Silvercrest Asset Management Group Inc.
Form 10-Q
May 10, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED March 31, 2016

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

Commission file number: 001-35733

Silvercrest Asset Management Group Inc.

(Exact name of registrant as specified in its charter)

Delaware	45-5146560
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

1330 Avenue of the Americas, 38th Floor

New York, New York 10019

(Address of principal executive offices and zip code)

(212) 649-0600

(Registrant's telephone number, including area code)

Not Applicable

(Formed name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of outstanding shares of the registrant's Class A common stock, par value $0.01 per share, and Class B common stock, par value $0.01 per share, as of May 6, 2016 was 8,027,825 and 4,671,047, respectively.

Except where the context requires otherwise and as otherwise set forth herein, in this report, references to the “Company”, “we”, “us” or “our” refer to Silvercrest Asset Management Group Inc. (“Silvercrest”) and its consolidated subsidiary, Silvercrest L.P., the managing member of our operating subsidiary (“Silvercrest L.P.” or “SLP”). SLP is a limited partnership whose existing limited partners are referred to in this report as “principals”.

Forward-Looking Statements

This report contains, and from time to time our management may make, forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as “may”, “might”, “will”, “should”, “expects”, “intends”, “p “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue”, the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions, may include projections of our future financial performance, future expenses, anticipated growth strategies, descriptions of new business initiatives and anticipated trends in our business or financial results. These statements are only predictions based on our current expectations and projections about future events. Important factors that could cause actual results, level of activity, performance or achievements to differ materially from those indicated by such forward-looking statements include but are not limited to: incurrence of net losses, fluctuations in quarterly and annual results, adverse economic or market conditions, our expectations with respect to future levels of assets under management, inflows and outflows, our ability to retain clients from whom we derive a substantial portion of our assets under management, our ability to maintain our fee structure, our particular choices with regard to investment strategies employed, our ability to hire and retain qualified investment professionals, the cost of complying with current and future regulation, coupled with the cost of defending ourselves from related investigations or litigation, failure of our operational safeguards against breaches in data security, privacy, conflicts of interest or employee misconduct, our expected tax rate, and our expectations with respect to deferred tax assets, adverse effects of management focusing on implementation of a growth strategy, failure to develop and maintain the Silvercrest brand and other factors disclosed under “Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2015 which is accessible on the SEC’s website at www.sec.gov. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Part I – Financial Information

Item 1. Financial Statements

Silvercrest Asset Management Group Inc.

Condensed Consolidated Statements of Financial Condition

(Unaudited)

(In thousands, except share and par value data)

	March 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents	$19,106	$ 31,562
Restricted certificates of deposit	80	587
Investments	31	32
Receivables, net	4,774	4,502
Due from Silvercrest Funds	2,539	4,330
Furniture, equipment and leasehold improvements, net	2,295	2,425
Goodwill	25,168	24,682
Intangible assets, net	14,845	15,331
Deferred tax asset—tax receivable agreement	21,280	21,498
Prepaid expenses and other assets	3,834	3,262
Total assets	$93,952	$ 108,211
Liabilities and Equity		
Accounts payable and accrued expenses	$4,752	$ 4,031
Accrued compensation	5,407	21,786
Notes payable	4,466	4,514
Deferred rent	745	852
Deferred tax and other liabilities	15,486	15,391
Total liabilities	30,856	46,574
Commitments and Contingencies (Note 10)		
Equity		
Preferred Stock, par value $0.01, 10,000,000 shares authorized; none issued and outstanding, as of March 31, 2016 and December 31, 2015	—	—
Class A common stock, par value $0.01, 50,000,000 shares authorized; 8,027,825 and 7,989,749 issued and outstanding, as of March 31, 2016 and December 31, 2015, respectively	80	80
Class B common stock, par value $0.01, 25,000,000 shares authorized; 4,661,849 and 4,695,014 issued and outstanding, as of March 31, 2016 and December 31, 2015, respectively	45	46
Additional Paid-In Capital	41,116	40,951
Retained earnings	5,106	4,758
Total Silvercrest Asset Management Group Inc.'s equity	46,347	45,835

Non-controlling interests	16,749	15,802
Total equity	63,096	61,637
Total liabilities and equity	$93,952	$ 108,211

See accompanying notes to condensed consolidated financial statements.

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Silvercrest Asset Management Group Inc.

Condensed Consolidated Statements of Operations

(Unaudited)

(In thousands, except share and per share data)

	Three months ended March 31,	
	2016	2015
Revenue		
Management and advisory fees	$ 18,334	$ 16,703
Family office services	929	725
Total revenue	19,263	17,428
Expenses		
Compensation and benefits	11,442	9,762
General and administrative	4,197	3,528
Total expenses	15,639	13,290
Income before other (expense) income, net	3,624	4,138
Other (expense) income, net		
Other income, net	8	8
Interest income	17	20
Interest expense	(65)	(58)
Total other (expense) income, net	(40)	(30)
Income before provision for income taxes	3,584	4,108
Provision for income taxes	1,088	1,298
Net income	2,496	2,810
Less: net income attributable to non-controlling interests	(1,189)	(1,407)
Net income attributable to Silvercrest	$ 1,307	$ 1,403
Net income per share:		
Basic	$ 0.16	$ 0.18
Diluted	$ 0.16	$ 0.18
Weighted average shares outstanding:		
Basic	7,995,720	7,770,610
Diluted	7,995,720	7,770,610

See accompanying notes to condensed consolidated financial statements.

Silvercrest Asset Management Group Inc.

Condensed Consolidated Statements of Changes in Stockholders' Equity

(Unaudited)

(In thousands)

	Class A Common Stock Shares	Class A Common Stock Amount	Class B Common Stock Shares	Class B Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity	Non-controlling Interest	Total Equity
January 1, 2015	7,768	$ 78	4,520	$ 46	$ 39,175	$ 3,217	$ 42,516	$ 10,546	$ 53,062
Distributions to partners	—	—	—	—	—	—	—	(1,241)	(1,241)
Repayment of notes receivable from partners	—	—	—	—	—	—	—	481	481
Equity-based compensation	—	—	127	—	—	—	—	389	389
Net Income	—	—	—	—	—	1,403	1,403	1,407	2,810
Accrued interest on notes receivable from partners	—	—	—	—	—	—	—	(18)	(18)
Share conversion	18	—	(18)	(1)	57	—	56	(56)	—
Deferred tax, net of amounts payable under tax receivable agreement	—	—	—	—	23	—	23	—	23
Dividends paid on Class A common stock - $0.12 per share	—	—	—	—	—	(932)	(932)	—	(932)
March 31, 2015	7,786	$ 78	4,629	$ 45	$ 39,255	$ 3,688	$ 43,066	$ 11,508	$ 54,574
January 1, 2016	7,990	$ 80	4,695	$ 46	$ 40,951	$ 4,758	$ 45,835	$ 15,802	$ 61,637
Distributions to partners	—	—	—	—	—	—	—	(1,375)	(1,375)
Repayment of notes receivable from partners	—	—	—	—	—	—	—	508	508
Equity-based compensation	—	—	5	—	—	—	—	794	794
Net Income	—	—	—	—	—	1,307	1,307	1,189	2,496
Deferred tax, net of amounts payable under tax receivable agreement	—	—	—	—	11	—	11	—	11
Accrued interest on notes receivable from partners	—	—	—	—	—	—	—	(15)	(15)
Share conversion	38	—	(38)	(1)	154	—	153	(154)	(1)
	—	—	—	—	—	(959)	(959)	—	(959)

Dividends paid on Class A common stock - $0.12 per share									
March 31, 2016	8,028	$ 80	4,662	$ 45	$ 41,116	$ 5,106	$ 46,347	$ 16,749	$ 63,096

See accompanying notes to condensed consolidated financial statements.

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Silvercrest Asset Management Group Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Three months ended March 31, 2016	2015
Cash Flows From Operating Activities		
Net income	$ 2,496	$ 2,810
Adjustments to reconcile net income to net cash used in operating activities:		
Equity-based compensation	772	115
Depreciation and amortization	665	460
Deferred rent	(107)	(116)
Deferred income taxes	367	645
Non-cash interest on notes receivable from partners	(15)	(18)
Distributions received from investment funds	1	1,292
Other	(2)	—
Cash flows due to changes in operating assets and liabilities:		
Receivables and due from Silvercrest Funds	1,519	1,420
Prepaid expenses and other assets	(556)	(1,390)
Accounts payable and accrued expenses	547	681
Accrued compensation	(16,357)	(16,191)
Interest payable on notes payable	53	46
Net cash used in operating activities	(10,617)	(10,246)
Cash Flows From Investing Activities		
Restricted certificates of deposit and escrow	$ 507	$ —
Acquisition of furniture, equipment and leasehold improvements	(48)	(162)
Acquisition of Cappiccille & Company, LLC	(148)	—
Net cash provided by (used in) investing activities	311	(162)
Cash Flows From Financing Activities		
Earn-outs paid related to acquisitions completed on or after January 1, 2009	$ (180)	$ —
Repayments of notes payable	(101)	(129)
Payments on capital leases	(43)	(19)
Distributions to partners	(1,375)	(1,241)
Dividends paid on Class A common stock	(959)	(932)
Payments from partners on notes receivable	508	481
Net cash used in financing activities	(2,150)	(1,840)
Net decrease in cash and cash equivalents	(12,456)	(12,248)
Cash and cash equivalents, beginning of period	31,562	30,820
Cash and cash equivalents, end of period	$ 19,106	$ 18,572

Supplemental Disclosures of Cash Flow Information

Net cash paid during the period for:

Income taxes	$ 967	$ 1,054
Interest	6	11
Supplemental Disclosures of Non-cash Financing and Investing Activities		
Recognition of deferred tax assets as a result of IPO	$ —	$ 184
Recognition of deferred tax assets as a result of share conversions	152	—
Asset acquired under capital lease	—	11
Earnout accrual for acquisition of certain assets of Cappiccille & Company, LLC	354	—

See accompanying notes to condensed consolidated financial statements.

Silvercrest Asset Management Group Inc.

Notes to Condensed Consolidated Financial Statements

As of March 31, 2016 and December 31, 2015 and for the Three Months ended March 31, 2016 and 2015

(Unaudited)

(Dollars in thousands, except per share and par value data)

1. ORGANIZATION AND BUSINESS

Silvercrest Asset Management Group Inc. (“Silvercrest”), together with its consolidated subsidiary, Silvercrest L.P., a limited partnership, (collectively the “Company”), was formed as a Delaware corporation on July 11, 2011. Silvercrest was formed for the purpose of completing a public offering and related transactions in order to carry on the business of Silvercrest L.P., the managing member of our operating subsidiary, and its subsidiaries. Effective on June 26, 2013, Silvercrest became the sole general partner of Silvercrest L.P. and its only material asset is the general partner interest in Silvercrest L.P., represented by 8,027,825 Class A units or approximately 63% of the outstanding interests of Silvercrest L.P. Effective June 26, 2013, Silvercrest controlled all of the businesses and affairs of Silvercrest L.P. and, through Silvercrest L.P. and its subsidiaries, continues to conduct the business previously conducted by these entities prior to the reorganization.

Silvercrest L.P., together with its consolidated subsidiaries (collectively “SLP”), provides investment management and family office services to individuals and families and their trusts, and to endowments, foundations and other institutional investors primarily located in the United States of America. The business includes the management of funds of funds and other investment funds, collectively referred to as the “Silvercrest Funds”.

Silvercrest L.P. was formed on December 10, 2008 and commenced operations on January 1, 2009.

On March 11, 2004, SAMG LLC acquired 100% of the outstanding shares of James C. Edwards Asset Management, Inc. (“JCE”) and subsequently changed JCE’s name to Silvercrest Financial Services, Inc. (“SFS”). On December 31, 2004, SLP acquired 100% of the outstanding shares of the LongChamp Group, Inc. (now SAM Alternative Solutions, Inc.) (“LGI”). Effective March 31, 2005, SLP entered into an Asset Contribution Agreement with and acquired all of the assets, properties, rights and certain liabilities of Heritage Financial Management, LLC (“HFM”). Effective October 3, 2008, SLP acquired 100% of the outstanding limited liability company interests of Marathon Capital Group, LLC (“MCG”) through a limited liability company interest purchase agreement dated September 22, 2008. On November 1, 2011, SLP acquired certain assets of Milbank Winthrop & Co. (“Milbank”). On April 1, 2012, SLP acquired 100% of the outstanding limited liability company interests of MW Commodity Advisors, LLC (“Commodity Advisors”). On March 28, 2013, SLP acquired certain assets of Ten-Sixty Asset Management, LLC (“Ten-Sixty”). On June 30, 2015, SLP acquired certain assets of Jamison, Eaton & Wood, Inc. (“Jamison”). On January 11, 2016, SLP acquired certain assets of Cappiccille & Company, LLC (“Cappiccille”). See Notes 3, 7 and 8 for additional information related to goodwill and intangible assets arising from these acquisitions.

Tax Receivable Agreement

In connection with the Company’s initial public offering (the “IPO”) and reorganization of SLP that were completed on June 26, 2013, Silvercrest entered into a tax receivable agreement (the “TRA”) with the partners of SLP that requires it to pay them 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that it actually realizes (or are deemed to realize in the case of an early termination payment by it, or a change in control) as a result of the increases in tax basis and certain other tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA. The payments to be made pursuant to the tax receivable agreement are a liability of Silvercrest and not Silvercrest L.P., and thus this liability has been recorded as an “other liability” on our Condensed Consolidated Statement of Financial Condition. As of March 31, 2016, this liability is estimated to be $14,795 and is included in deferred tax and other liabilities in the Condensed Consolidated Statements of Financial Condition. Silvercrest expects to benefit from the remaining 15% of cash savings, if any, realized.

The TRA was effective upon the consummation of the IPO and will continue until all such tax benefits have been utilized or expired, unless Silvercrest exercises its right to terminate the TRA for an amount based on an agreed upon value of the payments remaining to be made under the agreement. The TRA will automatically terminate with respect to Silvercrest’s obligations to a partner if a partner (i) is terminated for cause, (ii) breaches his or her non-solicitation covenants with Silvercrest or any of its subsidiaries or (iii) voluntarily resigns or retires and competes with Silvercrest or any of its subsidiaries in the 12-month period following resignation of employment or retirement, and no further payments will be made to such partner under the TRA.

For purposes of the TRA, cash savings in income tax will be computed by comparing Silvercrest’s actual income tax liability to the amount of such taxes that it would have been required to pay had there been no increase in its share of the tax basis of the tangible and intangible assets of SLP.

Estimating the amount of payments that Silvercrest may be required to make under the TRA is imprecise by nature, because the actual increase in its share of the tax basis, as well as the amount and timing of any payments under the TRA, will vary depending upon a number of factors, including:

- the timing of exchanges of Silvercrest's Class B units for shares of Silvercrest's Class A common stock—for instance, the increase in any tax deductions will vary depending on the fair market value, which may fluctuate over time, of the depreciable and amortizable assets of SLP at the time of the exchanges;
- the price of Silvercrest's Class A common stock at the time of exchanges of Silvercrest's Class B units—the increase in Silvercrest's share of the basis in the assets of SLP, as well as the increase in any tax deductions, will be related to the price of Silvercrest's Class A common stock at the time of these exchanges;
- the extent to which these exchanges are taxable—if an exchange is not taxable for any reason (for instance, if a principal who holds Silvercrest's Class B units exchanges units in order to make a charitable contribution), increased deductions will not be available;
- the tax rates in effect at the time Silvercrest utilizes the increased amortization and depreciation deductions; and
- the amount and timing of Silvercrest's income—Silvercrest will be required to pay 85% of the tax savings, as and when realized, if any. If Silvercrest does not have taxable income, it generally will not be required to make payments under the TRA for that taxable year because no tax savings will have been actually realized.

In addition, the TRA provides that, upon certain mergers, asset sales, other forms of business combinations or other changes of control, Silvercrest's (or its successors') obligations with respect to exchanged or acquired Silvercrest's Class B units (whether exchanged or acquired before or after such transaction) would be based on certain assumptions, including that Silvercrest would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the TRA.

Decisions made by the continuing partners of SLP in the course of running Silvercrest's business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that are received by an exchanging or selling principal under the TRA. For example, the earlier disposition of assets following an exchange or acquisition transaction will generally accelerate payments under the TRA and increase the present value of such payments, and the disposition of assets before an exchange or acquisition transaction will increase an existing owner's tax liability without giving rise to any rights of a principal to receive payments under the TRA.

Were the Internal Revenue Service to successfully challenge the tax basis increases described above, Silvercrest would not be reimbursed for any payments previously made under the TRA. As a result, in certain circumstances, Silvercrest could make payments under the TRA in excess of its actual cash savings in income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying Condensed Consolidated Financial Statements include the accounts of Silvercrest and SLP, including its wholly owned subsidiaries, Silvercrest Asset Management Group LLC ("SAMG"), SFS, MCG, Silvercrest Investors LLC, Silvercrest Investors II LLC and Silvercrest Investors III LLC as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015. All intercompany transactions and balances have been eliminated.

The Condensed Consolidated Statement of Financial Condition at December 31, 2015 was derived from the audited Consolidated Statement of Financial Condition at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. The results of operations for the three months ended March 31, 2016 and 2015 are not necessarily indicative of the operating results that may be expected for the full fiscal year ending December 31, 2016 and 2015 or any future period.

The Condensed Consolidated Financial Statements of the Company included herein are unaudited and have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). In the opinion of management, all adjustments, consisting of normal recurring adjustments necessary for a fair presentation of the interim financial position and results, have been made. The Company’s Condensed Consolidated Financial Statements and the related notes should be read together with the Consolidated Financial Statements and the related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015.

The Company evaluates for consolidation those entities it controls through a majority voting interest or otherwise, including those SLP funds over which the general partner or equivalent is presumed to have control. The initial step in the Company’s determination of whether a fund for which SLP is the general partner is required to be consolidated is assessing whether the fund is a variable interest entity or a voting interest entity.

SLP then considers whether the fund is a voting interest entity (“VoIE”) in which the unaffiliated limited partners have substantive “kick-out” rights that provide the ability to dissolve (liquidate) the limited partnership or otherwise remove the general partner without cause. SLP considers the “kick-out” rights to be substantive if the general partner for the fund can be removed by the vote of a simple majority of the unaffiliated limited partners and there are no significant barriers to the unaffiliated limited partners’ ability to exercise these rights in that among other things, (1) there are no conditions or timing limits on when the rights can be exercised, (2) there are no financial or operational barriers associated with replacing the general partner, (3) there are a number of qualified replacement investment advisors that would accept appointment at the same fee level, (4) each fund’s documents provide for the ability to call and conduct a vote, and (5) the information necessary to exercise the kick-out rights and related vote are available from the fund and its administrator.

If the fund is a variable interest entity, SLP then determines whether it has a variable interest in the fund.

During the three months ended March 31, 2016 and 2015, each fund is deemed to be a VoIE and neither SLP nor Silvercrest consolidated any of the Silvercrest Funds.

Non-controlling Interest

As of March 31, 2016, Silvercrest holds approximately 63% of the outstanding interests in SLP. Silvercrest is the sole general partner of SLP and, therefore, controls the management of SLP. As a result, Silvercrest consolidates the financial position and the results of operations of SLP and its subsidiaries, and records a non-controlling interest, as a separate component of stockholders’ equity on its Condensed Consolidated Statement of Financial Condition for the remaining economic interests in SLP. The non-controlling interest in the income or loss of SLP is included in the Condensed Consolidated Statement of Operations as a reduction or addition to net income derived from SLP.

Segment Reporting

The Company views its operations as comprising one operating segment. Each of the Company’s acquired businesses have similar economic characteristics and have been or are in the process of being fully integrated. Furthermore, our chief operating decision maker, who is the Company’s Chief Executive Officer, monitors and reviews financial information at a consolidated level for assessing operating results and the allocation of resources.

Use of Estimates

The preparation of the Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues, expenses and other income reported in the Condensed Consolidated Financial Statements and the accompanying notes. Actual results could differ from those estimates. Significant estimates and assumptions made by management include the fair value of acquired assets and liabilities, equity-based compensation, accounting for income taxes, the useful lives of long-lived assets and other matters that affect the Condensed Consolidated Financial Statements and related disclosures.

Cash and Cash Equivalents

The Company considers all highly liquid securities with original maturities of 90 days or less when purchased to be cash equivalents.

Restricted Certificates of Deposit

Certain certificates of deposit held at a major financial institution are restricted and serve as collateral for letters of credit for the Company's lease obligations as described in Note 10.

Equity Method Investments

Entities and investments, the activities over which the Company exercises significant influence, but which do not meet the requirements for consolidation, are accounted for using the equity method of accounting, whereby the Company records its share of the underlying income or losses of these entities. Intercompany profit arising from transactions with affiliates is eliminated to the extent of its beneficial interest. Equity in losses of equity method investments is not recognized after the carrying value of an investment, including advances and loans, has been reduced to zero, unless guarantees or other funding obligations exist.

The Company evaluates its equity method investments for impairment, whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. The difference between the carrying value of the equity method investment and its estimated fair value is recognized as an impairment when the loss in value is deemed other than temporary. The Company's equity method investments approximate their fair value at March 31, 2016 and December 31, 2015. The fair value of the equity method investments is estimated based on the Company's share of the fair value of the net assets of the equity method investee which is based on the net asset value, consisting of Level I and Level II securities, of the equity method investee. No impairment charges related to equity method investments were recorded during the three months ended March 31, 2016 or 2015.

Receivables and Due from Silvercrest Funds

Receivables consist primarily of amounts for advisory fees due from clients, management fees and family office services fees, and are stated as net realizable value. The Company maintains an allowance for doubtful receivables based on estimates of expected losses and specific identification of uncollectible accounts. The Company charges actual losses to the allowance when incurred.

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements consist primarily of furniture, fixtures and equipment, computer hardware and software and leasehold improvements and are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the assets' estimated useful lives, which for leasehold improvements is the lesser of the lease term or the life of the asset, generally 10 years, and for other fixed assets is 3 to 7 years.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting. The acquisition method of accounting requires that the purchase price, including the fair value of contingent consideration, of the acquisition be allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. Contingent consideration is recorded as part of the purchase price when such contingent consideration is not based on continuing employment of the selling shareholders. Contingent consideration that is related to continuing employment is recorded as compensation expense. Payments made for contingent consideration recorded as part of an acquisition's purchase price are reflected as financing activities in the Company's Condensed Consolidated Statements of Cash Flows.

For acquisitions completed subsequent to January 1, 2009, the Company remeasures the fair value of contingent consideration at each reporting period using a probability-adjusted discounted cash flow method based on significant inputs not observable in the market and any change in the fair value from either the passage of time or events occurring after the acquisition date, is recorded in earnings. Contingent consideration payments that exceed the acquisition date fair value of the contingent consideration are reflected as an operating activity in the Condensed Consolidated Statements of Cash Flows.

Goodwill and Intangible Assets

Goodwill consists of the excess of the purchase price over the fair value of identifiable net assets of businesses acquired. Goodwill is not amortized and is generally evaluated for impairment using a two-step process that is performed at least annually, or whenever events or circumstances indicate that impairment may have occurred.

The Company accounts for Goodwill under Accounting Standard Codification (“ASC”) No. 350, “Intangibles - Goodwill and Other,” which provides an entity the option to first perform a qualitative assessment of whether a reporting unit’s fair value is more likely than not less than its carrying value, including goodwill. In performing its qualitative assessment, an entity considers the extent to which adverse events or circumstances identified, such as changes in economic conditions, industry and market conditions or entity specific events, could affect the comparison of the reporting unit’s fair value with its carrying amount. If an entity concludes that the fair value of a reporting unit is more likely than not less than its carrying amount, the entity is required to perform the currently prescribed two-step goodwill impairment test to identify potential goodwill impairment and, accordingly, measure the amount, if any, of goodwill impairment loss to be recognized for that reporting unit. The Company utilized this option when performing its annual impairment assessment in 2015 and 2014, and concluded that its single reporting unit’s fair value was more likely than not greater than its carrying value, including goodwill.

The Company has one reporting unit at March 31, 2016 and December 31, 2015. No goodwill impairment charges were recorded during the three months ended March 31, 2016 and 2015.

Identifiable finite-lived intangible assets are amortized over their estimated useful lives ranging from 3 to 20 years. The method of amortization is based on the pattern over which the economic benefits, generally expected undiscounted cash flows, of the intangible asset are consumed. Intangible assets for which no pattern can be reliably determined are amortized using the straight-line method. Intangible assets consist primarily of the contractual right to future management, advisory and performance fees from customer contracts or relationships.

Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the net carrying amount of the asset may not be recoverable. In connection with such review, the Company also reevaluates the periods of depreciation and amortization for these assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value.

Partner Distributions

Partner incentive allocations, which are determined by the general partner, can be formula-based or discretionary. Partner incentive allocations are treated as compensation expense and recognized in the period in which they are earned. In the event there is insufficient distributable cash flow to make incentive distributions, the general partner in its sole and absolute discretion may determine not to make any distributions called for under the partnership agreement. The remaining net income or loss after partner incentive allocations is generally allocated to unit holders based on their pro rata ownership.

Redeemable Partnership Units

If a principal of SLP is terminated for cause, SLP has the right to redeem all of the vested Class B units collectively held by the principal and his or her permitted transferees for a purchase price equal to the lesser of (i) the aggregate capital account balance in SLP of the principal and his or her permitted transferees or (ii) the purchase price paid by the terminated principal to first acquire the Class B units.

SLP also makes distributions to its partners of various nature including incentive payments, profit distributions and tax distributions. The profit distributions and tax distributions are accounted for as equity transactions.

Class A Common Stock

The Company's Class A stockholders are entitled to one vote for each share held of record on all matters submitted to a vote of the Company's stockholders. Also, Class A stockholders are entitled to receive dividends, when and if declared by the Company's board of directors, out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock. Dividends consisting of shares of Class A common stock may be paid only as follows: (i) shares of Class A common stock may be paid only to holders of shares of Class A common stock and (ii) shares will be paid proportionately with respect to each outstanding share of the Company's Class A common stock. Upon the Company's liquidation, dissolution or winding-up, or the sale of all, or substantially all, of the Company's assets, after payment in full of all amounts required to be paid to creditors and to holders of preferred stock having a liquidation preference, if any, the Class A stockholders will be entitled to share ratably in the Company's remaining assets available for distribution to Class A stockholders. Class B units of SLP held by principals will be exchangeable for shares of the Company's Class A common stock, on a one-for-one basis, subject to customary adjustments for share splits, dividends and reclassifications.

Class B Common Stock

Shares of the Company's Class B common stock are issuable only in connection with the issuance of Class B units of SLP. When a vested or unvested Class B unit is issued by SLP, the Company will issue the holder one share of its Class B common stock in exchange for the payment of its par value. Each share of the Company's Class B common stock will be redeemed for its par value and cancelled by the Company if the holder of the corresponding Class B unit exchanges or forfeits its Class B unit pursuant to the terms of the Second Amended and Restated Limited Partnership Agreement of SLP and the terms of the Silvercrest Asset Management Group Inc. 2012 Equity Incentive Plan (the “2012 Equity Incentive Plan”). The Company’s Class B stockholders will be entitled to one vote for each share held of record on all matters submitted to a vote of the Company’s stockholders. The Company’s Class B stockholders will not participate in any dividends declared by the Company’s board of directors. Upon the Company’s liquidation, dissolution or winding-up, or the sale of all, or substantially all, of its assets, Class B stockholders only will be entitled to receive the par value of the Company’s Class B common stock.

Revenue Recognition

Revenue is recognized ratably over the period in which services are performed. Revenue consists primarily of investment advisory fees, family office services fees and fund management fees. Investment advisory fees, which are earned pursuant to the terms of the underlying advisory contract, are typically billed quarterly in advance at the beginning of the quarter or in arrears after the end of the quarter, based on a contractually specified percentage of the assets managed. For investment advisory fees billed in advance, the value of assets managed is determined based on the value of the customer’s account as of the last trading day of the preceding quarter. For investment advisory fees billed in arrears, the value of assets managed is determined based on the value of the customer’s account on the last day of the quarter being billed. Family office services fees are typically billed quarterly in advance at the beginning of the quarter or in arrears after the end of the quarter based on a contractual percentage of the assets managed or based on a fixed fee arrangement. Management fees from proprietary and non-proprietary funds are calculated as a percentage of net asset values measured at the beginning of a month or quarter or at the end of a quarter, depending on the fund.

The Company accounts for performance based revenue in accordance with ASC No. 605-20-S99, “Accounting for Management Fees Based on a Formula”, by recognizing performance fees and allocations as revenue only when it is certain that the fee income is earned and payable pursuant to the relevant agreements, and no contingencies remain. Performance fee contingencies are typically resolved at the end of each annual period. In certain arrangements, the Company is only entitled to receive performance fees and allocations when the return on assets under management exceeds certain benchmark returns or other performance targets.

Equity-Based Compensation

Equity-based compensation cost relating to the issuance of share-based awards to employees is based on the fair value of the award at the date of grant, which is expensed ratably over the requisite service period, net of estimated forfeitures. The forfeiture assumption is ultimately adjusted to the actual forfeiture rate. Therefore, changes in the forfeiture assumptions may affect the timing of the total amount of expense recognized over the vesting period. The service period is the period over which the employee performs the related services, which is normally the same as the vesting period. Equity-based awards that do not require future service are expensed immediately. Equity-based awards that have the potential to be settled in cash at the election of the employee or prior to the reorganization related to redeemable partnership units are classified as liabilities (“Liability Awards”) and are adjusted to fair value at the end of each reporting period. Distributions associated with Liability Awards expected to vest are accounted for as compensation expense in the Condensed Consolidated Statements of Operations.

Leases

The Company expenses the net lease payments associated with operating leases on a straight-line basis over the respective lease term, including any rent-free periods. Leasehold improvements are recorded at cost and are depreciated using the straight-line method over the lesser of the estimated useful lives of the improvements (generally 10 years) or the remaining lease term.

Income Taxes

Silvercrest and SFS are subject to federal and state corporate income tax, which requires an asset and liability approach to the financial accounting and reporting of income taxes. SLP is not subject to federal and state income taxes, since all income, gains and losses are passed through to its partners. SLP is, however, subject to New York City unincorporated business tax. With respect to the Company’s incorporated entities, the annual tax rate is based on the income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which the Company operates. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Judgment is required in determining the tax expense and in evaluating tax positions. The tax effects of an uncertain tax position (“UTP”) taken or expected to be taken in income tax returns are recognized only if it is “more likely-than-not” to be sustained on examination by the taxing authorities, based on its technical merits as of the reporting date. The tax benefits recognized in the Condensed Consolidated Financial Statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company recognizes estimated accrued interest and penalties related to UTPs in income tax expense.

The Company derecognizes the benefit of a UTP in the period when it is effectively settled. Previously recognized tax positions are derecognized in the first period in which it is no longer more likely than not that the tax position would be sustained upon examination.

Recent Accounting Developments

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers", which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers." ASU No. 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP. Originally, ASU No. 2014-09 was to become effective on January 1, 2017, but the effective date has been deferred for one year. Early adoption is permitted as of the original effective date. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU No. 2014-09 will have on the Condensed Consolidated Financial Statements and related disclosures. The Company has not yet selected a transition method nor determined the effect of this standard on its ongoing financial reporting.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Topic 825-10): "Recognition and Measurement of Financial Assets and Financial Liabilities." Although the ASU retains many current requirements, it significantly revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. The ASU also amends certain disclosure requirements associated with the fair value of financial instruments. Some of the amendments in ASU 2016-01 include the following: (1) requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; (2) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; (3) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; and (4) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value; among others. ASU 2016-01 will be effective on January 1, 2018. The Company is in the process of evaluating the impact of adoption of this guidance on its Condensed Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." This amendment introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in ASC 606, the FASB's new revenue recognition standard (e.g., those related to evaluating when profit can be recognized). Furthermore, the ASU addresses other concerns related to the current lease accounting model. This amendment is effective for all entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is in the process of evaluating the impact of the adoption of this guidance on its Condensed Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." which simplifies several aspects of the accounting for employee share-based payment transactions including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. This amendment is effective for public entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is in the process of evaluating the impact of the adoption of this guidance on its Condensed Consolidated Financial Statements.

3. ACQUISITIONS

Cappiccille:

On December 15, 2015, the Company executed an Asset Purchase Agreement (the "Asset Purchase Agreement"), by and among the Company, SLP, SAMG LLC (the "Buyer") and Cappiccille & Company, LLC, a Delaware limited liability company ("Cappiccille" or the "Seller"), and Michael Cappiccille (the "Principal"), to acquire certain assets of Cappiccille. The transaction contemplated by the Asset Purchase Agreement closed on January 11, 2016 and is referred to herein as the "Cappiccille Acquisition".

Pursuant to the terms of the Asset Purchase Agreement, SAMG LLC acquired (i) substantially all of the business and assets of the Seller, a provider of tax services, including goodwill and the benefit of the amortization of goodwill related to such assets and (ii) the personal goodwill of the Principal. In consideration of the purchased assets and goodwill, SAMG LLC paid to the Seller and the Principal an aggregate purchase price consisting of a cash payment of $148. The Company determined that the acquisition-date fair value of the contingent consideration was $354, based on the likelihood that the financial and performance targets described in the Asset Purchase Agreement will be achieved. SAMG LLC will make earnout payments to the Principal as soon as practicable following December 31, 2016, 2017, 2018, 2019, and during 2020, in an amount equal to 19% of the revenue attributable to the business and assets of Cappiccille, based on revenue gained or lost post-transaction during the twelve months ended on the applicable determination date, except that the earnout payment for 2016 shall be equal to 19% of the revenue attributable to the Cappiccille for the period between the closing date of the Cappiccille Acquisition and December 31, 2016 and the earnout payment for 2020 shall be equal to 19% of the revenue attributable to the Cappiccille Acquisition for the period between January 1, 2020 and the fifth anniversary of the closing date of the Cappiccille Acquisition. The estimated fair value of contingent consideration is recognized at the date of acquisition, and adjusted for changes in facts and circumstances until the ultimate resolution of the contingency. Changes in the fair value of contingent consideration are reflected as a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. The fair value of the contingent consideration was based on discounted cash flow models using projected revenue for each earnout period. The discount rate applied to the projected revenue was determined based on the weighted average cost of capital for the Company and took into account that the overall risk associated with the payments was similar to the overall risks of the Company as there is no target, floor or cap associated the contingent payments. The Company has a liability of $354 related to earnout payments to be made in conjunction with the Cappiccille Acquisition which is included in accounts payable and accrued expenses in the Condensed Consolidated Statement of Financial Condition as of March 31, 2016 for contingent consideration.

Jamison:

On March 30, 2015, the Company executed an Asset Purchase Agreement (the “Asset Purchase Agreement”), by and among the Company, SLP, SAMG LLC (the “Buyer”) and Jamison Eaton & Wood, Inc., a New Jersey corporation (“Jamison” or the “Seller”), and Keith Wood, Ernest Cruikshank, III, William F. Gadsden and Frederick E. Thalmann, Jr., each such individual a principal of Jamison (together, the "Principals of Jamison"), to acquire certain assets of Jamison. The transaction contemplated by the Asset Purchase Agreement closed on June 30, 2015 and is referred to herein as the "Jamison Acquisition".

Pursuant to the terms of the Asset Purchase Agreement, SAMG LLC acquired (i) substantially all of the business and assets of the Seller, an investment adviser, including goodwill and the benefit of the amortization of goodwill related to such assets and (ii) the personal goodwill of the Principals of Jamison. In consideration of the purchased assets and goodwill, SAMG LLC paid to the Seller and the Principals of Jamison an aggregate purchase price consisting of (1) cash payments in the aggregate amount of $3,550 (the "Closing Cash Payment"), (2) a promissory note issued to the Seller in the principal amount of $394, with an interest rate of 5% per annum (the "Seller Note"), (3) promissory notes in varying amounts issued to each of the Principals of Jamison for an aggregated total amount of $1,771, each with an interest rate of 5% per annum (together, the "Principals of Jamison Notes") and (4) Class B units of SLP (the "Class B Units") issued to the Principals of Jamison with a value equal to $3,562 and an equal number of shares of Class B common stock of the Company, having voting rights but no economic interest (together, the "Equity Consideration"). The Company determined that the acquisition-date fair value of the contingent consideration was $1,429, based on the likelihood that the financial and performance targets described in the Asset Purchase Agreement will be achieved. SAMG LLC will make earnout payments to the Principals of Jamison as soon as practicable following December 31, 2015, 2016, 2017, 2018, 2019 and during 2020, in an amount equal to 20% of the EBITDA attributable to the business and assets of Jamison (the "Jamison Business"), based on revenue gained or lost post-transaction during the twelve months ended on the applicable determination date, except that the earnout payment for 2015 shall be equal to 20% of the EBITDA attributable to the Jamison Business for the period between the closing date of the Jamison Acquisition and December 31, 2015 and the earnout payment for 2020 shall be equal to 20% of the EBITDA attributable to the Jamison Business for the period between January 1, 2020 and the fifth anniversary of the closing date of the Jamison Acquisition. The estimated fair value of contingent consideration is recognized at the date of acquisition, and adjusted for changes in facts and circumstances until the ultimate resolution of the contingency. Changes in the fair value of contingent consideration are reflected as a component of general and administrative expenses in the Condensed Consolidated Statement of Operations. The fair value of the contingent consideration was based on discounted cash flow models using projected EBITDA for each earnout period. The discount rate applied to the projected EBITDA was determined based on the weighted average cost of capital for the Company and took into account that the overall risk associated with the payments was similar to the overall risks of the Company as there is no target, floor or cap associated the contingent payments. The Company has a liability of $1,162 related to earnout payments to be made in conjunction with the Jamison Acquisition which is included in accounts payable and accrued expenses in the Condensed Consolidated Statement of Financial Condition as of March 31, 2016 and December 31, 2015 for contingent consideration.

In connection with their receipt of the Equity Consideration, the Principals of Jamison became subject to the rights and obligations set forth in the limited partnership agreement of SLP and are entitled to distributions consistent with SLP's distribution policy. In addition, the Principals of Jamison became parties to the Exchange Agreement, which governs the exchange of Class B Units for Class A common stock of the Company, the Resale and Registration Rights Agreement, which provides the Principals of Jamison with liquidity with respect to shares of Class A common stock of the Company received in exchange for Class B Units, and the TRA of the Company, which entitles the Principals of Jamison to share in a portion of the tax benefit received by the Company upon the exchange of Class B Units for Class A common stock of the Company.

The Asset Purchase Agreement includes customary representations, warranties and covenants.

The strategic acquisition of Jamison, a long-standing and highly regarded investment boutique, strengthens the Company's presence in the greater New York market and the Company gains investment managers that have significant experience and knowledge of the industry. Jamison's clients will gain access to the Company's complete investment management, wealth planning and reporting capabilities, including proprietary value equity and fixed income disciplines and alternative investment advisory services.

Jamison revenue and income before provision for income taxes for the three months ended March 31, 2016 that are included in the Condensed Consolidated Statement of Operations are $1,370 and $226, respectively.

Cash paid on date of acquisition	$3,550
Notes payable to Jamison and Principals of Jamison	2,165
Units issued	3,562
Contingent consideration	1,429
Total purchase consideration	$10,706

The following table summarizes the amounts allocated to acquired assets and assumed liabilities. The excess of the purchase price over the fair values of the assets acquired and liabilities assumed was allocated to goodwill and intangible assets.

Prepaid expense	$135
Furniture and equipment	335
Security deposits	30
Capital leases	(253)
Deferred rent	(19)
Total fair value of net tangible assets acquired	228
Goodwill	4,674
Customer relationships (10 years)	5,000
Non-compete agreements (5 years)	804
Total purchase consideration	$10,706

The purchase price allocations were finalized as of December 31, 2015.

The Company believes the recorded goodwill is supported by the anticipated revenues and expected synergies of integrating the operations of Jamison into the Company. The goodwill is expected to be deductible for tax purposes.

The unaudited pro forma information below represents consolidated results of operations as if the acquisition of Jamison occurred on January 1, 2015. The pro forma information has been included for comparative purposes and is not indicative of results of operations of the Company had the acquisitions occurred as of January 1, 2015, nor is it necessarily indicative of future results.

	Pro Forma Three Months Ended March 31, 2015
Total Revenue	$ 18,867
Net Income	$ 2,992

Ten-Sixty:

On March 28, 2013, SLP executed an asset purchase agreement with and closed the related transaction to acquire certain assets of Ten-Sixty. Ten-Sixty was a registered investment adviser that advised on approximately $1,900,000 of assets primarily on behalf of institutional clients. This strategic acquisition enhanced the Company’s hedge fund and investment manager due diligence capabilities, risk management analysis and reporting, and enhanced its institutional business. Under the terms of the Asset Purchase Agreement, SLP paid cash consideration at closing of $2,500 and issued a promissory note to Ten-Sixty in the principal amount of $1,479 subject to adjustment. The principal amount of the promissory note was paid in two initial installments of $218 each on April 30, 2013 and December 31, 2013 and then quarterly installments from June 30, 2014 through March 31, 2017 of $87 each. The principal amount outstanding under this note bears interest at the rate of five percent per annum. As of March 31, 2016, $379 remained outstanding on the note payable related to the Ten-Sixty acquisition.

Milbank:

On November 1, 2011, SAMG LLC executed an asset purchase agreement to acquire certain assets of Milbank. The Company has a liability of $673 related to earn-outs payable to Milbank included in accounts payable and accrued expenses in the Condensed Consolidated Statement of Financial Condition as of March 31, 2016 and December 31, 2015, for contingent consideration.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments

Investments include $31 and $32 as of March 31, 2016 and December 31, 2015, respectively, representing the Company's interests in affiliated investment funds which have been established and managed by the Company and its affiliates. The Company's financial interest in these funds can range in amounts up to 2% of the net assets of the funds. Despite the Company's insignificant financial interest, the Company applies the equity method to account for its interests in affiliated investment funds because it exercises significant influence over these funds as the Company typically serves as the general partner, managing member or equivalent for these funds. During 2007, the Silvercrest Funds granted rights to the unaffiliated investors in each respective fund to provide that a simple majority of the fund's unaffiliated investors will have the right, without cause, to remove the general partner or equivalent of that fund or to accelerate the liquidation date of that fund in accordance with certain procedures. At March 31, 2016 and 2015, the Company determined that none of the Silvercrest Funds were required to be consolidated. The Company's involvement with these entities began on the dates that they were formed, which range from July 2003 to July 2014.

Fair Value Measurements

GAAP establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace including the existence and transparency of transactions between market participants. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices in an orderly market generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

- Level I: Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include listed equities and listed derivatives.
- Level II: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in Level II include corporate bonds and loans, less liquid and restricted equity securities, certain over-the counter derivatives, and certain fund of hedge funds investments in which the Company has the ability to redeem its investment at net asset value at, or within three months of, the reporting date.
- Level III: Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in Level III generally include general and limited partnership interests in private equity and real estate funds, credit-oriented funds, certain over-the-counter derivatives, funds of hedge funds which use net asset value per share to determine fair value in which the Company may not have the ability to redeem its investment at net asset value at, or within three months of, the reporting date, distressed debt and non-investment grade residual interests in securitizations and collateralized debt obligations.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

At March 31, 2016 and December 31, 2015, the Company did not have any financial assets or liabilities that are recorded at fair value on a recurring basis.

At March 31, 2016 and December 31, 2015, financial instruments that are not held at fair value are categorized in the table below:

	March 31, 2016		December 31, 2015		
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Fair Value Hierarchy
Financial Assets:					
Cash	$19,106	$19,106	$31,562	$31,562	
Restricted Certificates of Deposit	$80	$80	$587	$587	Level 1 (1)
Financial liabilities:					
Notes Payable	$4,466	$4,466	$4,514	$4,514	Level 2 (2)

(1) Restricted certificates of deposit consists of money market funds that are carried at either cost or amortized cost that approximates fair value due to their short-term maturities. The money market funds are valued through the use of quoted market prices, or $1.00, which is generally the net asset value of the funds.
(2) The carrying value of notes payable and borrowings under the revolving credit agreement approximates fair value, which is determined based on interest rates currently available to the Company for similar debt.

5. RECEIVABLES, NET

The following is a summary of receivables as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Management and advisory fees receivable	$2,710	$ 2,327
Unbilled receivables	2,421	2,532
Other receivables	2	2
Receivables	5,133	4,861
Allowance for doubtful receivables	(359)	(359)
Receivables, net	$4,774	$ 4,502

6. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

The following is a summary of furniture, equipment and leasehold improvements, net as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Leasehold improvements	$3,877	$ 3,874
Furniture and equipment	5,199	5,157
Artwork	432	429
Total cost	9,508	9,460
Accumulated depreciation and amortization	(7,213)	(7,035)
Furniture, equipment and leasehold improvements, net	$2,295	$ 2,425

Depreciation expense for the three months ended March 31, 2016 and 2015 was $179 and $137, respectively.

7. GOODWILL

The following is a summary of the changes to the carrying amount of goodwill for the three months ended March 31, 2016 and the year ended December 31, 2015:

	March 31, 2016	December 31, 2015
Beginning		
Gross balance	$42,097	$37,423
Accumulated impairment losses	(17,415)	(17,415)
Net balance	24,682	20,008
Acquisition of Jamison		4,674
Acquisition of Cappiccille	486	
Ending		
Gross balance	42,583	42,097
Accumulated impairment losses	(17,415)	(17,415)
Net balance	$25,168	$24,682

8. INTANGIBLE ASSETS, NET

The following is a summary of intangible assets as of March 31, 2016 and December 31, 2015:

	Customer Relationships	Other Intangible Assets	Total
Cost			
Balance, January 1, 2016	$22,560	$2,467	$25,027
Balance, March 31, 2016	22,560	2,467	25,027
Useful lives	10-20 years	3-5 years	
Accumulated amortization			
Balance, January 1, 2016	(8,062)	(1,634)	(9,696)
Amortization expense	(415)	(71)	(486)
Balance, March 31, 2016	(8,477)	(1,705)	(10,182)
Net book value	$14,083	$762	$14,845
Cost			
Balance, January 1, 2015	$17,560	$1,663	$19,223
Acquisition of Jamison	5,000	804	5,804
Balance, December 31, 2015	22,560	2,467	25,027
Useful lives	10-20 years	3-5 years	
Accumulated amortization			
Balance, January 1, 2015	(6,627)	(1,429)	(8,056)
Amortization expense	(1,435)	(205)	(1,640)
Balance, December 31, 2015	(8,062)	(1,634)	(9,696)
Net Book Value	$14,498	$833	$15,331

Amortization expense related to intangible assets was $486 and $323 for the three months ended March 31, 2016 and 2015, respectively.

Amortization related to the Company's finite life intangible assets is scheduled to be expensed over the next five years and thereafter as follows:

2016 (remainder of)	$1,442
2017	1,826
2018	1,685
2019	1,390
2020	