CULP INC
Form 4
October 21, 2013

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
SAXON FRANKLIN N
(Last) (First) (Middle)
1823 EASTCHESTER DRIVE
(Street)
HIGH POINT, NC 27265
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CULP INC [CFI]

3. Date of Earliest Transaction (Month/Day/Year)
10/17/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Executive Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	10/17/2013		S		2,500 (1)	D	$ 19.05	129,235	D	
Common Stock	10/18/2013		S		3,000 (1)	D	$ 19.37	126,235	D	
Common Stock	10/21/2013		S		717 (1)	D	$ 19.45	125,518	D	
Common Stock								71,560	I	401(k) Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SAXON FRANKLIN N 1823 EASTCHESTER DRIVE HIGH POINT, NC 27265	X		Chief Executive Officer	

Signatures

/s/ Thomas B. Gallagher, Jr.	10/21/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Open market seale pursuant to a 10b5-1 trading plan adopted June 24, 2013, by the Reporting Person in accordance with Rule 10b5-1 of the Securities Exchange Act, as amended.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. m:none;font-variant: normal;">

25,168

24,682

Intangible assets, net

13,404

15,331

Deferred tax asset—tax receivable agreement

20,221

21,498

Prepaid expenses and other assets

4,079

3,262

Total assets

$

112,281

$

108,211

Liabilities and Equity

Accounts payable and accrued expenses

$

4,485

$

4,031

Accrued compensation

23,797

21,786

Notes payable

2,486

4,514

Deferred rent

436

852

Deferred tax and other liabilities

14,993

15,391

Total liabilities

46,197

46,574

Commitments and Contingencies (Note 10)

Equity

Preferred Stock, par value $0.01, 10,000,000 shares authorized; none issued and outstanding

—

—

Class A Common Stock, par value $0.01, 50,000,000 shares authorized; 8,074,197 and 7,989,749 issued and outstanding as of December 31, 2016 and 2015, respectively

81

80

Class B Common Stock, par value $0.01, 25,000,000 shares authorized; 4,866,303 and 4,695,014 issued and outstanding as of December 31, 2016 and 2015, respectively

48

46

Additional Paid-In Capital

41,260

40,951

Retained earnings

5,916

4,758

Total Silvercrest Asset Management Group Inc.'s equity

47,305

45,835

Non-controlling interests

18,779

Explanation of Responses:

15,802

Total equity

66,084

61,637

Total liabilities and equity

$

112,281

$

108,211

See accompanying notes to consolidated financial statements.

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Silvercrest Asset Management Group Inc.

Consolidated Statements of Operations

(In thousands, except share and per share data)

	For the year ended December 31,		
	2016	2015	2014
Revenue			
Management and advisory fees	$ 76,185	$ 71,759	$ 65,026
Performance fees and allocations	322	11	221
Family office services	3,755	3,368	4,225
Total revenue	80,262	75,138	69,472
Expenses			
Compensation and benefits	49,009	42,856	40,290
General and administrative	16,617	15,325	13,860
Total expenses	65,626	58,181	54,150
Income before other income (expense), net	14,636	16,957	15,322
Other income (expense), net			
Other income (expense), net	(105)	1,268	876
Interest income	61	72	69
Interest expense	(228)	(261)	(381)
Equity income from investments	304	18	1,208
Total other income (expense), net	32	1,097	1,772
Income before provision for income taxes	14,668	18,054	17,094
Provision for income taxes	(4,686)	(6,969)	(6,386)
Net income	9,982	11,085	10,708
Less: net income attributable to non-controlling interests	(4,967)	(5,761)	(5,933)
Net income attributable to Silvercrest	$ 5,015	$ 5,324	$ 4,775
Net income per share:			
Basic	$ 0.62	$ 0.68	$ 0.63
Diluted	$ 0.62	$ 0.68	$ 0.63
Weighted average shares outstanding:			
Basic	8,031,161	7,855,038	7,600,739
Diluted	8,038,177	7,855,038	7,600,739

See accompanying notes to consolidated financial statements.

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Silvercrest Asset Management Group Inc.

Consolidated Statements of Changes in Equity

(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 Silvercrest Asset Management Group Inc.'s Equity	Non-controlling Interest	Total Equity
December 31, 2013	7,522	$ 75	4,465	$ 45	$ 39,003	$ 2,099	$ 41,222	$ 6,943	$ 48,165
Contributions from partners	—	—	60	1	—	—	1	940	941
Distributions to partners	—	—	—	—	—	—	—	(5,242)	(5,242)
Issuance of notes receivable by partners	—	—	—	—	—	—	—	(940)	(940)
Redemptions of partners' interests	—	—	(23)	—	—	—	—	(376)	(376)
Adjustment of partner redemption obligation (Note 9)	—	—	—	—	—	—	—	1,583	1,583
Equity-based compensation	—	—	264	3	—	—	3	1,530	1,533
Repayment of notes receivable from partners	—	—	—	—	—	—	—	841	841
Net Income	—	—	—	—	—	4,775	4,775	5,933	10,708
Deferred tax, net of amounts payable under tax receivable agreement	—	—	—	—	(456)	—	(456)	—	(456)
Accrued interest on notes receivable from partners	—	—	—	—	—	—	—	(61)	(61)
Share Conversion	246	3	(246)	(3)	628	—	628	(605)	23
Dividends paid on Class A common stock - $0.48 per share	—	—	—	—	—	(3,657)	(3,657)	—	(3,657)
December 31, 2014	7,768	$ 78	4,520	$ 46	$ 39,175	$ 3,217	$ 42,516	$ 10,546	$ 53,062
Distributions to partners	—	—	—	—	—	—	—	(5,546)	(5,546)
Equity-based compensation	—	—	127	—	—	—	—	1,782	1,782

Repayment of notes receivable from partners	—	—	—	—	—	—	—	489	489
Net Income	—	—	—	—	—	5,324	5,324	5,761	11,085
Deferred tax, net of amounts payable under tax receivable agreement	—	—	—	—	1,049	—	1,049	—	1,049
Accrued interest on notes receivable from partners	—	—	—	—	—	—	—	(66)	(66)
Share Conversion	222	2	(211)	(3)	727	—	726	(726)	—
Issuance of Class B shares in connection with the Jamison Acquisition	—	—	259	3	—	—	3	3,562	3,565
Dividends paid on Class A common stock - $0.48 per share	—	—	—	—	—	(3,783)	(3,783)	—	(3,783)
December 31, 2015	7,990	$ 80	4,695	$ 46	$ 40,951	$ 4,758	$ 45,835	$ 15,802	$ 61,637
Distributions to partners	—	—	—	—	—	—	—	(5,761)	(5,761)
Contributions from partners	—	—	9	1	—	—	1	120	121
Issuance of notes receivable by partners	—	—	—	—	—	—	—	(120)	(120)
Equity-based compensation	—	—	246	2	42	—	44	3,205	3,249
Repayment of notes receivable from partners	—	—	—	—	—	—	—	880	880
Net Income	—	—	—	—	—	5,015	5,015	4,967	9,982
Deferred tax, net of amounts payable under tax receivable agreement	—	—	—	—	9	—	9	—	9
Accrued interest on notes receivable from partners	—	—	—	—	—	—	—	(56)	(56)
Share Conversion	84	1	(84)	(1)	258	—	258	(258)	—
Dividends paid on Class A common stock - $0.48 per share	—	—	—	—	—	(3,857)	(3,857)	—	(3,857)
December 31, 2016	8,074	$ 81	4,866	$ 48	$ 41,260	$ 5,916	$ 47,305	$ 18,779	$ 66,084

See accompanying notes to consolidated financial statements.

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Silvercrest Asset Management Group Inc.

Consolidated Statements of Cash Flows

(In thousands)

	For the year ended December 31,		
	2016	2015	2014
Cash Flows From Operating Activities			
Net income	$9,982	$11,085	$10,708
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity-based compensation	3,228	1,524	1,013
Depreciation and amortization	2,664	2,359	1,968
Deferred rent	(416)	(466)	(443)
Deferred income taxes	1,587	3,533	3,600
Tax receivable agreement fair value adjustment	152	(1,209)	—
Provision for doubtful accounts	294	—	227
Non-cash interest on notes receivable from partners	(56)	(66)	(61)
Distributions received from investment funds	1	1,292	4
Equity income from investments	(304)	(18)	(1,208)
Other	1	2	6
Cash flows due to changes in operating assets and liabilities:			
Receivables and due from Silvercrest Funds	(608)	(501)	(690)
Prepaid expenses and other assets	(801)	(973)	711
Accounts payable and accrued expenses	730	(121)	(959)
Accrued compensation	2,032	285	4,857
Other liabilities	(679)	(695)	369
Interest payable on notes payable	171	212	249
Net cash provided by operating activities	17,978	16,243	20,351
Cash Flows From Investing Activities			
Release of restricted certificates of deposit and escrow	$587	$(1)	$435
Acquisition of furniture, equipment and leasehold improvements	(723)	(388)	(664)
Earn-outs paid related to acquisitions completed before January 1, 2009	—	—	(1,805)
Acquisition of Cappicille	(148)	—	—
Acquisition of Jamison	—	(3,547)	—
Net cash used in investing activities	(284)	(3,936)	(2,034)
Cash Flows From Financing Activities			
Earn-outs paid related to acquisitions completed on or after January 1, 2009	$(630)	$(570)	$(511)
Payments under revolving credit facility	—	—	(3,000)
Redemptions of partners' interests	—	—	(270)
Repayments of notes payable	(2,200)	(2,010)	(2,627)
Payments on capital leases	(171)	(145)	(60)
Distributions to partners	(5,761)	(5,546)	(5,242)
Dividends paid on Class A common stock	(3,857)	(3,783)	(3,657)
Payments from partners on notes receivable	880	489	748
Net cash used in financing activities	(11,739)	(11,565)	(14,619)
Net increase in cash and cash equivalents	5,955	742	3,698

Cash and cash equivalents, beginning of year	31,562	30,820	27,122
Cash and cash equivalents, end of year	$37,517	$31,562	$30,820

See accompanying notes to consolidated financial statements.

Silvercrest Asset Management Group Inc.

Consolidated Statements of Cash Flows

(continued)

(In thousands)

	For the year ended December 31,		
	2016	2015	2014
Supplemental Disclosures of Cash Flow Information			
Net cash paid during the period for:			
Income taxes	$4,079	$3,967	$5,014
Interest	204	149	437
Supplemental Disclosures of Non-cash Financing and Investing Activities			
Notes receivable from new partners issued for capital contributions to Silvercrest L.P.	$120	$—	$940
Earnout accrual for acquisition of certain assets of Cappicille	354	—	—
Earnout accrual for acquisition of certain assets of Jamison	—	1,342	—
Common stock surrendered as payment for notes receivable from partners	—	—	92
Issuance of notes payable for acquisition of certain assets of Jamison	—	2,165	—
Issuance of Class B shares of Silvercrest L.P. in conjunction with the acquisition of certain assets of Jamison	—	3,562	—
Issuance of Class B shares of Silvercrest L.P. in conjunction with the acquisition of certain assets of Jamison, par value $0.01	—	3	—
Recognition of deferred tax assets as a result of IPO	—	—	11
Recognition of deferred tax assets as a result of share conversions	328	1,038	—
Assets acquired under capital leases	—	50	321
Adjustment of partner redemption obligation	—	—	1,774

See accompanying notes to consolidated financial statements.

Silvercrest Asset Management Group Inc.

Notes to Consolidated Financial Statements

As of and for the Years ended December 31, 2016, 2015 and 2014

(Dollars in thousands, except per share or per unit amounts)

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 is a holding company that was formed 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 8,074,197 Class A units or approximately 62% of the outstanding interests of Silvercrest L.P. Silvercrest controls 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, Silvercrest Asset Management Group LLC (“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 the acquisition, goodwill and intangible assets arising from these acquisitions.

Tax Receivable Agreement

In connection with the IPO and reorganization of SLP that was completed on June 23, 2013, Silvercrest entered into a tax receivable agreement (the “TRA”) with the partners of SLP that will require 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 is 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. This will be Silvercrest’s obligation and not the obligation of SLP. As of December 31, 2016, this liability is estimated

to be $14,425 and is included in deferred tax and other liabilities in the 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.

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Estimating the amount of payments that Silvercrest may be required to make under the TRA is imprecise by its 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 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 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 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.

For the years ended December 31, 2016, 2015 and 2014, the valuation adjustment to the TRA related to the underlying deferred tax assets was ($152), $1,209 and $713, respectively, and is included in Other income (expense), net in the Consolidated Statements of Operations.

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 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 IRS 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. For the years ended December 31, 2016, 2015 and 2014, Silvercrest made TRA payments totaling $690, $689 and $0, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of Silvercrest and its wholly-owned subsidiaries, SLP, SAMG LLC, SFS, MCG, Silvercrest Investors LLC, Silvercrest Investors II LLC and Silvercrest Investors III LLC as of and for the years ended December 31, 2016, 2015 and 2014. All intercompany transactions and balances have been eliminated.

The Company evaluates for consolidation those entities it controls through a majority voting interest or otherwise, including those Silvercrest Funds over which the general partner or equivalent is presumed to have control, e.g. by virtue of the limited partners not being able to remove the general partner. 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, and if so, whether SLP is the primary beneficiary.

As of December 31, 2016 and December 31, 2015 and for the years ended December 31, 2016, 2015 and 2014, each fund is deemed to be a VoIE and neither SLP nor Silvercrest consolidated any of the Silvercrest Funds.

Non-controlling interest

As of December 31, 2016 and 2015, Silvercrest holds approximately 62% and 63%, respectively, of the economic 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 equity on its Consolidated Statement of Financial Condition for the remaining economic interests in SLP that is held by the limited partners. The non-controlling interest in the income or loss of SLP is included in the 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 fully integrated upon acquisition. Furthermore, our chief operating decision maker, which 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 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 Consolidated Financial Statements and the reported amounts of revenues, expenses and other income reported in the 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 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 over which the Company exercises significant influence over the activities of the entity 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 December 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. No impairment charges related to equity method investments were recorded during the years ended December 31, 2016, 2015 and 2014.

Receivables and Due from Silvercrest Funds

Receivables consist primarily of amounts for advisory fees due from clients and management 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 and amortization. Depreciation and amortization are 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 3 to 7 years for other fixed assets.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting. The acquisition method of accounting requires that 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 Consolidated Statements of Cash Flows.

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 Consolidated Statements of Cash Flows.

The excess of the purchase price over the fair value of the identifiable assets acquired, including intangibles, and liabilities assumed is recorded as goodwill. The Company generally uses valuation specialists to perform appraisals and assist in the determination of the fair values of the assets acquired and liabilities assumed. These valuations require management to make estimates and assumptions that are critical in determining the fair values of the assets and liabilities. During the measurement period, the Company may record adjustments to the assets acquired and liabilities assumed. Any adjustments to provisional amounts that are identified during the measurement period are recorded in the reporting period in which the adjustment amounts are determined. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

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 but is evaluated for impairment at least annually, on October 1st of each year, or whenever events or circumstances indicate that impairment may have occurred.

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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 2016, 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 December 31, 2016 and 2015. No goodwill impairment charges were recorded during the years ended December 31, 2016, 2015 and 2014.

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 of the Company 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 re-evaluates 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.

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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 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 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 costs relating to the issuance of share-based awards to employees are 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 are classified as liabilities ("Liability Awards") and are adjusted to fair value at the end of each reporting period.

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Leases

The Company expenses the net lease payments associated with operating leases on a straight-line basis over the respective lease terms including any rent-free periods. Leasehold improvements are recorded at cost and are amortized 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 any 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 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 recognizes 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, as amended by ASU 2015-14, ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20, 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 new standard permits the use of either the retrospective or cumulative effect transition method. The new standard will require additional disclosures to provide better clarity about the nature, timing and potential uncertainties of the revenue that is recognized. The Company is evaluating the effect that ASU No. 2014-09 will have on the Consolidated Financial Statements and related disclosures. The Company has not yet selected a transition method nor determined the impact of adoption of this standard on its Consolidated Financial Statements. The Company plans on using the cumulative effect method upon adoption of this guidance, which is expected to result in an increase in the revenue disclosures in the Consolidated Financial Statements.

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 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 Consolidated Financial Statements. However, the Company expects the adoption of this guidance will result in an increase to its assets and liabilities as a result of substantially all operating leases existing as of the adoption date being capitalized along with the associated obligations.

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; early adoption is permitted. The adoption of ASU 2016-09 is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In June 2016, the FASB issued ASU 2016-13, “Accounting for Credit Losses” which amends the Board’s guidance on the impairment of financial instruments. The ASU adds to U.S. GAAP an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. This amendment is effective for all entities for fiscal years beginning after December 15, 2019, 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 Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15, “Cash Flow Classification” which amends the guidance in ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. This amendment is effective for fiscal years beginning after December 15, 2017, 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 Consolidated Financial Statements.

In October 2016, the FASB issued ASU 2016-17, “Interests Held Through Related Parties That Are Under Common Control” which alters how a decision maker needs to consider indirect interests in a variable interest entity (VIE) held through an entity under common control. The new guidance amends ASU 2015-02, “Consolidation (Topic 810): Amendments to the Consolidation Analysis”, issued in February 2015. This amendment is effective 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 Consolidated Financial Statements.

In November 2016, the FASB issued ASU 2016-18, “Restricted Cash” which requires that a statement of cash flows explain the change during a reporting period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. This amendment is effective for fiscal years beginning after December 15, 2017, 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 Consolidated Financial Statements.

In December 2016, the FASB issued ASU 2016-19, “Technical Corrections and Improvements” which amends a number of Topics in the FASB Accounting Standards Codification. This amendment is effective 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 Consolidated Financial Statements.

In January 2017, The FASB issued ASU 2017-01, "Business Combinations (Topic 85): Clarifying the Definition of a Business". The amendments is this update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. ASU 2017-01 will be effective for the Company in fiscal year 2019 and interim reporting periods within that year. Early adoption is permitted for transactions that have not been reported in financial statements that have been issued or made available for issuance. The Company expects the adoption of this guidance will not have a material effect on its Consolidated Financial Statements.

In January 2017, The FASB issued ASU 2017-04, "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment". ASU 2017-04 simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment testing. An entity will no longer determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Instead, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. ASU 2017-04 will be effective for the Company in fiscal year 2021 and interim reporting periods within that year. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January, 1, 2017. The Company expects the adoption of this guidance will not have a material effect on the Company's 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.

A fair value adjustment to contingent purchase price consideration of ($7) was recorded at December 31, 2016, and is included in general, and administrative expenses in the Consolidated Statement of Operations for the year then ended. The Company has a liability of $347 related to Cappiccille included in accounts payable and accrued expenses in the Consolidated Statement of Financial Condition as of December 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 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 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 $1,242 and $1,342 related to earnout payments to be made in conjunction with the Jamison Acquisition which is included in accounts payable and accrued expenses in the Consolidated Statement of Financial Condition as of December 31, 2016 and 2015, respectively, 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 obtains 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 that are included in the Consolidated Statement of Operations for the year ended December 31, 2016 are $4,917 and $741, respectively, and for the six months ended December 31, 2015 are $2,568 and $407, respectively.

During the year ended December 31, 2015, the Company incurred $245 in costs related to the Jamison Acquisition, and has included these in general, administrative and other in the Consolidated Statement of Operations.

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

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The following table summarizes the final 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, 2014. 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, 2014, nor is it necessarily indicative of future results.

A fair value adjustment to contingent purchase price consideration of $79 and ($87) was recorded at December 31, 2016 and 2015, respectively, and is included in general, and administrative expenses in the Consolidated Statement of Operations for each of the years then ended. The Company has a liability of $1,242 and $1,342 related to Jamison included in accounts payable and accrued expenses in the Consolidated Statement of Financial Condition as of December 31, 2016 and 2015, respectively, for contingent consideration. During the year ended December 31, 2016, the Company made a contingent purchase price payment to Jamison of $180.

	Pro Forma Year Ended December 31, 2015	Pro Forma Year Ended December 31, 2014
Total Revenue	$ 77,812	$ 75,581
Net Income	$ 11,401	$ 10,921

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 December 31, 2016 and 2015, $95 and $474, respectively, remained outstanding on the note payable related to the Ten-Sixty acquisition.

Milbank:

On November 1, 2011, the Company acquired certain assets of Milbank. A fair value adjustment to contingent purchase price consideration of $83, ($82) and $541 was recorded at December 31, 2016, 2015 and December 31, 2014, respectively, and is included in general, and administrative expenses in the Consolidated Statement of Operations for the years then ended. The Company has a liability of $303 and $673 related to Milbank included in accounts payable and accrued expenses in the Consolidated Statement of Financial Condition as of December 31, 2016 and December 31, 2015, respectively, for contingent consideration. During the years ended December 31, 2016, 2015 and 2014, the Company made contingent purchase price payments to Milbank of $450, $570 and $511, respectively.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments include $335 and $32 as of December 31, 2016 and December 31, 2015, respectively, representing the Company's equity method investments 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 up to 2%. Despite the Company's insignificant financial interest, the Company 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 December 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 December 31, 2016 and 2015, the Company did not have any financial assets or liabilities that are recorded at fair value on a recurring basis.

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

	December 31, 2016		December 31, 2015			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Fair Value Hierarchy	
Financial Assets:						
Cash	$37,517	$37,517	$31,562	$31,562		
Restricted Certificates of Deposit and Escrow	$—	$—	$587	$587	Level 1	(1)
Investments	$335	$335	$32	$32	N/A	(2)
Financial liabilities:						
Notes Payable	$2,486	$2,486	$4,514	$4,514	Level 2	(3)

(1) Restricted certificates of deposit and escrow 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) Investments consist of the Company's equity method investments in affiliated investment funds which have been established and managed by the Company and its affiliates. Fair value of investments is based on the net asset value of the affiliated investment funds which is a practical expedient for fair value, which is not included in the fair value hierarchy under GAAP.

(3) The carrying value of notes payable 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 December 31, 2016 and December 31, 2015:

	2016	2015
Management and advisory fees receivable	$4,369	$2,327
Unbilled receivables	2,552	2,532
Other receivables	2	2
Receivables	6,923	4,861
Allowance for doubtful receivables	(653)	(359)
Receivables, net	$6,270	$4,502

6. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

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

	2016	2015
Leasehold improvements	$3,915	$3,874
Furniture and equipment	5,802	5,157
Artwork	466	429
Total cost	10,183	9,460
Accumulated depreciation and amortization	(7,772)	(7,035)
Furniture, equipment and leasehold improvements, net	$2,411	$2,425

Depreciation and amortization expense for the years ended December 31, 2016, 2015 and 2014 was $737, $719, and $546, respectively.

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7. GOODWILL

The following is a summary of the changes to the carrying amount of goodwill as of December 31, 2016 and December 31, 2015:

	2016	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 Cappicille	486	—
Ending		
Gross balance	42,583	42,097
Accumulated impairment losses	(17,415)	(17,415)
Net balance	$25,168	$24,682

8. INTANGIBLE ASSETS

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

	Customer Relationships	Other Intangible Assets	Total
Cost			
Balance, January 1, 2016	$22,560	$2,467	$25,027
Balance, December 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	(1,659)	(268)	(1,927)
Balance, December 31, 2016	(9,721)	(1,902)	(11,623)
Net book value	$12,839	$565	$13,404

	Customer Relationships	Other Intangible Assets	Total
Cost			
Balance, January 1, 2015	$17,560	$1,663	$19,223
Acquisition of certain assets 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 $1,927, $1,640 and $1,422 for the years ended December 31, 2016, 2015 and 2014, respectively.

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

2017	$1,826
2018	1,685
2019	1,390
2020	1,299
2021	1,196
Thereafter	6,008
Total	$13,404

9. DEBT

Credit Facility

On June 24, 2013, the subsidiaries of SLP entered into a $15,000 credit facility with City National Bank. The subsidiaries of SLP are the borrowers under such facility and SLP guarantees the obligations of its subsidiaries under the credit facility. The credit facility is secured by certain assets of SLP and its subsidiaries. The credit facility consists of a $7,500 delayed draw term loan that matures on June 24, 2020 and a $7,500 revolving credit facility that matures on December 24, 2016. As of December 23, 2016, the revolving credit facility was extended for one year. The loan bears interest at either (a) the higher of the prime rate plus a margin of 0.05 percentage points and 2.5% or (b) the LIBOR rate plus 3 percentage points, at the borrowers’ option. On June 28, 2013, the borrowers borrowed $7,000 on the revolving credit loan. As of December 31, 2015 and 2014, no amount has been drawn on the term loan credit facility and the borrowers may draw up to the full amount of the term loan through June 25, 2018. Borrowings under the term loan on or prior to June 24, 2015 will be payable in 20 equal quarterly installments. Borrowings under the term loan after June 24, 2015 will be payable in equal quarterly installments through the maturity date. The credit facility contains restrictions on, among other things, (i) incurrence of additional debt, (ii) creating liens on certain assets, (iii) making certain investments, (iv) consolidating, merging or otherwise disposing of substantially all of our assets, (v) the sale of certain assets, and (vi) entering into transactions with affiliates. In addition, the credit facility contains certain financial covenants including a test on discretionary assets under management, maximum debt to EBITDA and a fixed charge coverage ratio. The credit facility contains customary events of default, including the occurrence of a change in control which includes a person or group of persons acting together acquiring more than 30% of the total voting securities of Silvercrest.

As of December 31, 2016 and 2015, the Company did not have any outstanding borrowings under the revolving credit loan.

Interest expense, which also includes amortization of deferred financing fees, incurred on the revolving credit and term loans was $47, $40 and $148 for the years ended December 31, 2016, 2015 and 2014.

Notes Payable

The following is a summary of notes payable:

	December 31, 2016	
	Interest Rate	Amount
Principal on fixed rate notes	5.0 %	$ 1,538
Variable rate notes issued for redemption of partners' interests (see Note 15)	Prime plus 1%	895
Interest payable		53
Total, December 31, 2016		$ 2,486

	December 31, 2015	
	Interest Rate	Amount
Principal on fixed rate notes	5.0 %	$ 2,639
Variable rate notes issued for redemption of partners' interest (see Note 15)	Prime plus 1%	1,789
Interest payable		86
Total, December 31, 2015		$ 4,514

The carrying value of notes payable approximates fair value. The fixed rate notes, which are related to the Jamison, Ten-Sixty and Milbank acquisitions, approximate fair value based on interest rates currently available to the Company for similar debt. The variable rate notes are based on the U.S. Prime Rate.

As of December 31, 2016, future principal amounts payable under the fixed and variable rate notes are as follows:

2017	$1,711
2018	722
Total	$2,433

On June 3, 2013, Silvercrest redeemed units from two of our former principals. In conjunction with this redemption, Silvercrest issued promissory notes with an aggregate principal amount of approximately $5,300, subject to downward adjustments to the extent of any breach by the holders of such notes. The principal amounts of the notes were originally payable in four equal annual installments on each of June 3, 2014, 2015, 2016 and 2017. The principal amount outstanding under these notes bear interest at the U.S. Prime Rate plus 1% in effect at the time payments are due. Silvercrest elected not to make the June 3, 2014 payment as it was being assessed as to whether the former principals had complied with the note covenants and whether any reduction to these notes should be made. In October 2014, certain reductions totaling $1,722 were agreed to, based upon a review of the note covenants. As a result, the principal amounts of the notes of $3,578 are payable in four equal installments of approximately $900 on November 1, 2014, and on each of August 1, 2015, 2016 and 2017. As of December 31, 2016 and 2015, $895 and $1,789, respectively, remained outstanding on the notes issued to the two former principals. Accrued but unpaid interest on these notes issued to the two former principals was approximately $17 and $32 as of December 31, 2016 and 2015, respectively.

On June 30, 2015, Silvercrest issued promissory notes in an aggregate principal amount of approximately $2,165 in connection with the Jamison Acquisition. The principal amount outstanding under the notes bears interest at 5% per annum. The principal amounts of the notes are payable in three equal installments of approximately $722 on each of June 30, 2016, 2017 and 2018. As of December 31, 2016 and 2015, $1,443 and $2,165, respectively, remained outstanding on these notes. Accrued but unpaid interest on the notes was approximately $36 and $55 as of December 31, 2016 and 2015, respectively.

10. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leases office space pursuant to operating leases that are subject to specific escalation clauses. Rent expense charged to operations for the years ended December 31, 2016, 2015 and 2014 amounted to $3,760, $3,766, and $3,667, respectively. The Company received sub-lease income from subtenants during the years ended December 31, 2016, 2015 and 2014 of $289, $433, and $379, respectively. Therefore, for the years ended December 31, 2016, 2015 and 2014, net rent expense amounted to $3,471, $3,333, and $3,288, respectively, and is included in general and administrative expenses in the Consolidated Statement of Operations.

As security for performance under the leases, the Company is required to maintain letters of credit in favor of the landlord totaling $506 as of December 31, 2016 and $587 as of December 31, 2015. The letter of credit was collateralized by the Company's revolving credit facility with City National Bank in 2016 and 2015. Furthermore, the Company maintains an $80 letter of credit in favor of its Boston landlord that is collateralized by the Company's revolving credit facility with City National Bank.

In March 2014, the Company entered into a lease agreement for additional office space. The lease commenced on May 1, 2014 and expires July 31, 2019. The lease is subject to escalation clauses and provides for a rent-free period of three months. Monthly rent expense is $5. The Company paid a refundable security deposit of $3. In September 2016, the Company entered into Lease Amendment Number One ("Amendment Number One") to expand its space and extend its lease. This expansion will occur on or about October 1, 2017, and the lease is extended to November 30, 2024. The amended lease provides for a rent credit of $40,000. Monthly rent expense under the amended lease is $10.

In June 2015, the Company entered into a lease agreement for office space in Charlottesville, VA. The lease commenced on June 30, 2015 and expires on June 30, 2018. The lease is subject to escalation clauses and provides for a rent-free period of two months. Monthly rent expense is $2. The Company paid a refundable security deposit of $2.

In connection with the Jamison Acquisition, the Company assumed lease agreements for office space in Bedminster and Princeton, NJ. The Bedminster lease, as extended, expires on March 31, 2022. Monthly rent expense on this lease is $11. The Princeton lease, as extended, expired on April 30, 2016. Monthly rent expense on this lease was $5. Both leases are subject to escalation clauses, and the Bedminster lease provides for a rent-fee period of four months.

In December 2015, the Company extended its lease related to its New York City office space. The amended lease commences on October 1, 2017 and expires on September 30, 2028. The lease is subject to escalation clauses, and provides for a rent-free period of twelve months and for tenant improvements of up to $2,080. Monthly rent expense under this extension will be $446.

In January 2016, the Company entered into a lease agreement for office space in Princeton, NJ. The lease commenced April 23, 2016 and expires on August 31, 2022. This lease replaces the Princeton lease discussed above that expired on April 30, 2016. Monthly rent expense on this lease is $6. The lease is subject to escalation clauses, and provides for a rent-free period of five months.

With the Cappiccille Acquisition, the Company assumed a lease agreement for office space in Livingston, NJ. The lease is month-to-month. Monthly rent expense is $2.

Future minimum lease payments and rentals under lease agreements which expire through 2028 are as follows:

	Minimum Lease Commitments	Non-cancellable Subleases	Minimum Net Rentals
2017	$ 3,043	$ (200)	$ 2,843
2018	1,683	—	1,683
2019	5,743	—	5,743
2020	5,750	—	5,750
2021	5,757	—	5,757
Thereafter	38,460	—	38,460
Total	$ 60,436	$ (200)	$ 60,236

The Company has capital leases for certain office equipment. The Company entered into a new capital lease agreement for a telephone system during the year ended December 31, 2014. The amount financed was $321 and the lease has a term of five years, which began on March 1, 2014. Monthly minimum lease payments are $5, and continue through November 30, 2018. On June 30, 2015, the Company assumed certain capital leases for equipment totaling $253 as part of the Jamison Acquisition. In July 2015, the Company entered into a new capital lease for a copier. The amount financed was $21 and the lease has a term of three years, which began on July 1, 2015. Monthly minimum lease payments are $1, and continue through June 30, 2018. In October 2015, the Company entered into a new capital lease for a copier. The amount financed was $18 and the lease has a term of three years, which began on November 1, 2015. Monthly minimum lease payments are $1, and continue through October 31, 2018.The aggregate principal balance of capital leases was $267 and $440 as of December 31, 2016 and December 31, 2015, respectively.

The assets relating to capital leases that are included in equipment are as follows:

	December 31, 2016	December 31, 2015
Capital lease assets included in furniture and equipment	$ 625	$ 648
Capital lease assets included in software	58	58
Less: Accumulated depreciation and amortization	(374)	(250)
	$ 309	$ 456

Depreciation expense relating to capital lease assets was $124, $123 and $81 for the years ended December 31, 2016, 2015 and 2014, respectively.

Future minimum lease payments under capital leases are as follows:

	Future Minimum Lease Commitments	
2017	$	149
2018		107
2019		11
Total	$	267

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Contingent Consideration

In connection with its acquisition of MCG in October 2008, SLP entered into a contingent consideration agreement whereby the former members of MCG were entitled to contingent consideration equal to 22% of adjusted annual EBITDA in addition to any performance fee payments for each of the five years subsequent to the date of acquisition. As the acquisition was completed prior to January 1, 2009, contingent consideration is recognized when the contingency is resolved pursuant to the authoritative guidance on business combinations in effect at the date of the closing of the acquisition. The contingent consideration related to the MCG acquisition is recorded on the date when the contingency is resolved. Contingent consideration payments of $0, $0 and $1,805 were made during the years ended December 31, 2016, 2015 and 2014, respectively, related to MCG and are reflected in investing activities in the Consolidated Statements of Cash Flows.

Quarterly contingent payments related to the Commodity Advisors acquisition, completed on April 1, 2012, were accrued when the contingency was resolved. The total accrual for these payments for the years ended December 31, 2016 and 2015 were $10 and $3, respectively, which was recorded as compensation expense in the Consolidated Statements of Operations.

11. EQUITY

SLP historically made, and will continue to make, distributions of its net income to the holders of its partnership units for income tax purposes as required under the terms of its Second Amended and Restated Limited Partnership Agreement and also made, and will continue to make, additional distributions of net income under the terms of its Second Amended and Restated Limited Partnership Agreement. Partnership distributions totaled $5,761, $5,546 and $5,242 for the years ended December 31, 2016, 2015 and 2014, respectively. Distributions are included in non-controlling interests in the Consolidated Statements of Financial Condition.

Pursuant to SLP's Second Amended and Restated Limited Partnership Agreement, as amended and restated, partner incentive allocations are treated as distributions of net income. The remaining net income or loss after partner incentive allocations was generally allocated to the partners based on their pro rata ownership. Net income allocation is subject to the recovery of the allocated losses of prior periods. Distributions of partner incentive allocations of net income for the years ended December 31, 2016, 2015 and 2014 amounted to $18,827, $18,568 and $14,266, respectively. The distributions are included in non-controlling interests in the Consolidated Statements of Financial Condition and Consolidated Statement of Changes in Equity for the years ended December 31, 2016, 2015 and 2014. The Company treats SLP's partner incentive allocations as compensation expense and accrues such amounts when earned. During the years ended December 31, 2016, 2015 and 2014, SLP accrued partner incentive allocations of $20,238, $18,535 and $18,653, respectively.

Silvercrest—Equity

Silvercrest has the following authorized and outstanding equity:

	Shares at December 31, 2016		
	Authorized	Outstanding	Voting Rights

				Economic Rights
Common shares				
Class A, par value $0.01 per share	50,000,000	8,074,197	1 vote per share (1), (2)	All (1), (2)
		4,866,303		
Class B, par value $0.01 per share	25,000,000		1 vote per share (3),(4)	None (3), (4)
Preferred shares				
Preferred stock, par value $0.01 per share	10,000,000	—	See footnote (5) below	See footnote (5) below

(1) Each share of Class A common stock is entitled to one vote per share. Class A common stockholders have 100% of the rights of all classes of Silvercrest's capital stock to receive dividends.

(2) Silvercrest granted 10,582 restricted stock units which will vest and settle in the form of Class A shares of Silvercrest.

(3) Each share of Class B common stock is entitled to one vote per share.

(4) Each Class B unit of SLP held by a principal is exchangeable for one share of the Company's Class A common stock. The principals collectively hold 4,866,303 Class B units, which represents the right to receive their proportionate share of the distributions made by SLP and 728,674 restricted stock units which will vest and settle in the form of Class B units of SLP. The 728,674 restricted stock units which have been issued to our principals entitle the holders thereof to participate in distributions from SLP as if the underlying Class B units are outstanding and thus are taken into account to determine the economic interest of each holder of units in SLP. However, because the Class B units underlying the deferred equity units have not been issued and are not deemed outstanding, the holders of deferred equity units have no voting rights with respect to those Class B units. Silvercrest will not issue shares of Class B common stock in respect of deferred equity units of SLP until such time that the underlying Class B units are issued.

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(5) Silvercrest's board of directors has the authority to issue preferred stock in one or more classes or series and to fix the rights, preferences, privileges and related restrictions, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any class or series, or the designation of the class or series, without the approval of its stockholders. Silvercrest is dependent on cash generated by SLP to fund any dividends. Generally, SLP will distribute its profits to all of its partners, including Silvercrest, based on the proportionate ownership each holds in SLP. Silvercrest will fund dividends to its stockholders from its proportionate share of those distributions after provision for income taxes and other obligations.

During the year ended December 31, 2016, Silvercrest issued the following shares:

Class A Common Stock

	Transaction Date	# of Shares
Class A common stock outstanding - January 1, 2016		7,989,749
Issuance of Class A common stock upon conversion of Class B units to Class A common stock	March 2016	38,076
Issuance of Class A common stock upon conversion of Class B units to Class A common stock	August 2016	21,200
Issuance of Class A common stock upon conversion of Class B units to Class A common stock	November 2016	25,172
Class B common shares outstanding - December 31, 2016		8,074,197

Class B Common Stock

	Transaction Date	# of Shares
Class B common stock outstanding - January 1, 2016		4,695,014
Class B common stock issued upon vesting of deferred equity units	February 2016	4,911
Cancellation of Class B common stock upon conversion of Class B units to Class A common stock	March 2016	(38,076)
Issuance of Class B common stock	May 2016	9,198
Cancellation of Class B common stock upon conversion of Class B units to Class A common stock	August 2016	(21,200)
Class B common stock issued upon vesting of restricted stock units	August 2016	241,628
Cancellation of Class B common stock upon conversion of Class B units to Class A common stock	November 2016	(25,172)
Class B common shares outstanding - December 31, 2016		4,866,303

In February 2016, the Company issued 4,911 shares of Class B common stock upon the vesting of deferred equity units which resulted in the issuance of a like number of Class B units of Silvercrest LP. The shares of Class B common stock were issued pursuant to the terms of the Certificate of Incorporation of the Company which requires the Company to issue at the par value per share of Class B common stock, one share of Class B common stock for each Class B Unit of Silvercrest LP issued.

In March 2016, the Company redeemed from certain existing partners 38,076 shares of Class B common stock in connection with the exchange of a like number of Class B units to Class A common stock pursuant to the resale and registration rights agreement between the Company and its principals.

In May 2016, the Company issued 9,198 shares of Class B common stock to certain principals in connection with their admission to SLP.

In August 2016, the Company redeemed from certain existing partners 21,200 shares of Class B common stock in connection with the exchange of a like number of Class B units to Class A common stock pursuant to the resale and registration rights agreement between the Company and its principals.

In August 2016, the Company issued 241,628 shares of Class B common stock upon the vesting of restricted stock units which resulted in the issuance of a like number of Class B units of Silvercrest LP. The shares of Class B common stock were issued pursuant to the terms of the Certificate of Incorporation of the Company which requires the Company to issue at the par value per share of Class B common stock, one share of Class B common stock for each Class B Unit of Silvercrest LP issued.

In November 2016, the Company redeemed from certain existing partners 25,172 shares of Class B common stock in connection with the exchange of a like number of Class B units to Class A common stock pursuant to the resale and registration rights agreement between the Company and its principals.

The total number of shares of Class B common stock outstanding and held by employee-principals equals the number of Class B units those individuals hold in SLP. Shares of Silvercrest'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, Silvercrest will issue to the holder one share of its Class B common stock in exchange for the payment of its par value, subject to the holder's agreement to be bound by the terms of a stockholders' agreement amongst the Class B stockholders of the Company. Each share of Silvercrest's Class B common stock will be redeemed for its par value and cancelled by Silvercrest 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, the terms of the 2012 Equity Incentive Plan of Silvercrest, or otherwise.

12. NOTES RECEIVABLE FROM PARTNERS

Partner contributions to SLP are made in cash, in the form of five or six year interest-bearing promissory notes and/or in the form of nine year interest-bearing limited recourse promissory notes. Limited recourse promissory notes were issued in January 2008 and August 2009 with interest rates of 3.53% and 2.77%, respectively. The recourse limitation includes a stated percentage of the initial principal amount of the limited recourse note plus a stated percentage of the accreted principal amount as of the date upon which all amounts due are paid in full plus all costs and expenses required to be paid by the borrower and all amounts required to be paid pursuant to a pledge agreement associated with each note issued. Certain notes receivable are payable in annual installments and are collateralized by SLP's units that are purchased with the note. Notes receivable from partners are reflected as a reduction of non-controlling interests in the Consolidated Statements of Financial Condition.

Notes receivable from partners are as follows:

	December 31, 2016	December 31, 2015
Beginning balance	$ 2,789	$ 3,212
Repayment of notes	(880)	(489)
Interest accrued and capitalized on notes receivable	56	66
New notes receivable issued to partners	120	—
Ending balance	$ 2,085	$ 2,789

Full recourse notes receivable from partners as of December 31, 2016 and December 31, 2015 are $1,207 and $1,575, respectively. Limited recourse notes receivable from partners as of December 31, 2016 and December 31, 2015 are

$878 and $1,214, respectively. There is no allowance for credit losses on notes receivable from partners as of December 31, 2016 and December 31, 2015.

13. RELATED PARTY TRANSACTIONS

During 2016 and 2015, the Company provided services to the following, which operate as feeder funds investing through master-feeder or mini-master feeder structures:

- the domesticated Silvercrest Hedged Equity Fund, L.P. (formed in 2011 and formerly Silvercrest Hedged Equity Fund),
- Silvercrest Hedged Equity Fund (International), Ltd. (which invests through Silvercrest Hedged Equity Fund, L.P.),
- the domesticated Silvercrest Emerging Markets Fund, L.P. (formed in 2011 and formerly Silvercrest Emerging Markets Fund),
- Silvercrest Emerging Markets Fund (International), Ltd. (which invests through Silvercrest Emerging Markets Fund L.P.),
- Silvercrest Market Neutral Fund (currently in liquidation),
- Silvercrest Market Neutral Fund (International) (currently in liquidation),

- Silvercrest Municipal Advantage Portfolio A LLC,
- Silvercrest Municipal Advantage Portfolio P LLC,
- Silvercrest Municipal Advantage Portfolio S LLC (formed in 2015),
- the Silvercrest Jefferson Fund, L.P. (formed in 2014), and
- the Silvercrest Jefferson Fund, Ltd. (the Company took over as investment manager in 2014, formerly known as the Jefferson Global Growth Fund, Ltd.), which invests in Silvercrest Jefferson Master Fund, L.P. (formed in 2014).

The Company also provides services to the following, which operate and invest separately as stand-alone funds:

- the Silvercrest Global Opportunities Fund, L.P. (currently in liquidation),
- Silvercrest Global Opportunities Fund (International), Ltd. (currently in liquidation),
- Silvercrest Capital Appreciation Fund LLC (currently in liquidation),
- Silvercrest International Equity Fund, L.P. (merged into Silvercrest International Fund, L.P. in October 2013),
- Silvercrest Municipal Special Situations Fund LLC (merged into Silvercrest Municipal Advantage Portfolio S LLC in 2015),
- Silvercrest Municipal Special Situations Fund II LLC (merged into Silvercrest Municipal Advantage Portfolio S LLC in 2015),
- Silvercrest Select Growth Equity Fund, L.P. (liquidated as of December 31, 2015),
- Silvercrest International Fund, L.P. (previously known as Silvercrest Global Fund, L.P. Silvercrest International Equity Fund, L.P. merged into this fund in October 2013),
- Silvercrest Small Cap Fund, L.P. (currently in liquidation),
- Silvercrest Special Situations Fund, L.P., and
- Silvercrest Commodity Strategies Fund, L.P.

Pursuant to agreements with the above entities, the Company provides investment advisory services and receives an annual management fee of 0% to 1.75% of assets under management and a performance fee or allocation of 0% to 10% of the above entities' net appreciation over a high-water mark.

For the years ended December 31, 2016, 2015 and 2014 the Company earned management fee income from the funds listed above, which is included in "Management and advisory fees" in the Consolidated Statement of Operations, of $6,188, $7,503, and $8,974, respectively, and performance fees and allocations of $303, $13, and $1,417, respectively, of which $303, $2 and $1,196, respectively, is included in equity income from investments and $0, $11 and $221, respectively, is included in performance fees in the Consolidated Statements of Operations. As of December 31, 2016 and December 31, 2015, the Company was owed $2,876 and $4,330, respectively, from its various funds, which is included in the Due from Silvercrest Funds on the Consolidated Statements of Financial Condition.

For the years ended December 31, 2016, 2015 and 2014, the Company earned advisory fees of $713, $525 and $592, respectively, from assets managed on behalf of certain of its partners. As of December 31, 2016 and December 31, 2015, the Company is owed approximately $2 and $3, respectively, from certain of its partners, which is included in receivables, net on the Consolidated Statements of Financial Condition.

14. INCOME TAXES

	Year Ended December 31,		
	2016	2015	2014
Current Provision:			
Federal	$1,180	$1,479	$896
State and local	1,919	1,957	1,890
Total Current Provision	3,099	3,436	2,786
Deferred Provision:			
Federal	1,676	1,151	2,200
State and local	(89)	2,382	1,400
Total Deferred Provision	1,587	3,533	3,600
Total Provision for Income Taxes	$4,686	$6,969	$6,386

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their bases for income tax purposes. The deferred tax expense for the years ended December 31, 2016, 2015 and 2014, also includes additional deferred tax expense of $27, $1,694 and $1,147 for discrete items. The discrete items in 2016 are related to changes in apportionment factors at Silvercrest, resulting in a revision of the effective tax rate. The discrete items in 2015 and 2014 are primarily attributable to the decrease of deferred tax assets at Silvercrest due to a reduction in the future statutory corporate tax rates and changes in methods of apportioning income in New York State and New York City.

As of December 31, 2016 and 2015, the Company had a net deferred tax asset of $19,989 and $21,269, respectively. As of December 31, 2016, the net deferred tax asset of $19,989, which is recorded as a net deferred tax asset of $20,221 specific to Silvercrest, which consists primarily of net assets related to temporary differences between the financial statement and tax bases of intangibles related to its acquisition of partnership units of SLP, a net deferred tax liability of $128 specific to SLP which consists primarily of liabilities related to differences between the financial statement and tax bases of intangible assets, and a net deferred tax liability of $104 related to the corporate activity of SFS which is primarily related to temporary differences between the financial statement and tax bases of intangible assets.   As of December 31, 2015, the net deferred tax asset of $21,269, which is recorded as a net deferred tax asset of $21,498 specific to Silvercrest, which consists primarily of net assets related to temporary differences between the financial statement and tax bases of intangibles related to its acquisition of partnership units of SLP, a net deferred tax liability of $108 specific to SLP which consists primarily of liabilities related to differences between the financial statement and tax bases of intangible assets, and a deferred tax liability of $121 related to the corporate activity of SFS which is primarily related to temporary differences between the financial statement and tax bases of intangible assets.

A summary of deferred tax assets and liabilities as follows:

	As of December 31,	
	2016	2015
Deferred tax assets		
Intangible assets	$21,792	$22,880
Other	—	12
Total deferred tax assets	$21,792	$22,892
Deferred tax liabilities		
Intangible assets	$221	$241

Investment on underlying SLP partnership	1,571	1,382
Other	11	—
Total deferred tax liabilities	$ 1,803	$ 1,623
Net deferred tax assets (liabilities)	$ 19,989	$ 21,269

The following table reconciles the provision for income taxes to the U.S. Federal statutory tax rate:

	Year Ended December 31,		
	2016	2015	2014
Statutory U.S. federal income tax rate	35.00 %	35.00 %	35.00 %
Income passed through to Partners	(14.17)%	(12.43)%	(12.43)%
State and local income taxes	9.78 %	18.50 %	15.60 %
Permanent items	0.33 %	(2.18)%	(3.69)%
Other	1.01 %	(0.29)%	2.87 %
Effective income tax rate	31.95 %	38.60 %	37.35 %

As of December 31, 2016, the Company had tax refunds receivable of $2,625 which consisted of federal and state and local tax refunds of $1,427 and $1,198, respectively. At December 31, 2015, the Company had tax refunds receivable of $1,611, which consisted of federal and state and local tax refunds of $1,063 and $548, respectively.

Of the total net deferred taxes at December 31, 2016 and 2015, $95 and $95, respectively, of the net deferred tax liabilities relate to non-controlling interests. These amounts are included in deferred tax and other liabilities on the Consolidated Statement of Financial Position, respectively.

In the normal course of business, the Company is subject to examination by federal, state, and local tax regulators. As of December 31, 2016, the Company's U.S. federal income tax returns for the years 2013 through 2015 are open under the normal three-year statute of limitations and therefore subject to examination.

The guidance for accounting for uncertainty in income taxes prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company does not believe that it has any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months. Furthermore, the Company does not have any material uncertain tax positions at December 31, 2016 and 2015.

15. REDEEMABLE PARTNERSHIP UNITS

If a principal of SLP is terminated for cause, SLP would have 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 and (ii) the purchase price paid by the terminated principal to first acquire the Class B units.

16. EQUITY-BASED COMPENSATION

Deferred Equity Units

Determining the appropriate fair value model and calculating the fair value of equity compensation awards requires the input of complex and subjective assumptions, including the expected life of the equity compensation awards and the stock price volatility. In addition, determining the appropriate amount of associated periodic expense requires management to estimate the amount of employee forfeitures and the likelihood of the achievement of certain performance targets. The assumptions used in calculating the fair value of equity compensation awards and the associated periodic expense represent management's best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change and the Company deems it necessary in the future to modify the assumptions it made or to use different assumptions, or if the quantity and nature of the Company's equity-based compensation awards changes, then the amount of expense may need to be adjusted and future equity compensation expense could be materially different from what has been recorded in the current period.

SLP has granted equity-based compensation awards to certain partners under SLP's 2010, 2011 and 2012 Deferred Equity programs (the "Equity Programs"). The Equity Programs allow for the granting of deferred equity units based on the fair value of the Company's units. These deferred equity units contain both service and performance requirements.

Each grant includes a deferred equity unit (“Deferred Equity Unit”) and performance unit (“Performance Unit”) subject to various terms including terms of forfeiture and acceleration of vesting. The Deferred Equity Unit represents the unsecured right to receive one unit of SLP or the equivalent cash value of up to 50% (or such other percentage as may be determined by the Company’s Executive Committee) of SLP’s units issuable upon the vesting of any such Deferred Equity Units and the remaining 50% in units upon the vesting of any such Deferred Equity Units. Such cash amount is to be calculated using the equivalent share price of the Silvercrest’s Class A Common Stock as of the applicable vesting date. The Performance Unit represents the unsecured right to receive one unit of SLP for every two units of SLP issuable upon the vesting of any such Deferred Equity Units.

Twenty-five percent of the Deferred Equity Units vest on each of the first, second, third, and fourth anniversaries of the grant date until the Deferred Equity Units are fully vested. The Performance Units are subject to forfeiture and subject to the satisfaction of a predetermined performance target at the end of the four-year vesting period. If the performance target is achieved, then the Performance Units vest at the end of the four-year vesting period. The rights of the partners with respect to the Performance Units remain subject to forfeiture at all times prior to the date on which such rights become vested and will be forfeited if the performance target is not achieved.

Distributions related to Deferred Equity Units that are paid to partners are charged to non-controlling interests. Distributions related to the unvested portion of Deferred Equity Units that are assumed to be forfeited are recognized as compensation expense because these distributions are not required to be returned by partners to SLP upon forfeiture.

The grant date fair values of Performance Units were determined by applying a performance probability factor to the Deferred Equity Unit Value. These methodologies included the use of third party data and discounts for lack of control and marketability.

Only the portion of Deferred Equity Units that can be settled in cash are considered to be liability awards and are adjusted to fair value at the end of each reporting period.

For the years ended December 31, 2016, 2015 and 2014, the Company recorded compensation expense related to such units of $14, $248 and $1,043, respectively, of which $1, $81 and $109, respectively, related to the Performance Units given that there was an explicit service period associated with the Deferred Equity Units, and the likelihood that the performance target would be met was considered probable. Distributions include cash distributions paid on liability awards. Cash distributions paid on awards expected to be forfeited were $0, $0, and $1 for the years ended December 31, 2016, 2015 and 2014, respectively, and are part of total compensation expense in the Consolidated Statement of Operations for the years then ended.

During the years ended December 31, 2016, 2015 and 2014, $0, $0 and $30, respectively, of vested Deferred Equity Units were settled in cash. As of December 31, 2016 and December 31, 2015, there was $0 and $21, respectively, of estimated unrecognized compensation expense related to unvested awards. As of December 31, 2016 and December 31, 2015, the unrecognized compensation expense related to unvested awards is expected to be recognized over a period of 0 and 0.13 years, respectively.

A summary of these equity grants by the Company as of December 31, 2016, 2015 and 2014 during the periods then ended is presented below:

	Deferred Equity Units	Performance Units
	Units	Units

		Range of Fair Value per unit			Fair Value per unit
Balance at January 1, 2014	175,298	$	17.05	238,371	$ 3.75
Vested	(123,110)		(16.81)	(140,549)	(3.75)
Forfeited	—		—	(851)	—
Balance at December 31, 2014	52,188	$ 12.00	15.65	96,971	$ 3.75
Vested	(47,277)	(12.00)	(13.97)	(90,585)	(3.75)
Forfeited	—	—	—	—	—
Balance at December 31, 2015	4,911	$ 12.00	$ 11.89	6,386	$ 3.75
Vested	(4,911)	(12.00)	(10.92)	(6,386)	(3.75)
Forfeited	—	—	—	—	—
Balance at December 31, 2016	—	$—	$—	—	$ —

The Company estimated 10% of all awards would be forfeited and the related service period was four years.

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Restricted Stock Units

On November 2, 2012, the Company's board of directors adopted the 2012 Equity Incentive Plan.

A total of 1,687,500 shares were originally reserved and available for issuance under the 2012 Equity Incentive Plan. As of December 31, 2016 and 2015, 690,077 and 704,450 shares, respectively, were available for grant. The equity interests may be issued in the form of shares of the Company's Class A common stock and Class B units of SLP. (All references to units or interests of SLP refer to Class B units of SLP and accompanying shares of Class B common stock of Silvercrest.)

The purposes of the 2012 Equity Incentive Plan are to (i) align the long-term financial interests of our employees, directors, consultants and advisers with those of our stockholders; (ii) attract and retain those individuals by providing compensation opportunities that are consistent with our compensation philosophy; and (iii) provide incentives to those individuals who contribute significantly to our long-term performance and growth. To accomplish these purposes, the 2012 Equity Incentive Plan provides for the grant of units of SLP. The 2012 Equity Incentive Plan also provides for the grant of stock options, stock appreciation rights, or SARs, restricted stock awards, restricted stock units, performance-based stock awards and other stock-based awards (collectively, stock awards) based on our Class A common stock. Awards may be granted to employees, including officers, members, limited partners or partners who are engaged in the business of one or more of our subsidiaries, as well as non-employee directors and consultants.

It is initially anticipated that awards under the 2012 Equity Incentive Plan granted to our employees will be in the form of units of SLP that will not vest until a specified period of time has elapsed, or other vesting conditions have been satisfied as determined by the Compensation Committee of the Company's board of directors, and which may be forfeited if the vesting conditions are not met. During the period that any vesting restrictions apply, unless otherwise determined by the Compensation Committee, the recipient of the award will be eligible to participate in distributions of income from SLP. In addition, before the vesting conditions have been satisfied, the transferability of such units is generally prohibited and such units will not be eligible to be exchanged for cash or shares of our Class A common stock.

In August 2015, the Company granted 966,510 restricted stock units ("RSUs") under the 2012 Equity Incentive Plan at a fair value of $13.23 per share to existing Class B unit holders. These RSUs will vest and settle in the form of Class B units of SLP. Twenty-five percent of the RSUs granted vest and settle on each of the first, second, third and fourth anniversaries of the grant date.

In May 2016, the Company granted 3,791 RSUs under the 2012 Equity Incentive Plan at a fair value of $13.19 per share to existing Class B unit holders. These RSUs will vest and settle in the form of Class B units of SLP. Twenty-five percent of the RSUs granted vest and settle on each of the first, second, third and fourth anniversaries of the grant date.

In May 2016, the Company granted 3,000 RSUs under the 2012 Equity Incentive Plan at a fair value of $13.19 per share to certain members of the Board of Directors. These RSUs will vest and settle in the form of Class A shares of Silvercrest. One hundred percent of the RSUs granted vest and settle on the first anniversary of the grant date.

In May 2016, the Company granted 7,582 RSUs under the 2012 Equity Incentive Plan at a fair value of $13.19 per share to an employee. These RSUs will vest and settle in the form of Class A shares of Silvercrest. Twenty-five percent of the RSUs granted vest and settle on each of the first, second, third and fourth anniversaries of the grant date.

For the years ended December 31, 2016 and 2015, the Company recorded compensation expense related to such RSUs of $3,247 and $1,276, respectively, as part of total compensation expense in the Consolidated Statements of Operations for the years then ended. As of December 31, 2016 and 2015, there was $5,169 and $11,383, respectively, of unrecognized compensation expense related to unvested awards. As of December 31, 2016 and 2015, the unrecognized compensation expense related to unvested awards is expected to be recognized over a period of 2.40 and 3.60 years, respectively.

A summary of these RSU grants by the Company as of December 31, 2016 and 2015 is presented below:

	Restricted Stock Units Granted	
	Units	Fair Value per unit
Total granted at January 1, 2015	—	$—
Granted on August 6, 2015	966,510	13.23
Total granted at December 31, 2015	966,510	13.23
Granted in May 2016	14,373	13.19
Vested in August 2016	(241,627)	(13.23)
Total granted at December 31, 2016	739,256	$13.19 – 13.23

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For the years ended December 31, 2016 and 2015, the Company recorded total compensation expense related to such Deferred Equity Units and Restricted Stock Units of $3,228 and $1,524, respectively, of which ($32) and $81, respectively, related to the Performance Units given that there was an explicit service period associated with the Deferred Equity Units, and the likelihood that the performance target would be met was considered probable.

17. DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

SAMG LLC has a defined contribution 401(k) savings plan (the "Plan") for all eligible employees who meet the minimum age and service requirements as defined in the Plan. The Plan is designed to be a qualified plan under sections 401(a) and 401(k) of the Internal Revenue Code. For employees who qualify under the terms of the Plan, on an annual basis Silvercrest matches dollar for dollar an employee's contributions up to the first 4% of compensation. For the years ended December 31, 2016, 2015 and 2014, Silvercrest made matching contributions of $112, $86 and $79, respectively, for the benefit of employees.

18. SOFT DOLLAR ARRANGEMENTS

The Company obtains research and other services through "soft dollar" arrangements. The Company receives credits from broker-dealers whereby technology-based research, market quotation and/or market survey services are effectively paid for in whole or in part by "soft dollar" brokerage arrangements. Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a "safe harbor" to an investment adviser against claims that it breached its fiduciary duty under state or federal law (including ERISA) solely because the adviser caused its clients' accounts to pay more than the lowest available commission for executing a securities trade in return for brokerage and research services. To rely on the safe harbor offered by Section 28(e), (i) the Company must make a good-faith determination that the amount of commissions is reasonable in relation to the value of the brokerage and research services being received and (ii) the brokerage and research services must provide lawful and appropriate assistance to the Company in carrying out its investment decision-making responsibilities. If the use of soft dollars is limited or prohibited in the future by regulation, the Company may have to bear the costs of such research and other services. For the years ended December 31, 2016, 2015 and 2014, the Company utilized "soft dollar" credits of $804, $940 and $1,053, respectively.

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of the quarterly results of operations of the Company for the years ended December 31, 2016 and 2015.

2016

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$19,263	$ 19,337	$ 20,470	$ 21,192
Income before other income (expense), net	$3,624	$ 3,505	$ 4,181	$ 3,326
Net income	$2,496	$ 2,106	$ 2,893	$ 2,487
Net income attributable to Silvercrest	$1,307	$ 926	$ 1,496	$ 1,286
Net income per share/unit - basic	$0.16	$ 0.12	$ 0.19	$ 0.15
Net income per share/unit - diluted	$0.16	$ 0.12	$ 0.19	$ 0.15
Weighted average shares/units outstanding - basic	7,995,720	8,027,825	8,038,638	8,062,041
Weighted average shares/units outstanding - diluted	7,995,720	8,034,686	8,049,220	8,072,623

	2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	$17,428	$ 18,546	$ 19,953	$ 19,211
Income before other income (expense), net	$4,138	$ 4,603	$ 4,269	$ 3,947
Net income	$2,810	$ 3,327	$ 2,783	$ 2,165
Net income attributable to Silvercrest	$1,403	$ 1,721	$ 1,326	$ 874
Net income per share/unit - basic	$0.18	$ 0.22	$ 0.17	$ 0.11
Net income per share/unit – diluted	$0.18	$ 0.22	$ 0.17	$ 0.11
Weighted average shares/units outstanding - basic	7,770,610	7,822,394	7,876,930	7,948,273
Weighted average shares/units outstanding - diluted	7,770,610	7,822,394	7,876,930	7,948,273

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