CREDITRISKMONITOR COM INC
Form DEF 14A
June 20, 2016

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

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to Section 240.14a-12

CREDITRISKMONITOR.COM, INC.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):
No fee required
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
(1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4) Proposed maximum aggregate value of transaction:
(5) Total fee paid:
Fee paid previously with preliminary materials:
Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount previously paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

CREDITRISKMONITOR.COM, INC.
704 Executive Boulevard, Suite A
Valley Cottage, New York 10989

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JULY 28, 2016

To the Stockholders of CreditRiskMonitor.com, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of CreditRiskMonitor.com, Inc., a Nevada corporation (the "Company"), will be held on July 28, 2016 at 704 Executive Boulevard, Suite A, Valley Cottage, NY 10989, at 9:30 a.m., for the following purposes:

1. To elect five directors for the coming year;

2. To hold an advisory, non-binding vote on the compensation of our named executive officers;

3. To ratify the selection of CohnReznick LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016; and

4. To transact such other business as may properly come before the meeting.

Only stockholders of record at the close of business on June 6, 2016 are entitled to notice of and to vote at the meeting or at any adjournment thereof.

Important notice regarding the availability of Proxy Materials: The proxy statement and the Company's Annual Report on Form 10-K for the year ended December 31, 2015 are available electronically at www.proxyvote.com.

Jerome S. Flum
Chief Executive Officer

Valley Cottage, New York
June 6, 2016

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE. FOR SPECIFIC INSTRUCTIONS ON HOW TO VOTE YOUR SHARES, PLEASE REFER TO THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD. ANY STOCKHOLDER MAY REVOKE A SUBMITTED PROXY AT ANY TIME BEFORE THE MEETING BY WRITTEN NOTICE TO SUCH EFFECT, BY SUBMITTING A SUBSEQUENTLY DATED PROXY OR BY ATTENDING THE MEETING AND VOTING IN PERSON. THOSE VOTING BY INTERNET OR BY TELEPHONE MAY ALSO REVOKE THEIR PROXY BY VOTING IN PERSON AT THE MEETING OR BY VOTING AND SUBMITTING THEIR PROXY AT A LATER TIME BY INTERNET OR BY TELEPHONE.

CREDITRISKMONITOR.COM, INC.
704 Executive Boulevard, Suite A
Valley Cottage, New York 10989

PROXY STATEMENT

SOLICITING, VOTING AND REVOCABILITY OF PROXY

This proxy statement is being made available to all stockholders of record at the close of business on June 6, 2016, in connection with the solicitation by the Board of Directors of the Company (the "Board") of proxies to be voted at the Annual Meeting of Stockholders to be held on July 28, 2016 at 9:30 a.m., local time, or any adjournment thereof, at 704 Executive Boulevard, Suite A, Valley Cottage, NY 10989. Proxy materials for the Annual Meeting of Stockholders were made available to stockholders on or about June 20, 2016.

All shares represented by proxies duly executed and received will be voted on the matters presented at the meeting in accordance with the instructions specified in such proxies. If you are a beneficial owner of shares held in street name and you do not provide specific voting instructions to the organization that holds your shares, the organization will be prohibited from voting your shares on "non-routine" matters. This is commonly referred to as a "broker non-vote". The election of directors and the advisory vote on the compensation of certain of our executive officers are considered "non-routine" matters and therefore may not be voted on by your bank or broker absent specific instructions from you. Please instruct your bank or broker so your vote can be counted.

The ratification of the appointment of CohnReznick LLP as the Company's independent registered public accounting firm for 2016 (Proposal Number 3) is considered a routine matter under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal Number 3.

The Board does not know of any other matters that may be brought before the meeting nor does it foresee or have reason to believe that the proxy holder will have to vote for substitute or alternate nominees to the Board. In the event that any other matter should come before the meeting or any nominee is not available for election, the person named in the enclosed proxy will have discretionary authority to vote all proxies not marked to the contrary with respect to such matters in accordance with his best judgment.

The total number of common shares outstanding and entitled to vote as of the close of business on June 6, 2016 was 10,722,321. The common shares are the only class of securities entitled to vote on matters presented to the stockholders, each share being entitled to one vote. A majority of the common shares outstanding and entitled to vote as of the close of business on June 6, 2016 or 5,361,161 common shares, must be present at the meeting in person or by proxy in order to constitute a quorum for the transaction of business. Abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting. All information regarding the Company's common stock and stock options contained above or elsewhere in this Proxy Statement has been adjusted to reflect the Company's 1.3-for-1 stock split, effected in the form of a 30% stock dividend, effective as of December 15, 2015.

With regard to Proposal Number 1, the election of directors, votes may be cast in favor or withheld. Each director shall be elected by a plurality of the votes cast in favor. Accordingly, since there is a nominee for each of the five directorships, each nominee who receives one or more votes will be elected as a director. Abstentions and broker non-votes will have no effect on the outcome of this Proposal.

With regard to Proposal Number 2, Advisory Vote on Executive Compensation, votes may be cast in favor, against or you may abstain. The affirmative vote of a majority of shares present in person or by proxy and entitled to vote is necessary for approval of our executive compensation. However, this advisory vote is not binding on us, our board of directors, or management. Abstentions will not be voted, although they will be counted as present and entitled to vote for purposes of the Proposal. Accordingly, an abstention will have the effect of a vote against this Proposal. Broker non-votes will have no effect on the outcome of this Proposal.

With regard to Proposal Number 3, the ratification of CohnReznick LLP as the Company’s independent registered public accounting firm, votes may be cast in favor, against or you may abstain. The affirmative vote of a majority of shares present in person or by proxy and entitled to vote is necessary for ratification of the Company’s independent registered public accountants. Abstentions will not be voted, although they will be counted as present and entitled to vote for purposes of the Proposal. Accordingly, an abstention will have the effect of a vote against this Proposal. A broker who does not receive instructions as to how to vote your shares may vote at its discretion in connection with this Proposal.

Any person giving a proxy in the form accompanying this proxy statement has the power to revoke it at any time before its exercise. The proxy may be revoked by filing with us written notice of revocation or a fully executed proxy bearing a later date. The proxy may also be revoked by affirmatively electing to vote in person while in attendance at the meeting. However, a stockholder who attends the meeting need not revoke a proxy given and vote in person unless the stockholder wishes to do so. Written revocations or amended proxies should be sent to us at 704 Executive Boulevard, Suite A, Valley Cottage, New York 10989, Attention: Corporate Secretary. Those voting by Internet or by telephone may also revoke their proxy by voting in person at the meeting or by voting and submitting their proxy at a later time by Internet or by telephone.

The proxy is being solicited by the Board. We will bear the cost of the solicitation of proxies, including the charges and expenses of brokerage firms and other custodians, nominees and fiduciaries for forwarding proxy materials to beneficial owners of the Company’s shares. Solicitations will be made primarily by mail, but certain of the directors, officers or employees may solicit proxies in person or by telephone, telecopier or email without special compensation.

A list of stockholders entitled to vote at the meeting will be available for examination by any stockholder for any purpose germane to the meeting, during ordinary business hours, for ten (10) days prior to the meeting, at the Company's offices located at 704 Executive Boulevard, Suite A, Valley Cottage, New York 10989, and also during the whole time of the meeting for inspection by any stockholder who is present. To contact us, stockholders should call Lawrence Fensterstock at (845) 230-3060.

EXECUTIVE COMPENSATION
SUMMARY COMPENSATION TABLE

The following table shows all cash compensation paid or to be paid by the Company during the fiscal years indicated to the chief executive officer and all other executive officers of the Company as of the end of the Company's last fiscal year.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus [1]	Option Awards [2]	All Other Compensation	Total
Jerome S. Flum, Chairman	2015	$170,000	$40,000	$ -0-	$ -0-	$210,000
and Chief Executive Officer	2014	$164,760	$ 33,750	$ -0-	$ -0-	$198,510
William B. Danner,	2015	$204,600	$65,000	$ 10,911	$ -0-	$280,511
President	2014	$198,600	$ 48,750	$ 10,911	$ -0-	$258,261
Lawrence Fensterstock,	2015	$170,000	$63,000	$ 740	$ -0-	$233,740
Senior Vice President	2014	$164,760	$ 47,250	$ 740	$ -0-	$212,750

(1) The amounts in this column reflect bonuses awarded for the fiscal year shown but paid in the subsequent fiscal year.

(2) Represents the compensation costs of stock option awards for financial reporting purposes for the year under ASC 718, rather than an amount paid to or realized by the named executive officer. For a more detailed discussion of the assumptions used in estimating fair value, see Note 6 (Common Stock, Stock Options, and Stock Appreciation Rights) of the Notes to Financial Statements in the Annual Report on Form 10-K for the year ended December 31, 2015 that accompanies this proxy statement.

OUTSTANDING EQUITY AWARDS

No stock options were granted to the Company's executive officers during the fiscal year ended December 31, 2015.

The following table reflects outstanding equity grants to the Company's executive officers as of December 31, 2015:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-exercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
William B. Danner	-0-	13,000	-0-	$ 5.58	01-14-21
	-0-	6,500	-0-	$ 2.32	07-11-22
Lawrence Fensterstock	-0-	2,600	-0-	$ 2.32	07-11-22

The closing market price of the Company's common stock on December 31, 2015 was $1.94 per share.

The options under Mr. Danner's grants expiring in 2021 and 2022 and Mr. Fensterstock's grant expiring in 2022 may be exercised after four years in installments upon the attainment of specified length of service. In the event of a change in control (as defined), the options will vest in full at the time of such change in control.

DIRECTOR COMPENSATION

Effective January 1, 2010, non-employee directors receive $750 per quarter or a total of $3,000 per calendar year.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash	Option Awards[1]	Total
Andrew J. Melnick	$ 3,000	$ 1,850	$4,850
Jeffrey S. Geisenheimer	$ 3,000	$ 1,850	$4,850
Joshua M. Flum	$ 3,000	$ 7,584	$10,584
Richard J. James	$ 3,000	$ 1,850	$4,850

[1] Represents the compensations costs for financial reporting purposes for the year under ASC 718. For a more detailed discussion of the assumptions used in estimating fair value, see Note 6 (Common Stock, Stock Options, and Stock Appreciation Rights) of the Notes to Financial Statements in the Annual Report on Form 10-K for the year ended December 31, 2015 that accompanies this proxy statement.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth as of March 8, 2016 information regarding the beneficial ownership of the Company's voting securities (i) by each person or group known by the Company to be the owner of record or beneficially of more than five percent of the Company's voting securities, (ii) by each of the Company's directors and executive officers, and (iii) by all directors and executive officers of the Company as a group. Except as indicated in the following notes, the owners have sole voting and investment power with respect to the shares. Unless otherwise noted, each owner's mailing address is c/o CreditRiskMonitor.com, Inc., 704 Executive Boulevard, Valley Cottage, New York 10989.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Santa Monica Partners, L.P./ La'Dadande Limited Partnership/ Lawrence J. Goldstein (2) 1865 Palmer Avenue Larchmont, NY 10538	815,901	7.58%
Arosa Investments Management LLC (3) 540 N. Dearborn Street Chicago, IL 60610	633,950	5.89%
Flum Partners (4)	5,641,134	52.42%
Jerome S. Flum	6,238,776 (5)(6)	57.97%
William B. Danner	169,936	1.58%
Lawrence Fensterstock	140,818	1.31%
Andrew J. Melnick	52,000	*
Jeffrey S. Geisenheimer	121,448	1.13%
Joshua M. Flum	45,500	*
Richard J. James	60,450	*
All directors and executive officers (as a group (7 persons))	6,828,928 (5)(6)	63.46%

*less than 1%

(1) Does not give effect to (a) options to purchase 348,350 shares of Common Stock granted to 27 officers and employees pursuant to the 2009 Long-Term Incentive Plan of the Company, and (b) options to purchase an aggregate of 34,000 shares granted to the non-employee directors pursuant to the 2009 Long-Term Incentive Plan of the Company. All of the foregoing options are not exercisable within sixty days. Includes 2,600 shares of Common Stock issued to Flum Partners in consideration of loans to the Company. Includes options to purchase 39,000 shares of Common Stock granted to Mr. Joshua Flum which are immediately exercisable.

(2) Based on the information contained in a Schedule 13G/A filed February 10, 2014. The general partner of Santa Monica Partners, L.P. is SMP Asset Management, LLC. The general partner of La'Dadande Limited Partnership is La'Dadande Corp. Lawrence J. Goldstein is an individual investor, the sole managing member and sole owner of SMP Asset Management, LLC, a limited partner of La'Dadande Limited Partnership and President of La'Dadande Corp., and may be deemed to beneficially own these shares. Mr. Goldstein disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(3) Based on the information contained in a Schedule 13G filed July 7, 2015. The managing member of Arosa Investment Management is Alex Tabatabai.

(4) The sole general partner of Flum Partners is Jerome S. Flum, Chairman of the Board and Chief Executive Officer of the Company.

(5) Includes 5,641,134 shares owned by Flum Partners, of which Mr. Flum is the sole general partner, which are also deemed to be beneficially owned by Mr. Flum because of his power, as sole general partner of Flum Partners, to direct the voting of such shares held by the partnership. Mr. Flum disclaims beneficial ownership of the shares owned by Flum Partners. The 6,238,776 shares of Common Stock, or 57.97% of the outstanding shares of Common Stock, may also be deemed to be owned, beneficially and collectively, by Flum Partners and Mr. Flum, as a "group", within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Act").

(6) Includes 7,800 shares of Common Stock owned by a grandchild of Mr. Flum, the beneficial ownership of which is disclaimed by Mr. Flum. Also, includes 260,000 shares of Common Stock owned by Family Trusts established by Mr. Flum, the beneficial ownership of which is disclaimed by Mr. Flum.

The Company's equity compensation plans approved by stockholders are the 1998 Long-Term Incentive Plan, which expired May 11, 2009, and the 2009 Long-Term Incentive Plan. The 2009 Long-Term Incentive Plan provides for the grant of options and other awards up to an aggregate of 1,300,000 shares of common stock.

The following table summarizes information about the Company's common stock that may be issued upon the exercise of options, warrants and rights under all equity compensation plans of the Company as of December 31, 2015.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by stockholders	337,350	$ 3.01	1,001,650
Total	337,350	$ 3.01	1,001,650

PROPOSAL 1: ELECTION OF DIRECTORS

Five directors are to be elected at the meeting to serve until the next annual meeting of stockholders and until their respective successors shall have been elected and have qualified. The directors shall be elected by a plurality of the votes cast in favor. Accordingly, based upon there being five nominees, each person who receives one or more votes will be elected as a director.

Nominees for Directors

All five of the nominees are currently members of the Board. The Board recommends a vote FOR all nominees.

The following table sets forth certain information regarding those individuals currently serving as the directors, as of March 8, 2016:

Name	Age	Principal Occupation/Position Held with Company	Officer or Director Since
Jerome S. Flum	75	Chairman of the Board/Chief Executive Officer	1983
Andrew J. Melnick	74	Director	2005
Jeffrey S. Geisenheimer	50	Director	2005
Joshua M. Flum	46	Director	2007
Richard J. James	76	Director	1992

The following pages contain biographical and other information about the nominees.

Jerome S. Flum has been a Director since 1983 and was appointed President and Chief Executive Officer of the Company and Chairman of the Board in June 1985. Since 1968 he has been in the investment business as an institutional security analyst, research and sales partner at an investment firm and then as a general partner of a private investment pool. Before entering the investment business, Mr. Flum practiced law, helped manage a U.S. congressional campaign and served as a legal and legislative aide to a U.S. congressman. He has been a guest lecturer at the Massachusetts Institute of Technology/Sloan School of Management Lab for Financial Engineering. Mr. Flum received a BS degree in business administration from Babson College and a JD degree from Georgetown University Law School. We believe that Mr. Flum's extensive experience, including his service as Chairman of the Board since June 1985, give him the qualifications and skills to serve as one of the directors.

Andrew J. Melnick has been a Director since March 2005. Since the end of 2014, Mr. Melnick has been the Chief Investment Strategist and a shareholder in the investment advisory firm BPV Capital Management. BPV provides investment advisory services to institutions and individual clients. From 2010 to 2014, he was a Managing Partner of SkyView Investment Advisors. The firm acted as lead sub-advisor to 40 Act alternative mutual funds. From 2005 to 2009, Mr. Melnick helped manage two hedge funds. He retired from Goldman, Sachs & Co. at the end of 2004. He joined Goldman Sachs in 2002 as Co-Director of its Global Investment Research Division and a member of its Management Committee. Prior to joining Goldman Sachs, Mr. Melnick was Senior Vice President and Director of the Global Securities and Economics Research Group of Merrill Lynch. During his 13 years at Merrill Lynch, he expanded the Firm’s Research Group from primarily a domestic effort to one with research offices in 26 countries around the world. During that period Merrill Lynch was ranked as the top research department in nearly all regions of the world including six straight times as the number one equity research department in the United States. Previous employment: President of Woolcott & Co., a boutique research and investment banking firm; Director of Research and a Partner of L.F. Rothschild Unterberg Towbin; and Senior Analyst at Drexel Burnham Lambert. Mr. Melnick is a Commissioner of the Monmouth County Improvement Authority, a member of the Board of Trustees of the Monmouth Medical Center, and serves on the Board of Governors of the American Jewish Committee and acts as Chairman of their Investment Committee. Mr. Melnick earned a BA in economics and MBA in finance from Rutgers. He is a Chartered Financial Analyst (C.F.A.). We believe that Mr. Melnick’s corporate finance and executive-level experience, as well as his service on the Board since March 2005, give him the qualifications and skills to serve as one of the directors.

Jeffrey S. Geisenheimer has been a Director since December 2005. He has been the Chief Financial Officer for the Coleman Research Group, Inc., a primary research firm serving the investment and corporate communities, since September 2011. In this capacity, he is responsible for all the financial, administrative and research operations. Prior to joining Coleman Research Group, Mr. Geisenheimer was the CFO of five private equity-backed companies (Ford Models, Inc., from 2008 to 2011, Managed Systems, Inc., from 2007 to 2008, Register.com, Inc., 2007, Instant Information, Inc., from 2005 to 2007 and Moneyline Telerate, Inc., from 2003 to 2005) and two publicly traded companies (Multex.com, Inc., from 1999 to 2003, and Market Guide, Inc., from 1987 to 1999). While CFO at three of these companies (Market Guide, Multex and Moneyline Telerate) he oversaw their acquisition by much larger corporations. Mr. Geisenheimer received a BBA degree in banking and finance and a MBA degree in accounting from Hofstra University. We believe that Mr. Geisenheimer’s executive-level experience, as well as his experience in the areas of finance and mergers and acquisitions, and his service on the Board since December 2005, give him the qualifications and skills to serve as one of the directors.

Joshua M. Flum has been a Director since September 2007. He has been an executive with CVS Health Corporation since July 2004. Mr. Flum began his career at CVS Health in Store Operations and is currently Executive Vice President, Pharmacy Services. Prior to joining CVS Health, Mr. Flum spent three years with The Boston Consulting Group specializing in the Consumer and Retail Practice Area. Mr. Flum is a graduate of the Yale Law School and spent the first years of his professional career clerking for the Honorable Edward R. Becker, Chief Judge of the United States Court of Appeals for the Third Circuit, and then at the law firm of Miller, Cassidy, Larroca and Lewin, LLP. We believe that Mr. Flum’s experience in the areas of business consultation and legal, and his service on the Board since September 2007, give him the qualifications and skills to serve as one of the directors.

Richard J. James has been a Director since April 1992. He is currently retired. He was a Consultant for Sigma Breakthrough Technologies, Inc. from 2005 to 2013, working with leading international and domestic Fortune 500 companies to improve their new product development and operational processes. From 1980 until 2002, Mr. James served as the Technical Manager for Polaroid Corporation's Consumer Hardware Division, supporting manufacturing plants in Scotland, China and the United States. In this role, he was responsible for increasing the business performance of Polaroid's instant consumer cameras through improved manufacturing processes and product redesigns. From 1968 through 1979, Mr. James was President of James Associates, a group of businesses involving accounting and tax preparation, small business consulting, real estate sales and rentals, and retail jewelry sales. Mr. James was a founding Board member and VP Finance of the Boston Chapter of the Society of Concurrent Product Development. Mr. James holds a BS in chemical engineering from Northeastern University and has completed extensive managerial and technical subjects. We believe that Mr. James' corporate finance and executive-level experience, as well as his service on the Board since April 1992, give him the qualifications and skills to serve as one of the directors.

Term of Office

Each director will hold office until the next annual meeting of stockholders and until his successor is elected and qualified or until his earlier resignation or removal. Each executive officer will hold office until the initial meeting of the Board following the next annual meeting of stockholders and until his successor is elected and qualified or until his earlier resignation or removal.

Family Relationships

Joshua M. Flum is the son of Jerome S. Flum.

Executive Officers

Name	Age	Principal Occupation/Position Held with Company	Officer or Director Since
William B. Danner	59	President/Chief Operating Officer	2005
Lawrence Fensterstock	65	Senior Vice President/Chief Financial Officer/Secretary	1999

William B. Danner joined the Company in May 2005 as Chief Marketing Officer, was appointed Chief Operating Officer in October 2005 and appointed President in May 2007. Mr. Danner's experience includes over 25 years in financial services and information services. Prior to joining the Company, his most recent experience included brand strategy and business development consulting for financial services clients at his own firm, Danner Marketing. Clients included WellPoint and Bowne & Co. Previously, he was at Citigate Albert Frank, a marketing communications company in New York City, where he provided strategic planning and brand consulting for a variety of leading financial services organizations including Reuters Instinet and the CFA Institute. From 1997 to 2001, Mr. Danner was Vice President of Market Development at MetLife's employee-benefits business. Before joining MetLife, he was at Dun & Bradstreet for over 5 years, most recently as Vice President, Strategic Planning. He spent nearly the first 10 years of his career at General Electric Company, working in increasingly responsible positions at GE Information Services and GE Capital. Mr. Danner earned a BA in economics at Harvard College and an MBA at Harvard Business School.

Lawrence Fensterstock joined the Company and was elected to his current offices in January 1999. Previously, he joined Market Guide Inc. in September 1996 to assist in the formation of its credit information services division. From 1993 to 1996, Mr. Fensterstock was with Information Clearinghouse Incorporated ("ICI") and was closely involved in the formation of its credit reporting service. In addition to being responsible for the publication of the various facets of this credit reporting service, he was chief operating and financial officer of ICI. From 1989 through 1992, Mr. Fensterstock was Vice President-Controller, Treasurer and Corporate Secretary for a private entity formed to acquire Litton Industries' office products operations in a leveraged buyout. There, he spent over 2 years acting as de facto chief financial officer. Mr. Fensterstock is a certified public accountant who began his career in 1973 with Arthur Andersen LLP. He earned a BA degree in economics from Queens College and an MBA degree from The University of Chicago Business School.

Significant Employees

Michael Broos has been Chief Technology Officer since December 2001. He has more than 30 years of experience leading technology teams in the development and implementation of software applications for the Internet, Windows, DOS, and mainframes. Before joining the Company, Mr. Broos was Senior Vice President of Technology for About.com; Chief Technology Officer of Fan2Fan.com; Chief Technology Officer of AKA.com; Vice President of Internet Solutions for Inventure.com; and Vice President of Software Development for Dun & Bradstreet for 8 years. Prior to joining Dun & Bradstreet in 1990, Mr. Broos was an independent consultant and entrepreneur for 10 years, during which time he co-founded several software companies, including Infocom (the creators of Zork). Mr. Broos began his career with a ten-year stint on the academic computer research staff of the M.I.T. Laboratory of Computer Science, where he developed interactive, graphical and email-based applications for the ARPANET (the precursor of today's Internet).

Camilo Gomez joined the Company in October 2009 to lead a new Quantitative Research effort. Prior to joining the Company, Dr. Gomez was a principal at Lone Pine Mesa LLC, where he consulted with companies in the area of specialty finance since 2005. Prior to that, he was a Managing Director at Standard & Poor's Risk Solutions group since 2001. Before S&P, Dr. Gomez was co-founder and Group Head for Financial Analytics for the Center for Adaptive Systems & Applications ("CASA"), a company spun off from the Los Alamos National Laboratory where he had been a researcher. Formed in collaboration with Citibank, CASA provided quantitative analytical consulting services to Fortune 500 companies. A major focus at CASA was to develop scoring and economic response models covering different regions of the globe. Dr. Gomez earned a B.S. in 1980 and a Ph.D. in 1985 from the Massachusetts Institute of Technology.

Patricia A. McParland joined the Company in November 2014 to head the Company's Marketing effort. She brings more than 20 years of business information industry experience in marketing and product management for industry leaders such as Dun & Bradstreet and Dow Jones & Company as well as smaller companies. Most recently she headed the corporate marketing team at Dun & Bradstreet, performing progressively more challenging roles in marketing communications, product marketing and product management over a 13 year tenure there. From 1992-2000, Ms. McParland worked for Dow Jones & Company, where she provided integral leadership in the redesign of Dow Jones Interactive, a Web-based research service for enterprise customers, and in the creation of Factiva.com, its successor formed by a joint venture with Reuters. Her experience in the information industry includes all aspects of marketing, from product creation through launch, sales enablement, branding, marketing communications and digital marketing. She started her career in marketing communications at NewsNet, a pioneer in online business news. Ms. McParland holds a B.A. in English from the College of William and Mary.

Committees

The Audit Committee

The Audit Committee assists the Board in fulfilling its responsibility to the shareholders, potential shareholders and investment community relating to corporate accounting, reporting practices of the Company and the quality and integrity of the Company's financial reporting. To fulfill its purposes, the Committee's duties include to:

- Appoint, evaluate, compensate, oversee the work of, and if appropriate terminate, the independent auditor, who shall report directly to the Committee.

- Approve in advance all audit engagement fees and terms of engagement as well as all audit and non-audit services to be provided by the independent auditor.

- Engage independent counsel and other advisors, as it deems necessary to carry out its duties.

In performing these functions, the Audit Committee meets periodically with the independent auditors and management to review their work and confirm that they are properly discharging their respective responsibilities. The Board has adopted a written charter for the Audit Committee, a copy of which was annexed to the Company's 2013 Proxy Statement and can be found on the Company's website, http://www.crmz.com, under "Investor Information".

The Audit Committee currently consists of the Company's outside directors – Andrew Melnick, Jeffrey Geisenheimer, Joshua Flum and Richard James, all of whom, except Mr. Flum, are audit committee financial experts and independent, as such terms are defined by the SEC.

Nominating Committee

Due to the Company's small size and scope of operations, it does not have a separately designated and standing nomination committee at this time, and therefore the entire Board is responsible for screening and reviewing potential director candidates and nominating and recommending such candidates for election by the stockholders.

Compensation Committee

The Compensation Committee of the Board is responsible for advising the Board with respect to the compensation of the Company's employees, including the determination of the compensation for the Chief Executive Officer and the other executive officers, the approval of one or more stock option plans and other compensation plans covering the Company's employees, and the grant of stock options and other awards pursuant to stock option plans and other compensation plans. The members of the Compensation Committee currently are Messrs. Andrew Melnick, Jeffrey Geisenheimer, Joshua Flum and Richard James. The Compensation Committee does not currently have a charter.

The Compensation Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Compensation Committee. The Chief Executive Officer assists the Compensation Committee from time to time by advising on a variety of compensation matters, such as assisting the Compensation Committee in determining appropriate salaries and bonuses for the executive officers. The Compensation Committee has the authority to consult with management and to engage the services of outside advisors, experts and others to assist it in its efforts.

Board Leadership Structure and Role in Risk Oversight

The Board as a whole is responsible for the Company's risk oversight. The executive officers address and discuss with the Board the Company's risks and the manner in which the Company manages or mitigates such risks. While the Board has the ultimate responsibility for the Company's risk oversight, the Board works in conjunction with its committees on certain aspects of its risk oversight responsibilities. In particular, the Audit Committee focuses on financial reporting risks and related controls and procedures.

Since 1985, Jerome S. Flum has served as the Chairman of the Board and Chief Executive Officer. We do not currently have a lead independent director. At this time, the Board believes that Mr. Flum's combined role as Chief Executive Officer and Chairman of the Board enables us to benefit from Mr. Flum's significant institutional and industry knowledge and experience, while at the same time promoting unified leadership and direction for the Board and executive management without duplication of effort and cost. Given the Company's history, position, Board composition and the relatively small size of the company and management team, at this time the Board believes that we and the shareholders are best served by the current leadership structure.

Report of the Audit Committee

In overseeing the preparation of the financial statements of CreditRiskMonitor.com, Inc. as of December 31, 2015 and for the years ended December 31, 2015 and 2014, the Audit Committee met with management to review and discuss all financial statements prior to their issuance and to discuss significant accounting issues. Management advised the Committee that all financial statements were prepared in accordance with generally accepted accounting principles, and the Committee discussed the statements with management. The Committee also discussed with CohnReznick LLP, the Company's outside auditors ("CohnReznick"), the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Committee received the written disclosures and the letter from CohnReznick required by applicable requirements of the Public Company Accounting Oversight Board regarding CohnReznick's communications with the Committee concerning independence and the Committee discussed CohnReznick's independence with CohnReznick.

On the basis of these reviews and discussions, the Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, for filing with the Securities and Exchange Commission.

Meetings

The Board held four (4) meetings during the fiscal year ended December 31, 2015.

The Audit Committee of the Board held one (1) meeting during the fiscal year ended December 31, 2015, prior to the filing of the Company's Annual Report on Form 10-K.

During 2015, all of the directors, other than Richard James, attended at least 75% of the meetings of the Board and of the committees on which they served.

The Company does not have a formal policy regarding director attendance at the annual meeting of stockholders. However, all directors are encouraged to attend.

Communications with the Board

Any security holder who wishes to communicate with the Board or a particular director should send the correspondence to the Board, CreditRiskMonitor.com, Inc., 704 Executive Boulevard, Suite A, Valley Cottage, New York 10989, Attention: Corporate Secretary. Any such communication so addressed will be forwarded by the Corporate Secretary to the members or a particular member of the Board.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission ("SEC") initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Such persons are required by SEC regulation to furnish the Company with copies of all Section 16(a) reports they file.

To the Company's knowledge, based solely on its review of the copies of such reports received by it with respect to fiscal 2015, or written representations from certain reporting persons, the Company believes that all filing requirements applicable to its directors, officers and persons who own more than 10% of a registered class of the Company's equity securities have been timely complied with.

Director Independence

The Board is currently comprised of Jerome S. Flum, Andrew J. Melnick, Jeffrey S. Geisenheimer, Joshua M. Flum and Richard J. James, all of whom, except Messrs. Jerome S. Flum and Joshua M. Flum, are "independent directors", as defined by the SEC.

Code of Ethics

The Board has adopted a Code of Ethics for the Company's Principal Executive Officer and Senior Financial Officers. This Code applies to the Company's Chief Executive Officer, President and Chief Financial Officer (who also is the Company's principal accounting officer).

The Board unanimously recommends a vote "FOR" all nominees.

PROPOSAL 2 — ADVISORY VOTE ON EXECUTIVE COMPENSATION
(ITEM NO. 2 ON THE PROXY CARD)

The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, requires us to hold an advisory vote on the compensation of our executive officers, as disclosed in this proxy statement in accordance with the rules of the Securities and Exchange Commission, or SEC. As described elsewhere in this proxy statement, we try to design our executive officer compensation programs to attract, motivate and retain the key executives who will drive the creation of stockholder value.

Please read the “Executive Compensation” section of this proxy statement, beginning on page 3. That section of the proxy statement, which includes our executive officer compensation tables and related narrative discussion, provides details on our compensation programs and policies for our executive officers. We believe that the Company’s compensation policies and procedures do not create undue risk nor are they excessive in an amount or nature.

We are requesting stockholder approval of the compensation of our executive officers as disclosed in this proxy statement. This proposal, commonly known as a “say-on-pay” proposal, gives our stockholders the opportunity to express their views on our executive officers’ compensation. The vote is not intended to address any specific item of compensation, but rather the overall compensation of our executive officers and the philosophy, policies and practices described in this proxy statement.

We are asking our stockholders to indicate their support for our named executive officer compensation through the following resolution:

“RESOLVED, that the stockholders approve the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the compensation tables and narrative discussion in the Company’s proxy statement for its 2016 annual meeting.”

As provided in the Securities Exchange Act, the vote is not binding on the Board and may not be construed as overruling a decision by the Board, nor creating or implying any additional fiduciary duty by the Board, nor be construed to restrict or limit the ability of stockholders to make proposals for inclusion in proxy materials related to executive compensation.

The Board unanimously recommends a vote “FOR” approval of the compensation of executive officers as described in the tabular disclosure regarding named executive officer compensation in this proxy statement.

PROPOSAL 3 — RATIFICATION OF THE APPOINTMENT OF COHNREZNICK LLP AS INDEPENDENT PUBLIC ACCOUNTANTS
(ITEM NO. 3 ON THE PROXY CARD)

Upon the recommendation of the Audit Committee, the Board has selected CohnReznick LLP to serve as the Company's independent registered public accounting firm for 2016. In taking this action, the Board considered CohnReznick LLP's independence with respect to the services to be performed and other factors, which the Board believes is advisable and in the best interest of the stockholders.

CohnReznick LLP served as the Company's independent registered public accounting firm for the years ended December 31, 2015 and 2014, and has no financial interest of any kind in us except the professional relationship between auditor and client.

Stephen Ebinger, a partner of CohnReznick LLP, will be in attendance at the meeting. He will have an opportunity to make a statement if he wishes to do so, and will be available to respond to appropriate questions. We are asking the stockholders to ratify the selection of CohnReznick LLP as the Company's independent registered public accounting firm for 2016. Although ratification is not required by the Company's Bylaws or otherwise, the Board is submitting the selection of CohnReznick LLP to the stockholders for ratification because we value the stockholders' views on the Company's independent registered public accounting firm and as a matter of good corporate practice.

In the event that the stockholders fail to ratify the selection, it will be considered a recommendation to the Board to consider the selection of a different firm. Even if the selection is ratified, the Board may in its discretion select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and the stockholders.

The aggregate fees incurred by CohnReznick LLP for professional services rendered to the Company for the last two fiscal years are as follows:

	Fiscal Year Ended December 31,	
	2015	2014
Audit fees [(1)]	$95,000	$92,500
Audit related fees [(2)]	-	-
Tax fees [(3)]	$10,000	$10,000
All other fees	-	-
Total fees	$105,000	$102,500

(1) Consists of fees for services provided in connection with the audit of the Company's financial statements and review of the Company's quarterly financial statements.

(2) Consists of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees."

(3) Consists of fees for preparation of Federal and state income tax returns.

The engagement of CohnReznick LLP for the 2015 and 2014 fiscal years and the scope of audit-related services, including the audits and reviews described above, were all pre-approved by the Audit Committee.

The policy of the Audit Committee is to pre-approve the engagement of the Company's independent auditors and the furnishing of all audit and non-audit services.

The Board unanimously recommends a vote "FOR" ratification of CohnReznick LLP as the Company's independent registered public accounting firm for 2016.

STOCKHOLDER PROPOSALS

Stockholder proposals intended to be presented at the next annual meeting of stockholders pursuant to the provisions of Rule 14a-8 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended, must be received at the Company's offices in Valley Cottage, New York by February 10, 2017 for inclusion in the Company's proxy statement and form of proxy relating to such meeting.

To be in proper form, a stockholder's proposal or nomination must comply with Rule 14a-8 of the Securities and Exchange Commission. A stockholder who wishes to submit a proposal or nomination is encouraged to seek independent counsel about compliance with SEC and other requirements. The Company will not consider any proposal or nomination that does not meet the requirements of Rule 14a-8 of the Securities and Exchange Commission

OTHER BUSINESS

While the accompanying Notice of Annual Meeting of Stockholders provides for the transaction of such other business as may properly come before the meeting, we have no knowledge of any matters to be presented at the meeting other than those listed as Proposals 1, 2 and 3 in the notice. However, the enclosed proxy gives discretionary authority in the event that any other matters should be presented.

FORM 10-K

This proxy statement is accompanied by a copy of the Annual Report on Form 10-K for the year ended December 31, 2015 (excluding exhibits). We may charge a fee equal to the Company's reasonable expenses in furnishing the exhibits.

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:	KEEP THIS PORTION FOR YOUR RECORDS
	DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors recommends you vote FOR the following:	For All	Withhold All	For All Except	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

1. Election of Directors
   Nominees:

01) Jerome S. Flum 02) Andrew J. Melnick 03) Jeffrey S. Geisenheimer 04) Joshua M. Flum 05) Richard J. James

The Board of Directors recommends you vote FOR proposals 2. and 3.::	For	Against	Abstain

2. To approve the compensation to the Company's named executive officers.

3. To ratify the selection of CohnReznick LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016.

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

	Yes	No
Please indicate if you plan to attend this meeting		

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

20

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement and Form 10-K are available at www.proxyvote.com.

CREDITRISKMONITOR.COM, INC
Annual Meeting of Stockholders
July 28, 2016
This proxy is solicited by the Board of Directors

The stockholder(s) hereby appoint(s) Lawrence Fensterstock, as proxy, with the power to appoint his substitute, and hereby authorize him to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of CREDITRISKMONITOR.COM, INC. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 9:30 AM, EST on July 28, 2016 at 704 Executive Boulevard, Suite A, Valley Cottage, New York, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Continued and to be signed on reverse side

21

Useful lives for intangible assets were determined based upon the remaining useful economic lives of the intangible assets that are expected to contribute directly or indirectly to future cash flows.
In the aggregate, the identifiable intangible assets were valued at $6,663,000, of which $4,233,000 was allocated to developed technology, $2,315,000 was allocated to customer relationships, $74,000 was allocated to trade name and $41,000 was allocated to covenant not-to-compete agreements. The acquired intangible assets will be amortized based on estimated expected future cash flows for a period ranging from fifteen months to nine years. Amortization expense related to the acquired intangibles is reflected in cost of service revenues and operating expenses - amortization of purchased intangibles in the Condensed Consolidated

8

Table of Contents

Statements of Operations. See Note 7, "Goodwill and Intangible Assets" for a rollforward of the carrying value of goodwill and intangible assets.

As part of the opening balance sheet purchase accounting, the Company established a net deferred tax liability of $1.3 million. This consisted of a deferred tax liability of approximately $1.5 million for the estimated future impact of the difference in the U.S. book versus U.K. statutory and tax basis of the purchased intangible assets, deferred revenues and accrued compensation. Partially offsetting this was the impact of the establishment of deferred tax assets amounting to approximately $0.2 million for the future benefit of utilization of acquired net operating losses and the impact of cumulative temporary U.S. book to tax differences.

(3) Divestiture of Disc Publishing Business

On April 24, 2014, the Company entered into an asset purchase agreement (the “asset purchase agreement”) with Equus Holdings, Inc. and Redwood Acquisition, Inc. (now known as Rimage Corporation, “Buyer”). Under the terms of the asset purchase agreement, the Company agreed to sell to Buyer all of the assets primarily used or primarily held for use in connection with its disc publishing business. Buyer also agreed to assume on the closing date certain agreements and liabilities relating to the disc publishing business and the acquired assets.

At a special meeting of the Company's shareholders held on June 27, 2014, the Company's shareholders approved the sale of the disc publishing assets as contemplated by the asset purchase agreement. As a result, effective June 27, 2014, the disc publishing business was classified as held for sale and qualified for discontinued operations presentation in the Company’s consolidated financial statements. In accordance with ASC 205-20, the results of the discontinued disc publishing business have been presented as discontinued operations effective with the reporting of financial results for the second quarter 2014. As such, financial results for the three months ended March 31, 2015 have been reported on this basis. Previously reported results for the three months ended March 31, 2014 have also been restated to reflect this reclassification.

On July 1, 2014, the Company’s sale of the disc publishing business was completed. The Company also entered into a mutual transition services agreement with Buyer and entered into a lease agreement with Buyer for the lease from Buyer of a portion of the property located at 7725 Washington Avenue South, Minneapolis, MN 55439.

The adjusted purchase price paid to the Company was $22.0 million, of which $2.3 million was placed in an escrow account to support the Company’s indemnification obligations under the asset purchase agreement for a fifteen-month escrow period. The $2.3 million escrow is classified as restricted cash in current assets on the Condensed Consolidated Balance Sheets as of March 31, 2015. In the third quarter of 2014, the Company recorded a gain on sale of the disc publishing business of $16.2 million, exclusive of the impact of transaction related expenses recorded through September 30, 2014. The gain on sale attributable to the U.S. is offset for federal income tax purposes by current or prior-year tax losses but is subject to applicable state income taxes.

The operational results of the disc publishing business are presented in the “Net income (loss) from discontinued operations, net of tax” line item on the Condensed Consolidated Statements of Operations. The assets and liabilities of the discontinued business are presented on the Condensed Consolidated Balance Sheets as assets and liabilities from discontinued operations.

Other than consolidated amounts reflecting operating results and balances for both the continuing and discontinued operations, all remaining amounts presented in the accompanying condensed consolidated financial statements and notes reflect the financial results and financial position of the Company's continuing enterprise video content management software business.

Revenue, operating income, income tax expense and net income (loss) from discontinued operations were as follows (in thousands):

	Three Months Ended March 31,	
	2015	2014
Net revenue	$—	$14,863
Operating income	—	3,142
Income tax expense	—	1,101
Net income (loss) from discontinued operations, net of tax	$(67)	$2,244

9

Table of Contents

The major classes of assets and liabilities from discontinued operations were as follows (in thousands):

	March 31, 2015	December 31, 2014
Current assets from discontinued operations	$910	$1,026
Accrued compensation	$—	$31
Other current liabilities	50	417
Current liabilities from discontinued operations	$50	$448

(4) Stock-Based Compensation

The Company granted the following stock-based awards:

	Three Months Ended March 31,	
	2015	2014
Stock options	10,000	—
Restricted stock awards and restricted stock units	6,750	—

The stock-based awards granted during the three months ended March 31, 2015 were granted under the Company's Second Amended and Restated 2007 Stock Incentive Plan (the "2007 Plan"), a shareholder approved plan.

The Company recognized the following amounts related to its share-based payment arrangements (in thousands):

	Three Months Ended March 31,	
	2015	2014
Stock-based compensation cost, before income tax benefit:		
Stock options	$215	$208
Restricted stock and restricted stock units	353	141
Total stock-based compensation	$568	$349

	Three Months Ended March 31,	
	2015	2014
Stock-based compensation cost included in:		
Cost of revenues	$36	$7
Operating expenses	532	342
Total stock-based compensation	$568	$349

(5) Income Taxes

As of March 31, 2015 and December 31, 2014, the Company’s liability for gross unrecognized tax benefits totaled $909,000 and $900,000, respectively (excluding interest and penalties). Total accrued interest and penalties relating to unrecognized tax benefits amounted to $4,000 and $1,000 on a gross basis at March 31, 2015 and December 31, 2014, respectively. The change in the liability for gross unrecognized tax benefits reflects an increase in reserves established for state research and development credits. The Company does not currently expect significant changes in the amount of unrecognized tax benefits during the next twelve months.

(6) Marketable Securities

Marketable securities consisted of the following (in thousands):

Table of Contents

	March 31, 2015			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit	$20,500	$—	$(4)	$20,496
Total marketable securities	$20,500	$—	$(4)	$20,496
	December 31, 2014			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Certificates of deposit	$23,500	$—	$(14)	$23,486
Total marketable securities	$23,500	$—	$(14)	$23,486

Marketable securities are classified as either short-term or long-term in the condensed consolidated balance sheet based on their effective maturity date. All marketable securities as of March 31, 2015 and December 31, 2014 have original maturities ranging from three to 12 months and are classified as available-for-sale. Available-for-sale securities are recorded at fair value and any unrealized holding gains and losses, net of the related tax effect, are excluded from earnings and are reported as a separate component of accumulated other comprehensive income (loss) until realized. See Note 8, "Fair Value Measurements," for a discussion of inputs used to measure the fair value of the Company's available-for-sale securities.

(7) Intangible Assets and Goodwill

Changes in the Company's amortizable intangible assets consisted of the following (in thousands):

	Customer Relationships	Developed Technology	Trademarks / Trade-Names	Covenants Not to Compete	Total
Amortizable intangible assets as of March 31, 2015:					
Original cost	$5,115	$8,567	$2,190	$38	$15,910
Accumulated amortization	(772)	(2,186)	(382)	(9)	(3,349)
Net identifiable intangible assets	$4,343	6,381	1,808	29	$12,561
Weighted-average useful lives (years)	10	6	15	2	9

	Customer Relationships	Developed Technology	Trademarks / Trade-Names	Covenants Not to Compete	Total
Amortizable intangible assets as of December 31, 2014:					
Original cost	$5,226	$8,770	$2,193	$40	$16,229
Accumulated amortization	(671)	(1,832)	(334)	(8)	(2,845)
Net identifiable intangible assets	$4,555	6,938	1,859	32	$13,384
Weighted-average useful lives (years)	10	6	15	2	9

Changes to the carrying amount of net intangible assets for the three months ended March 31, 2015 consisted of (in thousands):

Beginning balance at December 31, 2014	$13,384
Amortization expense	(515)
Currency translation	(308)
Ending balance at March 31, 2015	$12,561

Amortization expense associated with the developed technology included in cost of service revenues was $316,000 and $194,000 for the three months ended March 31, 2015 and 2014, respectively. Amortization expense associated with other acquired intangible

11

Table of Contents

assets included in operating expenses as “Amortization of purchased intangibles” was $199,000 and $157,000 for the three months ended March 31, 2015 and 2014, respectively.

Changes in the Company’s goodwill consisted of the following (in thousands):

Beginning balance at December 31, 2014	$8,525	
Currency translation	(422	)
Ending balance at March 31, 2015	$8,103	

(8) Fair Value Measurements

A hierarchy for inputs used in measuring fair value is in place that distinguishes market data between observable independent market inputs and unobservable market assumptions by the reporting entity.

The hierarchy is intended to maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that the most observable inputs be used when available. Three levels within the hierarchy may be used to measure fair value:

- Level 1: Inputs are unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2: Inputs include data points that are observable such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) such as interest rates and yield curves that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs are generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect an entity’s own estimates of assumptions that market participants would use in pricing the asset or liability.

The Company’s assets and liabilities measured at fair value on a recurring basis and the fair value hierarchy utilized to determine such fair values is as follows at March 31, 2015 and December 31, 2014, respectively (in thousands):

		Fair Value Measurements Using		
	Total Fair Value at March 31, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Certificates of deposit	$20,496	$20,496	$—	$—
Total assets	$20,496	$20,496	$—	$—

		Fair Value Measurements Using		
	Total Fair Value at December 31, 2014	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Certificates of deposit	$23,486	$23,486	$—	$—
Total assets	$23,486	$23,486	$—	$—

Certificates of deposit are classified as Level 1 in the above table and are carried at fair value based on quoted market prices. The Company uses quoted market prices as all of the certificates of deposit have maturity dates within one year from the Company’s date of purchase and trade in active markets.

(9) Common Stock Repurchases and Dividends

The Company’s Board of Directors has approved a common stock repurchase program and since October 2010 has authorized the repurchase of up to 3,500,000 shares. Shares may be purchased at prevailing market prices in the open market or in private transactions, subject to market conditions, share price, trading volume and other factors. The repurchase program has been funded

Table of Contents

to date using cash on hand. The Company did not repurchase any shares of its common stock during the three months ended March 31, 2015 and 2014, respectively. As of March 31, 2015, the Company had 778,365 shares available for repurchase under the authorizations.

The Company did not declare or pay any dividends during the three months ended March 31, 2015 and 2014, respectively.

(10) Computation of Net Loss From Continuing Operations Per Share of Common Stock

Basic net loss from continuing operations per common share is determined by dividing net loss from continuing operations by the basic weighted average number of shares of common stock outstanding. Diluted net loss per common share includes the potentially dilutive effect of common shares issued in connection with outstanding stock options using the treasury stock method and the dilutive impact of restricted stock units. Stock options and restricted stock units to acquire weighted average common shares of 1,673,000 and 1,773,000 for the three months ended March 31, 2015 and 2014, respectively, have been excluded from the computation of diluted weighted average common shares as their effect is anti-dilutive.

The Company calculates net loss per share pursuant to the two-class method, which requires all outstanding unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) to be considered participating securities and included in the computation of basic and diluted earnings per share using the two-class method. The Company included in its computation of weighted average shares outstanding approximately 173,000 and 83,000 weighted average outstanding shares of unvested restricted stock deemed to be participating securities for the three months ended March 31, 2015 and 2014, respectively. The following table identifies the components of net loss per basic and diluted share (in thousands, except for per share data):

	Three Months Ended March 31,	
	2015	2014
Shares outstanding at end of period	9,138	8,684
Basic weighted average shares outstanding	9,168	8,700
Dilutive effect of stock options and restricted stock units	—	—
Total diluted weighted average shares outstanding	9,168	8,700
Net loss from continuing operations	$(9,873)	$(6,173)
Net loss from continuing operations per basic and diluted share	$(1.07)	$(0.71)

(11) Contingencies

The Company is exposed to a number of asserted and unasserted claims encountered in the normal course of business. Legal costs related to loss contingencies are expensed as incurred. In the opinion of management, the resolution of these matters will not have a material adverse effect on the Company’s financial position or results of operations.

The Company’s standard arrangements include provisions indemnifying customers against liabilities if the Company's products infringe a third-party’s intellectual property rights. The Company has not incurred any costs in its continuing operations as a result of such indemnifications and has not accrued any liabilities related to such contingent obligations in the accompanying condensed consolidated financial statements.

(12) Investment in Software Company

At March 31, 2015 and December 31, 2014, Qumu held an investment totaling $3.1 million in convertible preferred stock of Briefcam, Ltd. (“Briefcam”), a privately-held Israeli company that develops video synopsis technology to augment security and surveillance systems to facilitate review of surveillance video. The investment is included in other non-current assets in the Condensed Consolidated Balance Sheets.

Because Qumu's ownership interest is less than 20% and it has no other rights or privileges that enable it to exercise significant influence over the operating and financial policies of BriefCam, Qumu accounts for this equity investment using the cost method. Qumu monitors BriefCam's results of operations, business plan and capital raising activities and is not aware of any events or circumstances that would indicate a decline in the carrying value of its investment.

(13) Recently Issued Accounting Standards

In May 2014, the FASB issued 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. The ASU will

13

Table of Contents

replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017, subject to a potential one-year deferral to January 1, 2018 based on a recent proposal from the Financial Accounting Standards Board. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following table sets forth, for the periods indicated, selected items from the Company's condensed consolidated statements of operations.

	Percentage (%) of Revenues Three Months Ended March 31,		Percentage (%) Inc/(Dec) Between Periods
	2015	2014	2015 vs. 2014
Revenues	100.0 %	100.0 %	51.9 %
Cost of revenues	(63.2)	(64.6)	48.7
Gross profit	36.8	35.4	57.8
Operating expenses:			
Research and development	46.9	51.5	38.4
Selling, general and administrative	154.0	165.9	41.0
Amortization of intangibles	3.3	4.0	26.8
Total operating expenses	204.2	221.4	40.2
Operating loss	(167.4)	(186.0)	36.8
Other income (expense), net	(0.8)	(0.4)	nmf
Loss before income taxes	(168.2)	(186.4)	37.2
Income tax benefit	(2.9)	(29.3)	(84.9)
Net loss from continuing operations	(165.3)	(157.1)	59.9
Net income (loss) from discontinued operations, net of tax	(1.1)	57.1	(103.0)
Net loss	(166.4)	(100.0)	153.0

nmf - calculation is not meaningful

Overview

The Company previously conducted its operations through two businesses consisting of 1) its enterprise video content management software business and 2) its disc publishing business. On April 24, 2014, the Company entered into an asset purchase agreement (the "asset purchase agreement") with Equus Holdings, Inc. and Redwood Acquisition, Inc. (now known as Rimage Corporation, "Buyer"). Under the terms of the asset purchase agreement, the Company agreed to sell to Buyer all of the assets primarily used or primarily held for use in connection with its disc publishing business. Buyer also agreed to assume on the closing date certain agreements and liabilities relating to the disc publishing business and the acquired assets.

At a special meeting of the Company's shareholders held on June 27, 2014, the Company's shareholders approved the sale of the disc publishing assets as contemplated by the asset purchase agreement, and on July 1, 2014, the sale was completed. As a result, effective June 27, 2014, the disc publishing business was classified as held for sale and qualified for presentation as discontinued operations effective with the reporting of the Company's financial results for the second quarter of 2014. The transactions described in the asset purchase agreement are referred to in this section as the "Asset Sale Transaction."

For additional information on the asset purchase agreement and the Asset Sale Transaction, please see the Company's Current Reports on Form 8-K dated April 24, 2014 and July 1, 2014 and Note 3 "Divestiture of Disc Publishing Business."

On October 3, 2014, the Company entered into Share Purchase Agreements to acquire 100% of the outstanding shares of Kulu Valley Ltd., a private limited company incorporated in England and Wales ("Kulu"). The acquisition was made to expand Qumu's addressable market through the offering of Kulu Valley's best-in-class video content creation capabilities and easy-to-deploy pure cloud solution, and provides Kulu's customers with access to industry leading video content management and delivery capability.

Table of Contents

As a result of the transaction, Kulu is a wholly-owned subsidiary of the Company. For additional information on the acquisition transaction, please see Note 2 to the Condensed Consolidated Financial Statements.
As a result of the sale of its disc publishing business in the Asset Sale Transaction and expansion of its video content management business with the acquisition of Kulu, the Company has one reportable segment, the enterprise video content management software business.
In accordance with ASC 205-20, the results of the discontinued disc publishing business and associated financial impacts from the sale of this business have been presented as discontinued operations for the three months ended March 31, 2015. Previously reported results for three months ended March 31, 2014 have been restated to reflect this reclassification, and are presented in the "Net income (loss) from discontinued operations, net of tax" line item on the Condensed Consolidated Statements of Operations. In accordance with ASC 205-20, no general corporate charges were allocated to the discontinued business. The assets and liabilities of the discontinued business are presented on the Condensed Consolidated Balance Sheets as assets and liabilities from discontinued operations. Other than consolidated amounts reflecting operating results and balances for both the continuing and discontinued operations, all remaining amounts presented in the accompanying condensed consolidated financial statements reflect the financial results and financial position of the Company's continuing enterprise video content management software business.
The following discussion of period-to-period changes and trends in financial statement results under "Management's Discussion and Analysis of Financial Condition and Results of Operations" aligns with the financial statement presentation described above.
In this "Management's Discussion and Analysis of Financial Condition and Results of Operations" section, the Company provides certain information relating to trends in, and factors affecting, future revenue, gross profit margins, operating expense and liquidity and capital resources. This information is "forward-looking" and subject to the risks and uncertainties identified in "Cautionary Note Regarding Forward-Looking Statements" below and these important factors could cause the Company's future results to differ materially from the trends or results anticipated or planned by the Company, or the trends or results expressed or implied by any forward-looking statements.
Results of Operations
Qumu provides the tools businesses need to create, manage, secure, deliver and measure the success of their videos. Qumu helps thousands of organizations around the world enhance the way they communicate and realize the greatest possible value from video and other rich content they create and publish. Qumu's video platform supports both live and on-demand streaming, and also incorporates secure download capabilities. The Company markets its products to customers in North America, Europe and Asia.
The Company's enterprise video content management software products are deployed primarily through the sale of software licenses, software on a server appliance, software-enabled devices and a cloud-based Software-as-a-Service (SaaS) platform. Software maintenance contracts, professional services and managed services are also sold with these solutions. Software license and appliance revenues on the accompanying Condensed Consolidated Statements of Operations include the Company's sale of appliances, software-enabled devices and software licenses. Service revenues on the Condensed Consolidated Statements of Operations include revenues from maintenance contracts, software and maintenance subscription and cloud-based SaaS arrangements, managed services and professional services. Qumu has no long-term debt and does not require significant capital investment as it outsources to third-party vendors the required fabrication of its hardware-related products.
Revenues.
The table below describes Qumu's revenues by product category (in thousands):

	Three Months Ended March 31,				Inc (Dec) Between Periods	
	2015		2014			
	$	%	$	%	$	%
Software licenses and appliances	$984	16 %	$1,196	30 %	$(212)	(18 %)
Service	4,985	84 %	2,733	70 %	2,252	82 %
Total revenues	$5,969	100 %	$3,929	100 %	$2,040	52 %

Table of Contents

Total revenues increased 52% for the three months ended March 31, 2015 to $6.0 million from $3.9 million in the comparable prior-year period. Service revenues rose $2.3 million, while revenues from software licenses and appliances decreased by $0.2 million for the three months ended March 31, 2015 compared to the same period in 2014.

Table of Contents

The increase in service revenues in the first quarter of 2015 was driven by the generation of cloud-based SaaS revenues contributed from Kulu Valley (acquired effective October 3, 2014) and recognition of revenue from a large term-based arrangement closed in the first quarter of 2014 for which revenue is being recognized over the three-year term of the contract. Also contributing significantly to the increase in service revenues was continued growth of maintenance support revenues, stemming primarily from expansion of the customer base and strong maintenance renewal rates, and higher professional services revenues as Qumu assists its customers in the deployment of its growing base of enterprise video solutions.

The decrease in software license and appliance revenues in the current-year period was largely impacted by a reduction in the value of perpetual product license contracts being closed and converted to revenue. Revenues can vary quarter to quarter based on the type of contract the Company enters into with each customer. Contracts for perpetual software licenses generally result in revenue recognized closer to the contract commitment date while contracts for term-based software licenses and cloud-based SaaS arrangements result in most of the revenue being recognized over the period of the contract.

Contracted commitments for the first quarter ended March 31, 2015 totaled $8.1 million, and contracted commitment backlog aggregated $33.9 million as of March 31, 2015. The Company defines contracted commitments as the dollar value of signed non-cancellable customer purchase commitments.

Future consolidated revenues will be dependent upon many factors, including the rate of adoption of the Company's software solutions in its targeted markets and whether software license arrangements with customers are structured as term or perpetual licenses, which impacts the timing of revenue recognition. Other factors that will influence future consolidated revenues include the timing of customer orders, the impact of changes in economic conditions and the impact of foreign currency exchange rate fluctuations, as well as the impact of incremental revenues expected to be generated as a result of the Company's expansion of its video content management software product offering with its acquisition effective October 3, 2014 of Kulu Valley.

Gross Profit. Gross profit as a percentage of total revenues was 36.8% for the three months ended March 31, 2015 compared to 35.4% for the same period in 2014. The 1.4 percentage point increase in gross margin was a result of overall growth in revenue volume in the current-year period providing greater absorption of increased investments in customer support and professional services costs required to support growth in the customer base, deployment of a growing base of software contracts and expansion of service offerings.

Gross margins for the three months ended March 31, 2015 and 2014 are inclusive of the impact of approximately $0.3 million and $0.2 million, respectively, in amortization expense associated with intangible assets acquired as a result of the acquisition of Qumu, Inc. in the fourth quarter of 2011 and Kulu Valley in the fourth quarter of 2014. Cost of service revenues in 2015 are expected to include approximately $1.3 million of amortization expense for purchased intangibles.

Future gross profit margins will fluctuate quarter to quarter and will be impacted by the rate of growth of the Company's software revenues, the proportion of perpetual license revenue relative to term or subscription-based license revenue recognized in a period, the amount of hardware and third party products included in the sales mix, the growth rate of service-related revenues relative to associated service support costs and foreign currency exchange rate fluctuations.

Operating Expenses. Total operating expenses were $12.2 million for the three months ended March 31, 2015 compared to $8.7 million in the comparable prior-year period. The $3.5 million increase in operating expenses in the current-year period occurred across all major functional areas, and reflects expense growth from personnel added as part of the acquisition of Kulu Valley in October 2014 as well as the addition of employees to support growth of Qumu's operations on a global basis.

Research and development expenses totaled $2.8 million for the three months ended March 31, 2015 compared to $2.0 million in the comparable prior-year period. The primary contributor to the $0.8 million increase in expenses was the addition of employees to support development of expanded software functionality and software engineering personnel added as part of the acquisition of Kulu Valley in October 2014.

Selling, general and administrative expenses totaled $9.2 million for the three months ended March 31, 2015, compared to $6.5 million for the same period in 2014. The $2.7 million rise in expenses in the current-year period was driven primarily by an increase in sales personnel to support growth in global sales, higher sales commissions stemming from an increase in revenues and additional employee costs from the acquisition of Kulu Valley. Also contributing to the increase in selling, general and administrative expenses in the current-year period were non-recurring audit, legal and outside service costs associated with transition and restructuring activities.

Amortization of Purchased Intangibles. Operating expenses include $0.2 million for the three months ended March 31, 2015 and 2014, respectively for the amortization of intangible assets acquired as part of the Company's acquisition of Qumu, Inc. in October 2011 and Kulu Valley in October 2014. Operating expenses in 2015 are expected to include approximately $0.8 million of amortization expense associated with purchased intangibles, exclusive of the portion classified in cost of revenue.

Table of Contents

Other Income (Expense), Net. For the three months ended March 31, 2015, the Company recognized interest income on cash and marketable securities of $16,000, compared to $12,000 in the comparable prior-year period. Other income (expense) for the three months ended March 31, 2015 also included net losses on foreign currency transactions of $64,000, compared to $17,000 for the same prior-year period.
Income Taxes. The provision for income taxes represents federal, state, and foreign income taxes or income tax benefit on income or loss. The Company recorded an income tax benefit of $0.2 million for the three months ended March 31, 2015, compared to an income tax benefit of $1.2 million in the comparable prior-year period. The tax benefit recorded in the current-year period primarily reflects a tax benefit for a loss incurred by the Company's newly acquired Kulu Valley subsidiary, based in the United Kingdom. The tax benefit recorded for the prior-year period primarily reflects the realization of income tax benefits on losses from continuing operations as a result of income generated from discontinued operations. Income tax benefits realized in continuing operations on this basis were offset by a corresponding allocation of income tax expense to discontinued operations.
Net Loss from Continuing Operations / Net Loss Per Share. The resulting net loss from continuing operations for the three months ended March 31, 2015 and 2014 was $9.9 million and $6.2 million, respectively. Net loss from continuing operations per basic and diluted share amounts were $1.07 and $0.71 for the three months ended March 31, 2015 and 2014, respectively.
Net Income (loss) from Discontinued Operations, Net of Tax. Net income (loss) from discontinued operations, net of income taxes, amounted to a net loss of $0.1 million for the three months ended March 31, 2015, compared to net income of $2.2 million for the comparable prior-year period. Net income (loss) from discontinued operations per basic and diluted share amounts were ($0.01) and $0.26 for the three months ended March 31, 2015 and 2014, respectively. The $0.1 million net loss recognized for the three months ended March 31, 2015 resulted from an unrealized foreign currency exchange loss associated with an outstanding withholding tax receivable.
Net Income (Loss) / Net Income (Loss) Per Share. Consolidated net income or loss from both continuing and discontinued operations for the three months ended March 31, 2015 and 2014 was a net loss of $9.9 million and $3.9 million, respectively. Consolidated net loss per basic and diluted share amounts were $1.08 and $0.45 for the three months ended March 31, 2015 and 2014, respectively.
Liquidity and Capital Resources
The Company expects it will be able to maintain current operations and anticipated capital expenditure requirements for the foreseeable future through its cash reserves as well as any cash flows that may be generated from current operations. At March 31, 2015, the Company had aggregate working capital of $24.3 million, down $9.1 million from working capital of $33.4 million at December 31, 2014. The primary contributors to the decrease in working capital were the generation of a net loss adjusted for non-cash items during the three months ended March 31, 2015 of $8.6 million and purchases of property and equipment of $0.2 million. Qumu has no long-term debt and does not require significant capital investment for its ongoing operations.
The Company's primary source of cash from operating activities has been cash collections from sales of products and services to customers. The Company expects cash inflows from operating activities to be affected by increases or decreases in sales and timing of collections. The Company's primary use of cash for operating activities has been for personnel costs, payment of royalties associated with third-party software licenses and purchases of equipment to fulfill customer orders. The Company expects cash flows from operating activities to be affected by fluctuations in revenues, personnel costs and the amount and timing of royalty payments and equipment purchases as the Company continues to support the growth of the business. The amount of cash, cash equivalents and marketable securities held by the Company's international subsidiaries that is not available to fund domestic operations unless repatriated was $3.6 million as of March 31, 2015. The Company does not currently intend to repatriate the cash and related balances held by its international subsidiaries.
Net cash used in operating activities totaled, in the aggregate, $7.5 million and $4.5 million for the three months ended March 31, 2015 and 2014, respectively. The $3.0 million increase in cash used in operating activities in the first quarter of 2015 relative to the same period in 2014 resulted from a $4.2 million unfavorable change in cash from discontinued operations as a result of a net use of cash of $0.4 million in the current-year period compared to generation of $3.8 million of cash in the comparable prior- year period. The Company sold its discontinued disc

publishing business effective July 1, 2014. Continuing operating activities used $1.3 million less cash in the first quarter of 2015 compared to the same prior-year period, partially offsetting the discontinued operations impact on cash. The $1.3 million reduction in cash used for continuing operating activities was driven by a $3.4 million favorable change in operating assets and liabilities, partially offset by a $2.1 million increase in net loss adjusted for the impact of non-cash and non-operating items. Primarily contributing to the change in operating assets and liabilities compared to the prior year were favorable changes of $4.9 million in receivables and $0.2 million in accrued compensation, partially offset by unfavorable changes of $0.8 million in trade accounts payable, $0.5 million in prepaid income taxes and $0.3 million in inventories.

The favorable change in accounts receivable compared to the prior year was due to a $4.2 million increase in sales in the preceding fourth quarter of 2014 compared to fourth quarter of 2013 and a higher proportion of fourth quarter sales being collected in the

Table of Contents

first quarter of 2015 compared to the prior year. The favorable change in accrued compensation compared to the first quarter of 2014 was primarily due to the payout in 2014 of a larger bonus under the Company's long-term incentive plan due to the achievement of above-target performance under that plan in 2013. The unfavorable change in trade accounts payable was primarily due to the timing of payments and the unfavorable change in prepaid income taxes was primarily due to the receipt of state income tax refunds in the first quarter of 2014. The unfavorable change in inventories in the current-year period resulted from purchases of appliances late in the first quarter in preparation for second quarter sales.

Net cash provided by investing activities totaled, in the aggregate, $2.8 million for the three months ended March 31, 2015 compared to net cash used of $5.0 million in the comparable prior-year period. Primarily driving the generation of cash in the current-year period were maturities of marketable securities, net of related purchases, of $3.0 million, partially offset by purchases of property and equipment of $0.2 million. The $5.0 million use of cash in the first three months of 2014 resulted from purchases of marketable securities, net of related maturities, of $5.0 million and purchases of property and equipment of $0.2 million, partially offset by cash provided by discontinued operations of $0.2 million.

Financing activities for the three months ended March 31, 2015 and 2014 consisted entirely of proceeds from stock option exercises, providing nominal cash in the first three months of 2015 and $0.1 million of cash in the same period in 2014.

Since October 2010, the Company's Board of Directors has approved common stock repurchases of up to 3,500,000 shares. Shares may be purchased at prevailing market prices in the open market or in private transactions, subject to market conditions, share price, trading volume and other factors. The repurchase program has been funded to date using cash on hand and may be discontinued at any time. The Company did not repurchase any shares of its common stock during the three months ended March 31, 2015 and 2014, respectively. As of March 31, 2015, the Company had 778,365 shares available for repurchase under the authorizations.

The Company did not declare or pay any dividends during the three months ended March 31, 2015 and 2014, respectively.

Critical Accounting Policies

Management utilizes its technical knowledge, cumulative business experience, judgment and other factors in the selection and application of the Company's accounting policies. The accounting policies considered by management to be the most critical to the presentation of the condensed consolidated financial statements because they require the most difficult, subjective and complex judgments include revenue recognition, deferred tax asset valuation allowances, accruals for uncertain tax positions, stock-based compensation, impairment of long-lived assets and investment in nonconsolidated company. These accounting policies are discussed in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company's Annual Report on Form 10-K for the year ended December 31, 2014. Management made no significant changes to the Company's critical accounting policies during the three months ended March 31, 2015.

In applying its critical accounting policies, management reassesses its estimates each reporting period based on available information. Changes in such estimates did not have a significant impact on the Company's condensed consolidated financial statements for the three months ended March 31, 2015.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements that involve risks and uncertainties. For this purpose, any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties. The Company's actual results could differ significantly from those discussed in the forward-looking statements.

Factors that could cause or contribute to such differences include, but are not limited to, the following, as well as other factors not now identified: the Company's ability to successfully implement its growth strategy; the economic health of the markets from which Qumu derives its sales; the Company's ability to keep pace with changes in technology in the Company's targeted markets; increasing competition and the ability of the Company's products to successfully compete with products of competitors; the ability of the Company's newly developed products to gain acceptance and compete against products in their markets; the return on the Company's investment in strategic initiatives may be lower or develop more slowly than expected; the significance of the Company's international operations and the risks associated with international operations including currency fluctuations, local economic health and management of these operations over long distances; the Company's ability to protect its intellectual property and to defend claims of others relating to its intellectual property; risks related to open source software incorporated into the Company's products; the Company's ability to effectively market its products and serve customers through its sales force, resellers and strategic partners; the ability of the Company's products to deliver fast, efficient and reliable service; the effect of U.S. and international regulation; fluctuations in the Company's operating results; the Company's dependence upon its key personnel; the volatility of the price of the Company's common stock; the negative effect on the Company's common stock price of future sales of common

Table of Contents

stock; provisions governing the Company relating to a change of control, compliance with corporate governance and securities disclosures rules and other risks; and the potential operating difficulties or other negative consequences relating to our acquisition of Kulu Valley, Ltd., including those set forth in the Company's reports filed with the Securities and Exchange Commission, including Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2014. These forward-looking statements are made as of the date of this report and the Company assumes no obligation to update such forward-looking statements, or to update the reasons why actual results could differ materially from those anticipated in such forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Translation. As of March 31, 2015, the Company is exposed to market risk primarily from foreign exchange rate fluctuations of the British Pound Sterling and Japanese Yen to the U.S. dollar as the financial position and operating results of the Company's foreign subsidiaries are translated into U.S. dollars for consolidation. Resulting translation adjustments are recorded as a separate component of stockholders' equity.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). The Company's management has evaluated, with the participation of its Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered in this Quarterly Report on Form 10-Q. The material weakness in internal control over financial reporting identified in connection with the Company's consolidated financial statements for the year ended December 31, 2014 and described in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 was not effectively remediated as of March 31, 2015 due to the fact that an insufficient period of time has passed for management to thoroughly test and document the operation of the additional, enhanced or otherwise affected internal controls. Accordingly, based upon their evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were not effective as of March 31, 2015.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal controls over financial reporting that occurred during the quarter ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting, except for the on-going remediation efforts to address the material weakness in internal control over financial reporting described in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Table of Contents

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Company is exposed to a number of asserted and unasserted legal claims encountered in the ordinary course of its business. Although the outcome of any such legal actions cannot be predicted, management believes that there are no pending legal proceedings against or involving the Company for which the outcome is likely to have a material adverse effect upon its financial position or results of operations.

Item 1A. Risk Factors

Not Applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not Applicable.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Not Applicable.

Item 6. Exhibits

(a) The following exhibits are included herein:

31.1 Certificate of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act.

31.2 Certificate of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act.

32. Certifications pursuant to 18 U.S.C. §1350.

Table of Contents

SIGNATURES

In accordance with the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

			QUMU CORPORATION Registrant
Date:	May 8, 2015	By:	/s/ Sherman L. Black Sherman L. Black Chief Executive Officer (Principal Executive Officer)
Date:	May 8, 2015	By:	/s/ James R. Stewart James R. Stewart Chief Financial Officer (Principal Financial Officer) (Principal Accounting Officer)