

SEACHANGE CAPITAL PARTNERS, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

SEACHANGE CAPITAL PARTNERS, INC.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 16



INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seachange Capital Partners Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Seachange Capital Partners Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Seachange Capital Partners Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seachange Capital Partners Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the SeaChange Capital Partners, Inc. 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 13, 2023. In our opinion, the summarized comparative information presented herein for the statement of functional expenses for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

July 15, 2024
Hauppauge, New York

SEACHANGE CAPITAL PARTNERS, INC.
STATEMENTS OF FINANCIAL POSITION

As of December 31,

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,874,465	\$ 7,878,130
Promises to give, net	693,333	323,252
Investments at fair value	5,147,129	1,155,685
Due from The Contact Fund, LLC	101,750	-
Loans receivable	407,335	66,000
Other receivables	158,527	244,990
Prepaid expenses	2,621	1,992
Total current assets	8,385,160	9,670,049
Property and equipment, net	1,445	2,553
Promises to give, net	584,322	-
Total assets	\$ 8,970,927	\$ 9,672,602
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,753	\$ 14,195
Due to The New York Pooled PRI Fund, LLC	66,359	1,196,598
Due to The Contact Fund, LLC	-	1,063,006
Funds held for lending	204,844	208,521
Grants payable	1,150,000	650,000
Total liabilities	1,436,956	3,132,320
Net assets:		
Without donor restrictions	2,584,539	2,245,634
With donor restrictions	4,949,432	4,294,648
Total net assets	7,533,971	6,540,282
Total liabilities and net assets	\$ 8,970,927	\$ 9,672,602

See independent auditors' report and notes to financial statements.

SEACHANGE CAPITAL PARTNERS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 821,681	\$ 2,762,594	\$ 3,584,275
Donated services	123,659	-	123,659
Consulting income	76,549	-	76,549
Management fee income	408,563	-	408,563
Loan interest and closing fees	16,773	-	16,773
Investment return, net	29,375	-	29,375
Net assets released from restriction	2,107,810	(2,107,810)	-
Total support and revenue	3,584,410	654,784	4,239,194
Expenses			
Program	2,859,875	-	2,859,875
Management and general	354,975	-	354,975
Fundraising	30,655	-	30,655
Total expenses	3,245,505	-	3,245,505
Change in net assets	338,905	654,784	993,689
Net assets - beginning of year	2,245,634	4,294,648	6,540,282
Net assets - end of year	\$ 2,584,539	\$ 4,949,432	\$ 7,533,971

See independent auditors' report and notes to financial statements.

SEACHANGE CAPITAL PARTNERS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 233,973	\$ 1,783,901	\$ 2,017,874
Donated services	131,684	-	131,684
Consulting income	76,490	-	76,490
Management fee income	437,427	-	437,427
Loan interest and closing fees	7,990	-	7,990
Investment loss, net	(17,124)	-	(17,124)
Recovery of uncollectible pledges	-	-	-
Net assets released from restriction	1,575,971	(1,575,971)	-
Total support and revenue	2,446,411	207,930	2,654,341
Expenses			
Program	1,970,296	-	1,970,296
Management and general	358,939	-	358,939
Fundraising	31,809	-	31,809
Total expenses	2,361,044	-	2,361,044
Change in net assets	85,367	207,930	293,297
Net assets - beginning of year	2,160,267	4,086,718	6,246,985
Net assets - end of year	\$ 2,245,634	\$ 4,294,648	\$ 6,540,282

See independent auditors' report and notes to financial statements.

SEACHANGE CAPITAL PARTNERS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

	Program Services				Supporting Services			Total Expenses	2022 Summarized Total
	Grantmaking	Credit	Consulting	Insights	Total Program Services	Management and General	Fundraising		
Grants made	\$ 1,624,813	\$ -	\$ -	\$ -	\$ 1,624,813	\$ -	\$ -	\$ 1,624,813	\$ 810,459
Salaries and benefits	267,659	220,143	118,745	27,247	633,794	158,651	24,509	816,954	870,403
Payroll taxes	20,221	16,632	8,971	2,058	47,882	11,986	1,852	61,720	65,480
Employee benefits	23,561	19,379	10,453	2,398	55,791	13,966	2,157	71,914	76,719
Professional fees	299,472	3,765	14,400	9,115	326,752	48,989	-	375,741	300,164
In-kind legal services	-	99,027	-	-	99,027	24,632	-	123,659	131,684
Occupancy and utilities	4,501	3,702	1,997	458	10,658	2,669	412	13,739	12,456
Travel	5,535	1,060	736	400	7,731	58,456	511	66,698	38,221
Computer expenses	6,414	5,276	2,846	653	15,189	3,802	587	19,578	6,626
Supplies	-	-	-	-	-	1,239	-	1,239	2,591
Printing and production	-	-	-	-	-	1,760	-	1,760	737
Insurance expenses	2,615	2,151	1,160	266	6,192	1,550	239	7,981	10,131
Depreciation	363	299	161	37	860	215	33	1,108	4,441
Dues and subscriptions	5,244	-	-	16,750	21,994	2,769	-	24,763	7,898
Payroll service fee	-	-	-	-	-	21,989	-	21,989	18,768
Miscellaneous	3,882	3,193	1,722	395	9,192	2,302	355	11,849	4,263
Total expenses	\$ 2,264,280	\$ 374,627	\$ 161,191	\$ 59,777	\$ 2,859,875	\$ 354,975	\$ 30,655	\$ 3,245,505	\$ 2,361,041

See independent auditors' report and notes to financial statements.

SEACHANGE CAPITAL PARTNERS, INC.

STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 993,689	\$ 293,297
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net unrealized loss on investments	752	21,185
Depreciation	1,108	4,441
(Increase) decrease in assets:		
Promises to give	(954,403)	210,591
Due from The Contact Fund, LLC	(101,750)	-
Loans receivable	(341,335)	(43,350)
Other receivables	86,463	(112,730)
Prepaid expenses	(629)	335
Increase (decrease) in liabilities:		
Accounts payable	1,558	(13,847)
Due to The New York Pooled PRI Fund, LLC	(1,130,239)	724,852
Due to The Contact Fund, LLC	(1,063,006)	892,832
Funds held for lending	(3,677)	148,521
Grants payable	500,000	(12,500)
Net cash (used in) provided by operating activities	(2,011,469)	2,113,627
Cash flows from investing activities:		
Increase in investments	(3,992,196)	(76,587)
Purchase of property and equipment	-	(2,172)
Net cash used in investing activities	(3,992,196)	(78,759)
Net (decrease) increase in cash and cash equivalents	(6,003,665)	2,034,868
Cash and cash equivalents - beginning of year	7,878,130	5,843,262
Cash and cash equivalents - end of year	\$ 1,874,465	\$ 7,878,130
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ -
Cash paid for unrelated business income taxes	\$ -	\$ -

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 helps nonprofits navigate complex financial and organizational 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.

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 the SeaChange Special Impact Fund LLC (2020-present); and into impact investing with The New York Pooled PRI Fund ("NYPRI," 2014-present) and The New York Impact Opportunities Fund, LLC (2021-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 analysis and advice (i.e. Consulting) 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 2023, SeaChange made grants to support 42 sustained collaboration transactions across the SeaChange-Lodestar Fund (10), NYMAC (4), the Nonprofit Repositioning Fund (18), and the Transformational Partnerships Fund (10) compared to 38 total grants funded in 2022. SeaChange had a staff of 8 full-time employees in 2023 and 8 in 2022.

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.

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.

Promises to Give

SeaChange records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

SEACHANGE CAPITAL PARTNERS INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give (Continued)

Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2023 and 2022, the allowance was \$74,011 for each year.

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 and Equipment

SeaChange records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Grants Payable

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.

Revenue and Revenue Recognition

SeaChange recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

SEACHANGE CAPITAL PARTNERS INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. SeaChange records donated professional services at the respective fair values of the services received. No significant contributions of such goods were received during the years December 31, 2023 and 2022. SeaChange received \$123,659 and \$131,684 in donated legal services during the years ended December 31, 2023 and 2022, respectively.

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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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.

Income Taxes

SeaChange is organized as a Delaware nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for charitable contribution deductions under IRC Sections 170(b)(1)(A)(vi), and has not been determined to be a private foundation under IRC Section 509(a)(1). SeaChange is required to file an annual Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that SeaChange is not subject to unrelated business income tax and therefore has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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.

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)

Recently Adopted Pronouncements

In February 2016, FASB issued Accounting Standards Update 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840. The adoption of this standard did not have any impact on these financial statements.

NOTE 3 – 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.

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

	2023	2022
Current assets as of December 31, excluding non-financial assets		
Cash and cash equivalents	\$ 1,874,465	\$ 7,878,130
Pledges receivable, net	693,333	323,252
Due from The Contact Fund, LLC	101,750	-
Investments at fair value	5,147,129	1,155,685
Loans receivable	407,335	66,000
Other receivables	158,527	244,990
Total current assets, excluding non-financial assets	8,382,539	9,668,057
Less those unavailable for general expenditures due to:		
Donor restrictions	4,949,432	4,294,648
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,433,107	\$ 5,373,409

NOTE 4 – 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 CAPITAL PARTNERS INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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.

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

- U.S. Treasury Securities: Consist of U.S. treasury bonds The U.S. treasury bonds are traded in an active market given the high level of daily market trading volume and therefore are classified as Level 1.
- The New York Pool PRI Fund, LLC, The Contact Fund, LLC and The New York Opportunities Impact 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 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.

SEACHANGE CAPITAL PARTNERS INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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, 2023				
	Level 1	Level 2	Level 3	Total
U.S. treasury securities	\$ 3,523,829	\$ -	\$ -	\$ 3,523,829
Investments measured at NAV ¹				
The New York Pooled PRI Fund, LLC				1,466,095
The Contact Fund, LLC				57,205
The New York Impact Opportunities Fund, LLC				100,000
Total investments at fair value				\$ 5,147,129

Assets at Fair Value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
U.S. treasury securities	\$ -	\$ -	\$ -	\$ -
Investments measured at NAV ¹				
The New York Pooled PRI Fund, LLC				999,684
The Contact Fund, LLC				56,001
The New York Impact Opportunities Fund, LLC				100,000
Total investments at fair value				\$ 1,155,685

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 financial position.

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, 2022					
Description	Fair Value	Unfunded Commitments	Redemption Frequency	Other	
				Redemption Restrictions	Redemption Notice Period
The New York Pooled PRI Fund, LLC	\$ 1,466,095	\$ -	Discretionary	None	60 days
The Contact Fund, LLC	\$ 57,205	\$ -	Semi-Annual	None	30 days
The New York Impact Opportunities Fund, LLC	\$ 100,000	\$ -	Discretionary	None	60 days

SEACHANGE CAPITAL PARTNERS INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Assets at Fair Value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
U.S. treasury securities	\$ -	\$ -	\$ -	\$ -
Investments measured at NAV ¹				
The New York Pooled PRI Fund, LLC				999,684
The Contact Fund, LLC				56,001
The New York Impact Opportunities Fund, LLC				100,000
Total investments at fair value				\$ 1,155,685

Investment return (loss) is comprised of the following:

	Year ended December 31,	
	2023	2022
Interest and dividends	\$ 30,127	\$ 4,062
Unrealized loss	(752)	(21,185)
Investment return (loss), net	\$ 29,375	\$ (17,124)

NOTE 5 – PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at December 31, 2023 and 2022:

	2023	2022
Promises to give due in less than one year	\$ 693,333	\$ 397,263
Promises to give due in one to five years	658,333	-
Total promises to give	1,351,666	397,263
Less: allowance for uncollectible promises to give	(74,011)	(74,011)
Promises to give, net	\$ 1,277,655	\$ 323,252

At December 31, 2023 and 2022, two donors accounted for 95 percent and two donors accounted for 100 percent of total promises to give, respectively. Two contributors accounted for approximately 55 percent and one contributor accounted for approximately 28 percent of total contribution revenue for the years ended December 31, 2023 and 2022, respectively.

SEACHANGE CAPITAL PARTNERS INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – PROPERTY AND EQUIPMENT

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

	2023	2022
Furniture and equipment	\$ 21,056	\$ 21,056
Website and database	44,182	44,182
Total fixed assets	65,238	65,238
Less: Accumulated depreciation	(63,793)	(62,685)
Property and equipment, net	\$ 1,445	\$ 2,553

Depreciation expense for the years ended December 31, 2023 and 2022 was \$1,108 and \$4,440, respectively.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Board Restricted Fund (Collaboration Fund)	\$ 168,234	\$ 168,234
NYMAC/SeaChange-Lodestar Fund	891,930	926,841
Consulting	97,500	97,500
Sustained Collaboration Network	275,231	398,413
Nonprofit Repositioning Fund	573,876	1,027,628
Special Impact Fund	228,705	50,000
Transformational Partnerships Fund	2,713,956	1,388,352
Fiscal Sponsorship	-	237,679
Total net assets with donor restrictions	\$ 4,949,432	\$ 4,294,647

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

	2023	2022
NYMAC/SeaChange-Lodestar Fund	\$ 419,802	\$ 305,769
Consulting	-	12,500
Sustained Collaboration Network	148,182	109,643
Nonprofit Repositioning Fund	671,252	240,655
Transformational Partnerships Fund	543,895	678,111
Fiscal Sponsorship	324,679	229,293
Net assets released from restrictions	\$ 2,107,810	\$ 1,575,971

SEACHANGE CAPITAL PARTNERS INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – RELATED PARTY TRANSACTIONS

In 2023, board members contributed approximately \$108,695 which represented 3% of total contribution revenue. In 2022, board members contributed approximately \$112,727, which represented 5% of total contribution revenue. SeaChange serves as the Managing Member of The New York Pooled PRI Fund, LLC.

Through December 31, 2023, SeaChange has contributed capital in the amount of \$1,379,745 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, 2023 and 2022, the combined notes, including in accrued interest, amounted to \$57,205 and \$56,001, respectively.

NOTE 9 – 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 1,030,347 and \$5,837,901 at December 31, 2023 and 2022, 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.

NOTE 10 – 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, 2023 and 2022 amounted to \$66,550 and \$71,062, 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, 2023 and 2022 for the 457(b) plan.

NOTE 11 – SUBSEQUENT EVENTS

SeaChange's management has evaluated subsequent events through July 15, 2024 the date the financial statements were available to be issued.