to the percentage of the work week they are employed. In addition, an employee can contribute up to 5% of his/her/their 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, 2020 and 2019 amounted to \$84,533 and \$80,952, 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, 2020 and 2019 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>2020</u>
Current assets as of December 31, excluding non-financial assets:	
Cash and cash equivalents	\$ 4,237,140
Investments at fair value	861,698
Pledges receivable, net	468,525
Other current assets	171,747
Total current assets, excluding non-financial assets	5,739,110
Less those unavailable for general expenditures due to:	
Donor restrictions	3,404,112
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,334,998

NOTE 11 – COVID-19

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.

NOTE 12 – SUBSEQUENT EVENTS

SeaChange’s management has evaluated subsequent events through August 20, 2021, the date the financial statements were available to be issued.