

United States Brent Oil Fund, LP
Form 8-K
October 28, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **October 28, 2016**

UNITED STATES BRENT OIL FUND, LP

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-34704

(Commission File Number)

27-0925904

(I.R.S. Employer
Identification No.)

1999 Harrison Street, Suite 1530

Oakland, California 94612

(Address of principal executive offices) (Zip Code)

(510) 522-9600

Registrant's telephone number,
including area code

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. Regulation FD Disclosure.

On October 28, 2016, United States Brent Oil Fund, LP (the “Registrant”) issued its monthly account statement for the month ended September 30, 2016, which is presented in the form of a Statement of Income (Loss) and a Statement of Changes in Net Asset Value, as required pursuant to Rule 4.22 under the Commodity Exchange Act. A copy of the monthly account statement is furnished as Exhibit 99.1 to this Current Report on Form 8-K and also can be found on the Registrant’s website at www.unitedstatescommodityfunds.com. The information furnished in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1 Monthly Account Statement of the Registrant for the month ended September 30, 2016.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNITED STATES BRENT OIL FUND, LP

By: United States Commodity Funds LLC, its general partner

Date: October 28, 2016 By: /s/ Stuart P. Crumbaugh

Name: Stuart P. Crumbaugh

Title: Chief Financial Officer

t:10.0pt;text-indent:-10.0pt;" --> Summary of Critical Accounting Policies and Estimates

The following summary of our critical accounting policies is presented to assist in understanding our consolidated financial statements. The consolidated financial statements and notes are representations of our management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements. Additional information about our accounting policies and estimates may be found in Note 1 to our consolidated financial statements included in this report.

We make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. The accounting policies described below are those we consider critical in preparing our financial statements. Some of these policies include significant estimates made by management using information available at the time the estimates were made. However, these estimates could change materially if different information or assumptions were used.

Revenue Recognition

We record revenue when all of the following occur: persuasive evidence of an arrangement exists, product delivery has occurred, the sales price to the customer is fixed or determinable and collectability is reasonably assured. Sales are recorded net of provisions for returns and allowances, cash discounts and markdowns. We base our estimates for discounts, returns and allowances on negotiated customer terms, and historical experience. These estimates are subject to variability, as actual deductions taken by customers may be different from the estimates recorded. Customers do not have the right to return products unless the products are defective. We record a reduction of sales for estimated future defective product deductions based on contractual terms and historical experience.

Sales incentives or other consideration given by us to customers that are considered adjustments of the selling price of products, such as markdowns, are reflected as reductions of revenue. Sales incentives and other consideration that represent costs incurred by us for assets or services received, such as the appearance of our products in a customer's national circular ad (co-op advertising), are reflected as selling and marketing expenses in our accompanying statement of operations.

Trade Receivables

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Trade receivables are reported at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. On a periodic basis, we estimate doubtful accounts based on historical bad debt, factors related to specific customers' ability to pay and current economic trends. We write off accounts receivable against the allowance when a balance is determined to be uncollectible. Amounts are considered to be uncollectable based upon historical experience and management's evaluation of outstanding accounts receivable.

We do not accrue interest on trade receivables. A receivable is considered past due if payments have not been received within the credit terms on the account, typically 30-60 days for most customers.

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We will turn an account over for collection when approximately 120 days past due. Accounts are considered uncollectible if no payments are received 60 to 90 days after they have been turned over for collection.

Allowance for Doubtful Accounts

The allowance for doubtful accounts represents adjustments to customer trade accounts receivable for amounts deemed uncollectible. The allowance for doubtful accounts reduces gross trade receivables to their estimated net realizable value. The allowance is based on our assessment of the business environment, customers' financial condition, historical trends, customer payment practices, receivable aging and customer disputes. We will continue to proactively review our credit risks and adjust customer terms to reflect the current environment.

Inventory Valuation

Inventory is comprised of finished goods and is stated at the lower of cost, inclusive of freight and duty, or market (net realizable value) using the first-in, first-out (FIFO) method. Our warehousing costs are charged to expense as incurred. We regularly review slow-moving and excess inventory, and write-down inventories as appropriate. Management uses estimates to record write-downs based on its review of inventory by product category, including length of time on hand and estimates of future orders for each product. Changes in consumer preferences, as well as demand for products, customer buying patterns and inventory management could impact the inventory valuation.

Long-Lived Assets with Finite Lives

We review long-lived assets with finite lives for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An asset is considered to be impaired when its carrying amount exceeds both the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition and the assets' fair value. Long-lived assets include property and equipment and finite-lived intangible assets. The amount of impairment loss, if any, is charged by us to current operations.

Indefinite-Lived Intangible Assets

We account for indefinite-lived intangible assets in accordance with accounting guidance that requires indefinite-lived intangible assets be tested annually for impairment and more frequently if events or changes in circumstances indicate that the asset might be impaired. Our annual impairment testing is conducted in the fourth quarter of every year.

We test indefinite-lived intangible assets for impairment by comparing the asset's fair value to its carrying amount. If the fair value is less than the carrying amount, the excess of the carrying amount over fair value is recognized as an impairment charge and the adjusted carrying amount becomes the assets' new accounting basis.

Management also evaluates the remaining useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, it is amortized prospectively over its estimated remaining useful life.

Income Taxes

Income taxes are computed using the asset and liability method of accounting. Under the asset and liability method, a deferred tax asset or liability is recognized for estimated future tax effects attributable to temporary differences and carry forwards. The measurement of deferred income tax

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assets is adjusted by a valuation allowance, if necessary, to recognize future tax benefits only to the extent, based on available evidence; it is more likely than not that such benefit will be realized.

We recognize interest and penalties, if any, related to uncertain tax positions in interest expense. Interest and penalties related to uncertain tax positions were accrued at January 2, 2016. All audit adjustments have been recorded without significant impact on our results of operations. On a global basis, the open tax years subject to examination by major taxing jurisdictions in which we operate is between two to six years.

Results of Operations

The following table presents selected condensed consolidated financial information for our Company for the fiscal years ended January 2, 2016 ("fiscal 2015") and January 3, 2015 ("fiscal 2014").

	Year ended January 2, 2016		Year Ended January 3, 2015	
Net sales	\$ 205,804	100.0%	\$ 205,359	100.0%
Cost of goods sold	143,854	69.9%	138,418	67.4%
Gross profit	61,950	30.1%	66,941	32.6%
General and administrative expenses	46,132	22.4%	40,273	19.6%
Selling expenses	17,780	8.6%	18,437	9.0%
Depreciation and amortization	6,780	3.3%	5,548	2.7%
Income (loss) from operations	(8,742)	(4.2)%	2,683	1.3%
Interest expense, net	3,333	1.6%	3,455	1.7%
(Benefit) for income taxes	(3,424)	1.7%	(527)	0.3%
Net loss	\$ (8,651)	(4.2)%	\$ (245)	(0.1)%

Fiscal 2015 Compared with Fiscal 2014

Net sales increased slightly from \$205,359 for fiscal 2014 to \$205,804 for fiscal 2015. Net sales were impacted by our focus on our core branded business and exiting non-core business in licensing, private label, and furniture categories, as well as the unfavorable effect of a strengthening U.S. dollar. Excluding \$14,691 and \$6,825 of sales related to non-core business in licensed, private label, and furniture sales in fiscal 2014 and 2015, respectively, as well as \$3,281 unfavorable foreign exchange effect on a constant currency basis, our core branded sales increased by 6.1% in fiscal 2015. This increase in our core branded business, namely our Summer®, SwaddleMe®, and BornFree® branded products, was primarily attributable to increased sales of our 3D Lite Convenience Strollers, Pop n Play Portable Playards, gates and bath products.

Cost of goods sold included the cost of the finished product from suppliers, duties on certain imported items, freight-in from suppliers, and miscellaneous charges. The components of cost of goods sold remained relatively the same for fiscal 2015 as compared to fiscal 2014.

Gross profit declined 7.5% from \$66,941 for fiscal 2014 to \$61,950 for fiscal 2015, and gross margin declined from 32.6% for fiscal 2014 to 30.1% for fiscal 2015. The decline in gross margin dollars and as a percent of sales was primarily due to \$1,937 in losses on the sale of excess inventory below cost relating primarily to our bank-approved inventory reduction plan, \$949 of inventory charges taken as we completed our exit of the furniture category, \$690 in temporary demurrage, and a \$2,178 unfavorable foreign exchange effect on a constant currency basis, primarily due to the decline in the value of the Canadian dollar. Excluding the impact of the above charges, gross margin as a percent of net sales for fiscal 2015 would have been 32.4%.

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General and administrative expenses increased 14.5% from \$40,273 for fiscal 2014 to \$46,132 for fiscal 2015 and as a percent of sales from 19.6% for fiscal 2014 to 22.4% for fiscal 2015. The increase in general and administrative expense dollars and as a percent of net sales is primarily attributable to \$6,275 in legal costs incurred in connection with the Complaint, as further described below under "Legal Proceedings," and \$370 related to an employee termination that was settled in the second quarter of 2015. Excluding these costs, general and administrative expenses were 19.2% of sales.

Selling expenses decreased 3.6% from \$18,437 for fiscal 2014 to \$17,780 for fiscal 2015, and decreased as a percent of sales from 9.0% for fiscal 2014 to 8.6% for fiscal 2015. The decrease in dollars and as a percent of sales was primarily attributable to continuing cost controls implemented over retailer programs such as cooperative advertising and lower royalty costs under licensing agreement as part of discontinuing certain licensing arrangements.

Depreciation and amortization increased 22.2% from \$5,548 in fiscal 2014 to \$6,780 for fiscal 2015. The increase in depreciation and amortization is primarily attributable \$1,532 of accelerated amortization due to the shortened estimated useful life on older technology as we move to our next generation of technology that is being developed in our product lines.

Interest expense decreased 3.5% from \$3,455 in fiscal 2014 to \$3,333 for fiscal 2015. The Company refinanced its credit facilities in April of 2015 which resulted in lower interest rates related to our new credit facilities and lower average debt balances. However, the savings was partially offset by a non-cash write off of \$685 of past unamortized financing fees and termination fees.

For fiscal 2015, we recorded a \$3,424 tax benefit on \$12,075 of pretax loss for the period. Excluding the effect of \$150 of reinstated research and development tax credits, a \$327 charge for uncertain tax positions, and a \$342 valuation adjustment established on foreign tax depreciation, the adjusted tax rate for fiscal 2015 was 32.6%. For fiscal 2014, we recorded a \$527 benefit for income taxes on a \$772 pretax loss. Excluding the effect of \$197 of reinstated research and development tax credits as a discrete items for the year, the adjusted tax rate for fiscal 2014 was 42.8%.

Liquidity and Capital Resources

We fund our operations and working capital needs through cash generated from operations and borrowings under our credit facilities.

Cash Flows

In our typical operational cash flow cycle, inventory is purchased to meet expected demand plus a safety stock. The majority of our inventory is sourced from Asia which takes approximately three to four weeks to arrive from Asia at the various distribution points we maintain in the United States, Canada and the United Kingdom. Payment terms for these vendors are approximately 60-90 days from the date the product ships from Asia, therefore we are generally paying for the product a short time after it is physically received in the United States. In turn, sales to customers generally have payment terms of 30 to 60 days, resulting in an accounts receivable and increasing the amount of cash required to fund working capital. To bridge the gap between paying our suppliers and receiving payment from our customers for goods sold, we rely on our credit facilities.

The majority of our capital expenditures are for tools and molds related to new product introductions. We receive indications from retailers generally around the middle of each year as to what products the retailer will be taking into its product line for the upcoming year. Based on these indications, we will acquire tools and molds required to build and produce the products. In most cases, the payments for the tools and molds are spread over a three to four month period.

For fiscal 2015, net cash provided by operating activities was approximately \$9,339 and was generated primarily from improved inventory turns and more favorable payment terms from our

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suppliers. For fiscal 2014, net cash used in operating activities totaled \$6,276 and was primarily attributable to investments made in inventory as well as an increase in receivables on higher year over year sales in the fourth quarter.

For fiscal 2015, net cash used in investing activities was approximately \$3,505. For fiscal 2014, net cash used in investing activities was \$2,960. The use of cash in investing activities was primarily attributable to tooling and mold capital expenditures related to new product introductions.

For fiscal 2015, net cash used in financing activities was approximately \$5,116, reflecting repayments on our credit facility. For fiscal 2014, net cash provided by financing activities of \$9,040 primarily reflects borrowings on our credit facility to pay for investments made in working capital during the year.

Based primarily on the above factors, net cash decreased for fiscal year 2015 by \$349, resulting in a cash balance of approximately \$923 at fiscal year end.

The following table summarizes our significant contractual commitments at fiscal 2015 year end:

Contractual Obligations	Total	Payment Due by Fiscal Period					2019 and beyond
		2016	2017	2018	2019		
Revolving Facility	\$ 40,005						\$ 40,005
FILO Facility	5,000	\$ 1,250	\$ 2,500	\$ 1,250			
Term Loan Facility	8,500	2,000	2,000	2,000	\$ 2,000	500	
Estimated future interest payments on Revolving Facility	4,695	1,185	1,125	1,065	1,005	315	
Estimated future interest payments on FILO Facility	357	208	119	30			
Estimated future interest payments on Term Loan Facility	866	356	261	166	71	12	
Operating leases	12,410	1,936	2,293	2,198	2,122	3,861	
Capital leases and other liabilities	1,027	489	431	107			
Total contractual cash obligations	\$ 72,860	\$ 7,424	\$ 8,729	\$ 6,816	\$ 5,198	\$ 44,693	

Estimated future interest payments on our line of credit are based upon the interest rates in effect at January 2, 2016.

Capital Resources

In addition to operating cash flow, we also rely on our existing asset-based revolving credit facility with Bank of America, N.A. to meet our financing requirements, which are subject to changes in our inventory and account receivable levels. We regularly evaluate market conditions, our liquidity profile, and various financing alternatives for opportunities to enhance our capital structure. If market conditions are favorable, we may refinance our existing debt or issue additional securities. Based on past performance and current expectations, we believe that our anticipated cash flow from operations and availability under our existing credit facility are sufficient to fund our working capital, capital expenditures and debt service requirements for at least the next 12 months.

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However, if we are unable to meet our current financial forecast, do not adequately control expenses, and cannot raise additional funds or adjust our operations accordingly, we may not remain in compliance with the financial covenants required under our revolving credit facility. Unforeseen circumstances, such as softness in the retail industry or deterioration in the business of a significant customer, could create a situation where we cannot access all of our available lines of credit due to insufficient asset availability or an inability to meet the financial covenants as required under our credit facility. There is no assurance that we will meet all of our financial or other covenants in the future, or that our lenders will grant waivers if there are covenant violations. In addition, should we need to raise additional funds through additional debt or equity financings, any sale of additional debt or equity securities may cause dilution to existing stockholders. If sufficient funds are not available or are not available on acceptable terms, our ability to address any unexpected changes in our operations could be limited. Furthermore, there can be no assurance that we will be able to raise such funds if and when they are required. Failure to obtain future funding when needed or on acceptable terms could materially adversely affect our results of operations.

Credit Facilities

In April 2015, we and our wholly owned subsidiary, Summer Infant (USA), Inc., entered into an amended and restated loan and security agreement with Bank of America, N.A., as agent, providing for an asset-based credit facility. The Credit Facility replaced our prior credit facility with Bank of America. On December 10, 2015, we amended the Credit Facility with respect to (i) the interest rate under each of Revolving Facility, the FILO Facility and the Term Loan Facility; (ii) to modify the maximum leverage ratio financial covenant; (iii) to modify certain expenses and fees included within the definition of EBITDA; and (iv) to remove the occurrence of an event having a material adverse effect on the Company as an event of default (as amended, the "Credit Facility").

The Credit Facility consists of a \$60,000 asset-based revolving credit facility, with a \$10,000 letter of credit sub-line facility (the "Revolving Facility"), a \$5,000 "first in last out" (FILO) revolving credit facility (the "FILO Facility") and a \$10,000 term loan facility (the "Term Loan Facility"). Pursuant to an accordion feature, the Credit Facility includes the ability to increase the Revolving Facility by an additional \$15,000 upon the Company's request and the agreement of the lenders participating in the increase. The total borrowing capacity under the Revolving Facility is based on a borrowing base, generally defined as 85% of the value of eligible accounts plus the lesser of (i) 70% of the value of eligible inventory or (ii) 85% of the net orderly liquidation value of eligible inventory, less reserves. The total borrowing capacity under the FILO Facility is based on a borrowing base, generally defined as a specified percentage of the value of eligible accounts that steps down over time, plus a specified percentage of the value of eligible inventory that steps down over time.

The scheduled maturity date of the loans under the Revolving Facility and the Term Loan Facility is April 21, 2020, and loans under the FILO Facility terminate April 21, 2018, subject in each case to customary early termination provisions. Any termination of the Revolving Facility would require termination of the Term Loan Facility and the FILO Facility.

All obligations under the Credit Facility are secured by substantially all our assets. In addition, our subsidiaries, Summer Infant Canada Limited and Summer Infant Europe Limited, are guarantors under the Credit Facility. Proceeds from the loans were used to (i) repay our outstanding term loan, (ii) pay fees and transaction expenses associated with the closing of the Credit Facility, (iii) pay obligations under the Credit Facility, and (iv) pay for lawful corporate purposes, including working capital.

Borrowings under the Revolving Facility will bear interest, at our option, at a base rate or at LIBOR, plus applicable margins based on average quarterly availability and ranging between 2.0% and 2.5% on LIBOR borrowings and 0.5% and 1.0% on base rate borrowings. Loans under the FILO

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Facility and Term Loan Facility will bear interest, at the Company's option, at a base rate or at LIBOR, plus a margin of 4.25% on LIBOR borrowings and 2.75% on base rate borrowings.

Beginning on July 1, 2015, we were required to begin repaying the Term Loan Facility in quarterly installments of \$500. Beginning with the fiscal year ending January 2, 2016, we were required to prepay the Term Loan Facility in an amount equal to 50% our "excess cash flow," if any, as such term is defined in the Credit Facility, at the end of each fiscal year.

Under the Credit Facility, we must comply with certain financial covenants, including that we (i) maintain a fixed charge coverage ratio of at least 1.0 to 1.0 for the twelve consecutive fiscal months most recently ended and (ii) maintain a certain leverage ratio at the end of each fiscal quarter. For purposes of the financial covenants, consolidated EBITDA is defined as net income before interest, taxes, depreciation and amortization, plus certain customary expenses, fees, non-cash charges and up to \$2,000 of specified inventory dispositions, and minus certain customary non-cash items increasing net income and other specified items.

The Credit Facility contains customary affirmative and negative covenants. Among other restrictions, the Company is restricted in its ability to incur additional debt, make acquisitions or investments, dispose of assets, or make distributions unless in each case certain conditions are satisfied. The Credit Facility also contains customary events of default, including the occurrence of a change of control. In the event of a default, all of the Company's obligations under the Credit Facility may be declared immediately due and payable. For certain events of default relating to insolvency and receivership, all outstanding obligations immediately become due and payable.

As of January 2, 2016, the base rate on loans was 4.5% and the LIBOR rate was 3.0%. The amount outstanding on the Revolving Facility at January 2, 2016 was \$40,005. Total borrowing capacity under the Revolving Facility at January 2, 2016 was \$49,264 and borrowing availability was \$9,259. The amounts outstanding on the Term Loan Facility and FILO Facility at January 2, 2016 were \$8,500 and \$5,000, respectively.

Prior Credit Facility and Term Loan.

The Credit Facility replaced the Company's prior credit facility with Bank of America and the Company's prior term loan agreement with Salus Capital Partners, LLC. Prior to April 2015, the Company had a loan and security agreement with Bank of America N.A. that provided for an \$80,000, asset-based revolving credit facility, with a \$10,000 letter of credit sub-line facility.

The Company evaluated the Credit Facility, by lender, to determine the proper accounting treatment for the transaction. Accordingly, debt extinguishment accounting was used to account for the pay off of the prior term loan agreement with Salus Capital Partners, LLC and for the pay off of a member of the prior credit facility with Bank of America who did not continue in the Credit Facility resulting in the write off of \$549 in remaining unamortized deferred financing costs and \$135 in termination fees. Debt modification accounting was used for the remaining members of the prior credit facility resulting in their remaining unamortized deferred financing costs of \$601 and the new financing costs of \$1,134 to be capitalized and amortized over the life of the new debt beginning in the second quarter of fiscal 2015.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements during the year ended January 2, 2016 or the year ended January 3, 2015.

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Recently Issued Accounting Pronouncements

In May 2014, the FASB issued new accounting guidance related to revenue recognition. This guidance was originally proposed to be effective for reporting periods beginning after December 15, 2016, however in July 2015, the FASB approved the delay in this guidance until reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." This guidance requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. This guidance is effective for fiscal years beginning after December 15, 2015. The Company has evaluated the impact this guidance will have on its consolidated financial statements and expects the impact to be immaterial.

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory." This guidance required inventory within the scope of ASU 2015-11 to be measured at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This guidance is effective for fiscal years beginning after December 15, 2016. The Company has evaluated the impact this guidance will have on its consolidated financial statements and expects the impact to be immaterial.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." This guidance eliminates the current requirement for an entity to separate deferred income tax liabilities and deferred tax assets into current and non-current amounts in a classified balance sheet. Instead, this guidance requires deferred tax liabilities, deferred tax assets, and valuation allowances be classified as noncurrent in a classified balance sheet. This ASU is effective for annual reporting periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is permitted. The Company has evaluated the impact this guidance will have on its consolidated financial statements and expects the impact to be immaterial.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

Special Note Regarding Forward Looking Statements

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements concern management's current assumptions, estimates, beliefs, plans, strategies and expectations and anticipated events or trends and similar expressions concerning matters that are not historical facts. Such forward-looking information may be identified by terms such as "expect," "anticipate," "believe," "outlook," "may," "estimate," "should," "predict" and similar terms or variations thereof, and includes statements regarding the effectiveness of our strategy to promote future growth and profitability, the strength of our customer and supplier relationships, our liquidity for the next 12 months, the ability of our new leadership team and expected trends and product offerings in 2016. These statements are based on a series of expectations, assumptions, estimates and projections about our Company, are not guarantees of future results or performance, and involve significant risks, uncertainties and other factors, including assumptions and projections, for all forward periods. Our actual results may differ materially from any future results expressed or implied by such forward-looking statements. Such factors include, among others, the following:

the concentration of our business with a small number of retail customers;

the purchasing policies of and advertising and promotional support from our customers;

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our ability to compete by introducing new products or enhancing existing products that satisfy consumer preferences;

our ability to develop new products in a timely and cost-efficient manner;

our ability to manage inventory levels and meet customer demand;

our ability to comply with financial and other covenants in our debt agreements;

our reliance on foreign suppliers and potential disruption in foreign markets in which we operate;

exchange rate and foreign currency devaluations;

increases in the cost of raw materials used to manufacture our products;

our ability to protect our intellectual property;

compliance with safety and testing regulations for our products;

product liability claims arising from use of our products;

our dependence on key personnel;

unanticipated tax liabilities; and

an impairment of other intangible assets.

The foregoing list of important factors does not include all such factors, nor necessarily present them in order of importance. In addition, please refer to the "Risk Factors" section of this report for additional information regarding factors that could affect our results of operations, financial condition and liquidity.

We intend our forward-looking statements to speak only as of the time of such statements and do not undertake or plan to update or revise them as more information becomes available or to reflect changes in expectations, assumptions or results. We cannot give any assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this report or included in our other periodic reports filed with the SEC could materially and adversely impact our operations and our future financial results.

Any public statements or disclosures by us following this report that modify or impact any of the forward-looking statements contained in or accompanying this report will be deemed to modify or supersede such outlook or other forward-looking statements in or accompanying this report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not required.

Item 8. Financial Statements and Supplementary Data

The financial statements required by this item are attached to this Annual Report on Form 10-K beginning on Page F-1.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

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Item 9A. Controls and Procedures

(a)

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of January 2, 2016. Our principal executive officer and principal financial officer have concluded, based on their evaluation, that our disclosure controls and procedures were effective as of January 2, 2016.

(b)

Management's Report on Internal Control over Financial Reporting

Management of our Company is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Rule 13a-15(f) under the Exchange Act, internal control over financial reporting is a process designed by, or under the supervision of, a company's principal executive and principal financial officers and effected by a company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. It includes those policies and procedures that:

- 1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of a company;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of a company are being made only in accordance with authorizations of management and the board of directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company's assets that could have a material effect on its financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management has used the criteria established in the 2013 "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework") to evaluate the effectiveness of the Company's internal control over financial reporting.

Management of the Company conducted an evaluation of the effectiveness, as of January 2, 2016, of the Company's internal control over financial reporting and based on its evaluation under the COSO Framework, management has concluded that the Company's internal control over financial reporting was effective as of January 2, 2016.

(c)

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended January 2, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Item 9B. Other Information

In December 2015, the Compensation Committee of our Board of Directors recommended, and the Board of Directors approved, changes to the compensation program for the Executive Chairman of the Board, Dan Almagor. Effective as of December 2015, the following compensation program for the Chairman was approved, replacing the previous compensation program: (i) a monthly cash stipend totaling \$17,400, retroactive to January 1, 2015 (excluding consideration of any prior retainer payments); (ii) a cash bonus opportunity of up to \$50,000 upon achievement of projects specified by the Board, such achievement to be determined in the sole discretion of the Board; and (iii) a performance-based restricted stock unit award (the "Award") based on the achievement of specified stock price performance under the Company's 2012 Incentive Compensation Plan, having a performance period of approximately two years and expiring on the date of the annual shareholder meeting held in 2017. The RSU pays out a specified dollar amount in shares of the Company common stock upon achievement of stock price triggers, with the maximum total payout under the Award not to exceed \$780,000.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information relating to directors and director nominees of the Company is set forth in our definitive Proxy Statement to be filed with the SEC in connection with our 2016 Annual Meeting of Stockholders (the "2016 Proxy Statement") and is incorporated herein by reference.

The information relating to the Company's executive officers and Section 16(a) beneficial ownership reporting compliance is set forth in the 2016 Proxy Statement and is also incorporated herein by reference.

We have adopted a Code of Ethics that applies to all of our directors, officers and employees. The Code of Ethics is publicly available in the Investor Relations section of our website at www.summerinfant.com. Amendments to the Code of Ethics and any grant of a waiver from a provision of the Code of Ethics requiring disclosure under applicable SEC and Nasdaq rules will be disclosed on our website.

The information relating to the Company's Audit Committee and its designated audit committee financial expert is set forth in the 2016 Proxy Statement and is incorporated herein by reference.

The information concerning procedures by which stockholders may recommend director nominees is set forth in the 2016 Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

The information relating to executive compensation is set forth in the 2016 Proxy Statement and is incorporated herein by reference, provided that the information under the caption "Compensation Committee Report" shall be deemed "furnished" and shall not be deemed "filed" with this report, not deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, except only as may be expressly set forth in any such filing by specific reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information relating to security ownership of management, certain beneficial owners, and the Company's equity plans is set forth in the 2016 Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information relating to certain relationships and related party transactions and director independence is set forth in the 2016 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information relating to the independent registered public accounting firm fees and services and the Company's pre-approval policies and procedures for audit and non-audit services provided by such accounting firm is set forth in the 2016 Proxy Statement and is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

- (a)
 (1) Financial Statements

The list of consolidated financial statements and notes required by this Item 15 (a)(1) is set forth in the "Index to Financial Statements" on page F-1 of this Annual Report.

- (2)
 Financial Statement Schedules

All schedules have been omitted because the required information is included in the financial statements or notes thereto.

- (b)
 Exhibits

The exhibits listed in the "Index to Exhibits" immediately preceding the exhibits are filed as part of this Annual Report.

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Name	Title	Date
/s/ DERIAL SANDERS	Director	February 24, 2016
Derial Sanders		
/s/ RICHARD WENZ	Director	February 24, 2016
Richard Wenz		
/s/ STEPHEN ZELKOWICZ	Director	February 24, 2016
Stephen Zelkowitz		

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**Summer Infant, Inc. and Subsidiaries
Index to Financial Statements**

<u>Report of Independent Registered Public Accounting Firm</u>	<u>F-2</u>
<u>Consolidated Balance Sheets</u>	<u>F-3</u>
<u>Consolidated Statements of Operations</u>	<u>F-4</u>
<u>Consolidated Statements of Comprehensive Loss</u>	<u>F-5</u>
<u>Consolidated Statements of Cash Flows</u>	<u>F-6</u>
<u>Consolidated Statements of Stockholders' Equity</u>	<u>F-7</u>
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Summer Infant, Inc.

We have audited the accompanying consolidated balance sheets of Summer Infant, Inc. and Subsidiaries as of January 2, 2016 and January 3, 2015, and the related consolidated statements of operations, comprehensive loss, cash flows, and stockholders' equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Summer Infant, Inc. and Subsidiaries as of January 2, 2016 and January 3, 2015, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ RSM US LLP

RSM US LLP
Boston, Massachusetts
February 24, 2016

Table of Contents**Summer Infant, Inc. and Subsidiaries****Consolidated Balance Sheets**

Note that all amounts presented in the table below are in thousands of U.S. dollars, except share amounts and par value per share.

	January 2, 2016	January 3, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 923	\$ 1,272
Trade receivables, net of allowance for doubtful accounts of \$142 and \$159 at January 2, 2016 and January 3, 2015, respectively	40,514	38,794
Inventory, net	36,846	44,010
Prepays and other current assets	1,758	2,076
Deferred tax assets, current	799	1,194
TOTAL CURRENT ASSETS	80,840	87,346
Property and equipment, net	12,007	13,080
Other intangible assets, net	18,512	20,679
Deferred tax assets, noncurrent	1,684	
Other assets	1,584	1,362
TOTAL ASSETS	\$ 114,627	\$ 122,467
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 29,541	\$ 21,878
Accrued expenses	9,584	8,628
Current portion of long-term debt and capital leases	3,318	1,641
TOTAL CURRENT LIABILITIES	42,443	32,147
Long-term debt, less current portion	50,256	57,097
Other liabilities	2,962	2,994
Deferred tax liabilities, noncurrent		2,378
TOTAL LIABILITIES	95,661	94,616
STOCKHOLDERS' EQUITY		
Preferred Stock, \$0.0001 par value, 1,000,000 authorized, none issued or outstanding at January 2, 2016 and January 3, 2015		
Common Stock \$0.0001 par value, authorized, issued and outstanding of 49,000,000, 18,639,407, and 18,367,758 at January 2, 2016 and 49,000,000, 18,415,934 and 18,144,285 at January 3, 2015, respectively	2	2
Treasury Stock at cost (271,649 shares at January 2, 2016 and January 3, 2015)	(1,283)	(1,283)
Additional paid-in capital	75,812	74,954
Accumulated deficit	(53,063)	(44,412)
Accumulated other comprehensive loss	(2,502)	(1,410)
TOTAL STOCKHOLDERS' EQUITY	18,966	27,851
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 114,627	\$ 122,467

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See notes to consolidated financial statements.

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Table of Contents**Summer Infant, Inc. and Subsidiaries****Consolidated Statements of Operations**

Note that all amounts presented in the table below are in thousands of U.S. dollars, except share and per share amounts.

	For the fiscal year ended	
	January 2, 2016	January 3, 2015
Net sales	\$ 205,804	\$ 205,359
Cost of goods sold	143,854	138,418
Gross profit	61,950	66,941
General and administrative expenses	46,132	40,273
Selling expenses	17,780	18,437
Depreciation and amortization	6,780	5,548
Operating income (loss)	(8,742)	2,683
Interest expense, net	3,333	3,455
Loss before provision for income taxes	(12,075)	(772)
Benefit for income taxes	(3,424)	(527)
NET LOSS	\$ (8,651)	\$ (245)
Net loss per share BASIC	\$ (0.47)	\$ (0.01)
Weighted average shares outstanding BASIC	18,267,596	18,060,799
Net loss per share DILUTED	\$ (0.47)	\$ (0.01)
Weighted average shares outstanding DILUTED	18,267,596	18,060,799

See notes to consolidated financial statements.

Table of Contents**Summer Infant, Inc. and Subsidiaries****Consolidated Statements of Comprehensive Loss**

Note that all amounts presented in the table below are in thousands of U.S. dollars.

	For the fiscal year ended	
	January 2, 2016	January 3, 2015
Net loss	\$ (8,651)	\$ (245)
Other comprehensive loss:		
Foreign currency translation adjustments	(1,092)	(633)
Comprehensive loss	\$ (9,743)	\$ (878)

See notes to consolidated financial statements.

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Summer Infant, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Note that all amounts presented in the table below are in thousands of U.S. dollars.

	For the fiscal year ended	
	January 2, 2016	January 3, 2015
Cash flows from operating activities:		
Net loss	\$ (8,651)	\$ (245)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	6,780	5,548
Stock-based compensation	865	1,220
Loss on asset disposal	42	
Deferred income taxes	(3,685)	(1,130)
Changes in assets and liabilities, net of effects of acquisitions		
(Increase) in accounts receivable	(1,715)	(4,622)
Decrease (increase) in inventory	7,170	(6,093)
Decrease (increase) in prepaids and other current assets	250	(86)
Decrease (increase) in other assets	(342)	392
Increase (Decrease) in accounts payable and accrued expenses	8,625	(1,260)
Net cash (used in) provided by operating activities	9,339	(6,276)
Cash flows from investing activities:		
Acquisitions of property and equipment	(3,033)	(2,733)
Acquisitions of other intangible assets	(472)	(227)
Net cash used in investing activities	(3,505)	(2,960)
Cash flows from financing activities:		
Proceeds from new Term Loan Facility	10,000	
Proceeds from new FILO Facility	5,000	
(Repayment) of Prior Term Loan	(12,500)	(1,500)
(Repayment) of New Term Loan Facility	(1,500)	
Net (repayments) borrowings on revolving facilities	(6,163)	10,521
Issuance of common stock upon exercise of stock options	47	19
Net cash provided by (used in) financing activities	(5,116)	9,040
Effect of exchange rate changes on cash and cash equivalents	(1,067)	(105)
Net decrease in cash and cash equivalents	(349)	(301)
Cash and cash equivalents at beginning of year	1,272	1,573
Cash and cash equivalents at end of year	\$ 923	\$ 1,272
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 2,318	\$ 3,310
Cash paid during the year for income taxes	\$ 158	\$ 90

See notes to consolidated financial statements.

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Table of Contents**Consolidated Statements of Stockholders' Equity****For the Fiscal Years Ended January 2, 2016 and January 3, 2015**

Note that all amounts presented in the table below are in thousands of U.S. dollars, except share and per share data.

	Common Stock		Additional	Treasury	Retained	Accumulated	Total
	Shares	Amount	Paid in Capital	Stock	Earnings	Comprehensive Loss	Equity
Balance at December 31, 2013	17,986,275	\$ 2	\$ 73,715	\$ (1,283)	\$ (44,167)	\$ (777)	\$ 27,490
Issuance of common stock upon vesting of restricted shares	152,010						
Issuance of common stock upon exercise of stock options	6,000		19				19
Stock-based compensation			1,220				1,220
Net loss for the year					(245)		(245)
Foreign currency translation adjustment						(633)	(633)
Balance at January 3, 2015	18,144,285	\$ 2	\$ 74,954	\$ (1,283)	\$ (44,412)	\$ (1,410)	\$ 27,851
Issuance of common stock upon vesting of restricted shares	198,473						
Issuance of common stock upon exercise of stock options	25,000		47				47
Stock-based compensation			811				811
Net loss for the year					(8,651)		(8,651)
Foreign currency translation adjustment						(1,092)	(1,092)
Balance at January 2, 2016	18,367,758	\$ 2	\$ 75,812	\$ (1,283)	\$ (53,063)	\$ (2,502)	\$ 18,966

See notes to consolidated financial statements.

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company designs, markets and distributes branded juvenile health, safety and wellness products that are sold globally to large national retailers as well as independent retailers, primarily in North America. The Company currently markets its products in several product categories including monitoring, safety, nursery, baby gear, and feeding products. Most products are sold under our core brand names of Summer®, SwaddleMe®, Born Free®, and Kiddopotamus®.

Basis of Presentation and Principles of Consolidation

It is the Company's policy to prepare its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in the consolidation.

All dollar amounts included in the Notes to Consolidated Financial Statements are in thousands of U.S. dollars except share and per share amounts.

Change in Fiscal Year

In December 2014, the Board of Directors approved a change in the Company's fiscal year, from a fiscal year ending on December 31 of each calendar year to a fiscal year ending on the Saturday closest to December 31 of each calendar year. This change is effective with the Company's fiscal year ended on January 3, 2015. There were fifty two weeks in the fiscal years ended January 2, 2016 and January 3, 2015.

Summary of Significant Accounting Policies

Revenue Recognition

The Company records revenue when all of the following occur: persuasive evidence of an arrangement exists, product delivery has occurred, the sales price to the customer is fixed or determinable, and collectability is reasonably assured. Sales are recorded net of provisions for returns and allowances, customer discounts, and other sales related discounts. The Company bases its estimates for discounts, returns and allowances on negotiated customer terms and historical experience. Customers do not have the right to return products unless the products are defective. The Company records a reduction of sales for estimated future defective product deductions based on contractual terms and historical experience.

Sales incentives or other consideration given by the Company to customers that are considered adjustments of the selling price of products, such as markdowns, are reflected as reductions of revenue. Sales incentives and other consideration that represent costs incurred by the Company for assets or services received, such as the appearance of the Company's products in a customer's national circular ad, are reflected as selling and marketing expenses in the accompanying statements of operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

certain reported amounts and disclosures. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash flows, cash and cash equivalents include money market accounts and investments with an original maturity of three months or less. At times, the Company possesses cash balances in excess of federally-insured limits.

Trade Receivables

Trade receivables are carried at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. The Company estimates doubtful accounts based on historical bad debts, factors related to specific customers' ability to pay and current economic trends. The Company writes off accounts receivable against the allowance when a balance is determined to be uncollectible. Amounts are considered to be uncollectible based upon historical experience and management's evaluation of outstanding accounts receivable.

Inventory Valuation

Inventory is comprised mostly of finished goods and some component parts and is stated at the lower of cost using the first-in, first-out (FIFO) method, or market (net realizable value). The Company regularly reviews slow-moving and excess inventories, and writes down inventories to net realizable value if the ultimate expected net proceeds from the disposals of excess inventory are less than the carrying cost of the merchandise.

Property and Equipment

Property and equipment are recorded at cost. The Company owns the tools and molds used in the production of its products by third party manufacturers. Capitalized mold costs include costs incurred for the pre-production design and development of the molds.

Depreciation is provided over the estimated useful lives of the respective assets using either straight-line or accelerated methods.

Long-Lived Assets with Finite Lives

The Company reviews long-lived assets with finite lives for impairment (using the group concept) whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An asset is considered to be impaired when its carrying amount exceeds both the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition and the assets' fair value. Long-lived assets include property and equipment and finite-lived intangible assets. The amount of impairment loss, if any, is charged by the Company to current operations.

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Indefinite-Lived Intangible Assets

The Company accounts for intangible assets in accordance with accounting guidance that requires that intangible assets with indefinite useful lives be tested annually for impairment and more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company's annual impairment testing is conducted in the fourth quarter of every year.

The Company tests indefinite-lived intangible assets for impairment by comparing the asset's fair value to its carrying amount. If the fair value is less than the carrying amount, the excess of the carrying amount over fair value is recognized as an impairment charge and the adjusted carrying amount becomes the assets' new cost basis.

Management also evaluates the remaining useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, it is amortized prospectively over its estimated remaining useful life.

The Company determined that no impairment existed on its indefinite-lived intangible assets for the years ended January 2, 2016 and January 3, 2015.

Fair Value Measurements

The Company follows ASC 820, "Fair Value Measurements and Disclosures" which includes a framework for measuring fair value and expanded related disclosures. Broadly, the framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The standard established a three-level valuation hierarchy based upon observable and non-observable inputs.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Significant inputs to the valuation model are unobservable.

The Company maintains policies and procedures to value instruments using the best and most relevant data available. In addition, the Company utilizes third party specialists that review valuation, including independent price validation.

The Company's financial instruments include cash and cash equivalents, accounts and notes receivable, accounts payable, accrued expenses, and short and long-term borrowings. Because of their short maturity, the carrying amounts of cash and cash equivalents, accounts and notes receivable, accounts payable, accrued expenses and short-term borrowings approximate fair value. The carrying value of long-term borrowings approximates fair value, which is based on quoted market prices or on rates available to the Company for debt with similar terms and maturities.

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Income taxes are computed using the asset and liability method of accounting. Under the asset and liability method, a deferred tax asset or liability is recognized for estimated future tax effects attributable to temporary differences and carryforwards. The measurement of deferred income tax assets is adjusted by a valuation allowance, if necessary, to recognize future tax benefits only to the extent, based on available evidence, it is more likely than not that such benefits will be realized.

The Company follows the appropriate guidance relative to uncertain tax positions. This standard provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements. Uncertain tax positions must meet a recognition threshold of more-likely-than-not in order for those tax positions to be recognized in the financial statements.

Translation of Foreign Currencies

The assets and liabilities of the Company's European, Canadian, Israeli, and Asian operations have been translated into U.S. dollars at year-end exchange rates and the income and expense accounts of these subsidiaries have been translated at average rates prevailing during each respective year. Resulting translation adjustments are made to a separate component of stockholders' equity within accumulated other comprehensive loss. Foreign exchange transaction gains and losses are included in the accompanying consolidated statements of operations.

Shipping Costs

Shipping costs to customers are included in selling expenses and amounted to approximately \$1,882 and \$1,889 for the fiscal years ended January 2, 2016 and January 3, 2015, respectively.

Advertising Costs

The Company charges advertising costs to selling expense as incurred. Advertising expense, which consists primarily of promotional and cooperative advertising allowances provided to customers, was approximately \$14,743 and \$15,245 for the fiscal years ended January 2, 2016 and January 3, 2015, respectively.

Net Loss Per Share

Basic earnings per share is calculated by dividing net loss for the period by the weighted average number of common stock outstanding during the period.

Diluted loss per share for the Company is computed by dividing net loss by the dilutive weighted average shares outstanding which includes: the dilutive impact (using the "treasury stock" method) of "in the money" stock options and unvested restricted shares issued to employees. Options to purchase 1,380,147 and 1,729,365 shares of the Company's common stock and 197,572 and 242,249 of restricted shares were not included in the calculation, due to the fact that these instruments were anti-dilutive for the fiscal years ended January 2, 2016 and January 3, 2015, respectively.

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In May 2014, the FASB issued new accounting guidance related to revenue recognition. This guidance was originally proposed to be effective for reporting periods beginning after December 15, 2016, however in July 2015, the FASB approved the delay in this guidance until reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." This guidance requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. This guidance is effective for fiscal years beginning after December 15, 2015. The Company has evaluated the impact this guidance will have on its consolidated financial statements and expects the impact to be immaterial.

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory." This guidance required inventory within the scope of ASU 2015-11 to be measured at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This guidance is effective for fiscal years beginning after December 15, 2016. The Company has evaluated the impact this guidance will have on its consolidated financial statements and expects the impact to be immaterial.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." This guidance eliminates the current requirement for an entity to separate deferred income tax liabilities and deferred tax assets into current and non-current amounts in a classified balance sheet. Instead, this guidance requires deferred tax liabilities, deferred tax assets, and valuation allowances be classified as noncurrent in a classified balance sheet. This ASU is effective for annual reporting periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is permitted. The Company has evaluated the impact this guidance will have on its consolidated financial statements and expects the impact to be immaterial.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

Table of Contents**SUMMER INFANT, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. PROPERTY AND EQUIPMENT**

Property and equipment, at cost, consisted of the following:

	For the fiscal year ended		Depreciation/ Amortization Period
	January 2, 2016	January 3, 2015	
Computer-related	\$ 6,327	\$ 6,201	5 years
Tools, dies, prototypes, and molds	31,052	28,667	1 - 5 years
Building	4,156	4,156	30 years
Other	5,793	5,437	various
	47,328	44,461	
Less: accumulated depreciation	35,321	31,381	
Property and equipment, net	\$ 12,007	\$ 13,080	

Property and equipment included amounts acquired under capital leases of approximately \$470 and \$1,387 at January 2, 2016 and January 3, 2015, respectively, with related accumulated depreciation of approximately \$257 and \$537, respectively. Total depreciation expense was \$4,142 and \$4,425 for the fiscal years ended January 2, 2016 and January 3, 2015, respectively.

3. INTANGIBLE ASSETS*Intangible assets*

Intangible assets consisted of the following:

	For the fiscal year ended	
	January 2, 2016	January 3, 2015
Brand names	\$ 14,812	\$ 14,812
Patents and licenses	3,766	3,605
Customer relationships	6,946	6,946
Other intangibles	1,882	1,882
	27,406	27,245
Less: accumulated amortization	(8,894)	(6,566)
Intangible assets, net	\$ 18,512	\$ 20,679

The amortization period for the majority of the intangible assets ranges from 5 to 20 years for those assets that have an estimated life; certain assets have indefinite lives (brand names). Total of intangibles not subject to amortization amounted to \$12,308 for the fiscal years ended January 2, 2016 and January 3, 2015, respectively.

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Amortization expense amounted to \$2,638 and \$1,123 for the fiscal years ended January 2, 2016 and January 3, 2015, respectively. In the fourth quarter of the year ended January 2, 2016, the Company recorded \$1,532 of accelerated amortization due to the shortened estimated useful life on

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Table of Contents**SUMMER INFANT, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****3. INTANGIBLE ASSETS (Continued)**

older technology as we move to our next generation of technology that is being developed in our product lines.

No impairment existed for the fiscal years ended January 2, 2016 and January 3, 2015.

Estimated amortization expense for the next five years is as follows:

Fiscal Year ending	
2016	\$ 706
2017	706
2018	685
2019	677
2020	427

4. DEBT*Credit Facilities*

In April 2015, the Company and our wholly owned subsidiary, Summer Infant (USA), Inc., entered into an amended and restated loan and security agreement with Bank of America, N.A., as agent, providing for an asset-based credit facility. The Credit Facility replaced the Company's prior credit facility with Bank of America. On December 10, 2015, the Company amended the Credit Facility with respect to (i) the interest rate under each of Revolving Facility, the FILO Facility and the Term Loan Facility; (ii) to modify the maximum leverage ratio financial covenant; (iii) to modify certain expenses and fees included within the definition of EBITDA; and (iv) to remove the occurrence of an event having a material adverse effect on the Company as an event of default (as amended, the "Credit Facility").

The Credit Facility consists of a \$60,000 asset-based revolving credit facility, with a \$10,000 letter of credit sub-line facility (the "Revolving Facility"), a \$5,000 "first in last out" (FILO) revolving credit facility (the "FILO Facility") and a \$10,000 term loan facility (the "Term Loan Facility"). Pursuant to an accordion feature, the Credit Facility includes the ability to increase the Revolving Facility by an additional \$15,000 upon the Company's request and the agreement of the lenders participating in the increase. The total borrowing capacity under the Revolving Facility is based on a borrowing base, generally defined as 85% of the value of eligible accounts plus the lesser of (i) 70% of the value of eligible inventory or (ii) 85% of the net orderly liquidation value of eligible inventory, less reserves. The total borrowing capacity under the FILO Facility is based on a borrowing base, generally defined as a specified percentage of the value of eligible accounts that steps down over time, plus a specified percentage of the value of eligible inventory that steps down over time.

The scheduled maturity date of the loans under the Revolving Facility and the Term Loan Facility is April 21, 2020, and loans under the FILO Facility terminate April 21, 2018, subject in each case to customary early termination provisions. Any termination of the Revolving Facility would require termination of the Term Loan Facility and the FILO Facility.

All obligations under the Credit Facility are secured by substantially all of the Company's assets. In addition, Summer Infant Canada Limited and Summer Infant Europe Limited, subsidiaries of the Company, are guarantors under the Credit Facility. Proceeds from the loans were used to (i) repay the

Table of Contents**SUMMER INFANT, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****4. DEBT (Continued)**

Company's outstanding term loan, (ii) pay fees and transaction expenses associated with the closing of the Credit Facility, (iii) pay obligations under the Credit Facility, and (iv) pay for lawful corporate purposes, including working capital.

Borrowings under the Revolving Facility will bear interest, at the Company's option, at a base rate or at LIBOR, plus applicable margins based on average quarterly availability and ranging between 2.0% and 2.5% on LIBOR borrowings and 0.5% and 1.0% on base rate borrowings. Loans under the FILO Facility and Term Loan Facility will bear interest, at the Company's option, at a base rate or at LIBOR, plus a margin of 4.25% on LIBOR borrowings and 2.75% on base rate borrowings.

Beginning on July 1, 2015, the Company was required to begin repaying the Term Loan Facility in quarterly installments of \$500. Beginning with the fiscal year ending January 2, 2016, the Company was required to prepay the Term Loan Facility in an amount equal to 50% of the Company's "excess cash flow," as such term is defined in the Credit Facility, at the end of each fiscal year.

Under the Credit Facility, the Company must comply with certain financial covenants, including that the Company (i) maintain a fixed charge coverage ratio of at least 1.0 to 1.0 for the twelve consecutive fiscal months most recently ended and (ii) maintain a certain leverage ratio at the end of each fiscal quarter. For purposes of the financial covenants, consolidated EBITDA is defined as net income before interest, taxes, depreciation and amortization, plus certain customary expenses, fees, non-cash charges and up to \$2,000 of specified inventory dispositions, and minus certain customary non-cash items increasing net income and other specified items.

The Credit Facility contains customary affirmative and negative covenants. Among other restrictions, the Company is restricted in its ability to incur additional debt, make acquisitions or investments, dispose of assets, or make distributions unless in each case certain conditions are satisfied. The Credit Facility also contains customary events of default, including the occurrence of a change of control. In the event of a default, all of the Company's obligations under the Credit Facility may be declared immediately due and payable. For certain events of default relating to insolvency and receivership, all outstanding obligations immediately become due and payable.

As of January 2, 2016, the base rate on loans was 4.5% and the LIBOR rate was 3.0%. The amount outstanding on the Revolving Facility at January 2, 2016 was \$40,005. Total borrowing capacity under the Revolving Facility at January 2, 2016 was \$49,264 and borrowing availability was \$9,259. The amounts outstanding on the Term Loan Facility and FILO Facility at January 2, 2016 were \$8,500 and \$5,000, respectively.

Aggregate maturities of bank debt related to the BofA credit facility:

Fiscal Year ending:	
2016	\$ 3,250
2017	4,500
2018	3,250
2019	2,000
2020	40,505
Total	\$ 53,505

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. DEBT (Continued)

Prior Credit Facility and Term Loan

The Credit Facility replaced the Company's prior credit facility with Bank of America and the Company's prior term loan agreement with Salus Capital Partners, LLC. Prior to April 2015, the Company had a loan and security agreement with Bank of America N.A. that provided for an \$80,000, asset-based revolving credit facility, with a \$10,000 letter of credit sub-line facility.

The Company evaluated the Credit Facility, by lender, to determine the proper accounting treatment for the transaction. Accordingly, debt extinguishment accounting was used to account for the pay off of the prior term loan agreement with Salus Capital Partners, LLC and for the pay off of a member of the prior credit facility with Bank of America who did not continue in the Credit Facility resulting in the write off of \$549 in remaining unamortized deferred financing costs and \$135 in termination fees. Debt modification accounting was used for the remaining members of the prior credit facility resulting in their remaining unamortized deferred financing costs of \$601 and the new financing costs of \$1,134 to be capitalized and amortized over the life of the new debt beginning in the second quarter of fiscal 2015.

Sale-Leaseback

On March 24, 2009, Summer Infant (USA), Inc., the Company's wholly owned subsidiary ("Summer USA"), entered into a definitive agreement with Faith Realty II, LLC, a Rhode Island limited liability company ("Faith Realty") (the members of which are Jason Macari, the former Chief Executive Officer of the Company and current investor, and his spouse), pursuant to which Faith Realty purchased the corporate headquarters of the Company located at 1275 Park East Drive, Woonsocket, Rhode Island (the "Headquarters"), for \$4,052 and subsequently leased the Headquarters back to Summer USA for an annual rent of \$390 during the initial seven year term of the lease, payable monthly and in advance. The lease will expire on the seventh anniversary of its commencement, or 2016, unless an option period is exercised by Summer USA. At the end of the initial term, Summer USA would have the opportunity to extend the lease for one additional period of five years. If Summer USA elected to extend the term of the lease for an additional five years, the annual rent for the first two years of the extension term would be equal to \$429 and for the final three years of the extension term shall be equal to \$468. In addition, during the first six months of the last lease year of the initial term of the lease, Summer USA had the option to repurchase the Headquarters for \$4,457 (110% of the initial sale price). With the majority of the proceeds of the sale of the Headquarters Summer USA paid off the construction loan relating to the Headquarters. Mr. Macari had given a personal guarantee to secure the Faith Realty debt on its mortgage; therefore, due to his continuing involvement in the building transaction and the Company's option to repurchase the building, the transaction had been recorded as a financing lease, with no gain recognition.

On February 25, 2009, the Company's Board of Directors (with Mr. Macari abstaining from such action) approved the sale leaseback transaction. In connection therewith, the Board of Directors granted a potential waiver, to the extent necessary, if at all, of the conflict of interest provisions of the Company's Code of Ethics, effective upon execution of definitive agreements within the parameters approved by the Board. In connection with granting such potential waiver, the Board of Directors engaged independent counsel to review the sale leaseback transaction and an independent appraiser to ascertain (i) the value of the Headquarters and (ii) the market rent for the Headquarters. In reaching its conclusion that the sale leaseback transaction is fair to the Company, the Board of Directors

Table of Contents**SUMMER INFANT, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****4. DEBT (Continued)**

considered a number of factors, including Summer USA's ability to repurchase the headquarters at 110% of the initial sale price at the end of the initial term. The Company's Audit Committee approved the sale leaseback transaction (as a related party transaction) and the potential waiver and recommended the matter to a vote of the entire Board of Directors (which approved the transaction).

On May 13, 2015, Summer USA, a wholly-owned subsidiary of the Company, entered into an amendment (the "Amendment") to its lease dated March 24, 2009 (the "Lease") with Faith Realty II, LLC (the "Landlord"). Pursuant to the Amendment, (i) the initial term of the Lease was extended for two additional years, such that the initial term now ends on March 31, 2018, and the term of the Lease may be extended at Summer USA's election for one additional term of three years (rather than five years) upon twelve months' prior notice, (ii) the annual rent for the last two years of the newly amended initial term was set at \$429 and the annual rent for the extension period, if elected, was set at \$468 and (iii) the Landlord agreed to provide an aggregate improvement allowance of not more than \$78 for the newly amended initial term, to be applied against Summer USA's monthly rent, and an additional improvement allowance of \$234 for the extension term, if elected, to be applied against Summer USA's monthly rent during such extension term. The Amendment was reviewed and approved by the audit committee because it was a related party transaction.

At January 2, 2016, approximately \$376 was included in accrued expenses, with the balance of approximately \$2,635 included in other liabilities, in the accompanying consolidated balance sheet. This obligation is reduced each month (along with a charge to interest expense) as the rent payment is made to Faith Realty.

Approximate future minimum sale-leaseback payments due under the lease is as follows:

Fiscal Year Ending:

2016	\$	419
2017		429
2018		107
2019 and beyond		
Total	\$	955

5. INCOME TAXES

The benefit for income taxes is summarized as follows:

	Fiscal 2015	Fiscal 2014
Current:		
Federal	\$ (150)	\$ 205
Foreign	389	401
State and local	5	20
Total current	244	626
Deferred (primarily federal)	(3,668)	(1,153)
Total benefit	\$ (3,424)	\$ (527)

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. INCOME TAXES (Continued)

The tax effects of temporary differences that comprise the deferred tax liabilities and assets are as follows:

	January 2, 2016	January 3, 2015
Assets (Liabilities)		
Deferred tax asset current:		
Accounts receivable	\$ 7	\$ 21
Inventory and Unicap reserve	689	1,035
Foreign tax credit carry-forward and other	103	138
Net deferred tax asset current	799	1,194
Deferred tax (liability) asset non-current:		
Research and development credit, foreign tax credit and net operating loss carry-forward	7,183	4,193
Intangible assets and other	(3,233)	(3,850)
Property, plant and equipment	(748)	(1,143)
Total deferred tax asset (liability)	3,202	(800)
Valuation allowance	(1,518)	(1,578)
Net deferred tax asset (liability) non-current:	1,684	(2,378)
Net deferred income tax asset (liability)	\$ 2,483	\$ (1,184)

The following reconciles the benefit for income taxes at the U.S. federal income tax statutory rate to the benefit in the consolidated financial statements:

	Fiscal 2015	Fiscal 2014
Tax benefit at statutory rate	\$ (4,093)	\$ (262)
State income taxes, net of U.S. federal income tax benefit	(298)	(76)
Adjustment to uncertain tax position	327	
Stock options	92	213
Valuation allowance of state R&D credits		(23)
Foreign tax rate differential	289	(249)
Tax credits	(150)	(173)
Non-deductible expenses	438	25
Other	(29)	18
Total benefit	\$ (3,424)	\$ (527)

The Company had undistributed earnings from certain foreign subsidiaries (Summer Infant Asia, Summer Infant Australia, and Born Free Holdings, Ltd) of approximately \$12,784 at January 2, 2016, and all of these earnings are considered to be permanently reinvested due to the Company's plans to reinvest such earnings for future expansion in certain foreign jurisdictions. Earnings and profits from Summer Infant Europe and Summer Infant Canada are not considered to be permanently reinvested due to the bank refinancing as discussed in Note 4 Debt. The amount of taxes attributable to the permanently reinvested undistributed earnings is not practicably determinable.

Table of Contents**SUMMER INFANT, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****5. INCOME TAXES (Continued)**

As of January 2, 2016, the Company has approximately \$6,000 of federal and state net operating loss carry forwards (or "NOLs") to offset future federal taxable income. The federal NOL will begin to expire in 2028 and the state NOL will begin to expire in 2016. The Company also has approximately \$1,725, \$431, and \$37 of NOLs in Canada, Australia, and the United Kingdom, which can be carried forward indefinitely.

Authoritative guidance requires a valuation allowance to reduce the deferred tax assets reported, if based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. After consideration of all evidence, including the Company's past earnings history and future earnings forecast, management has determined that a valuation allowance in the amount of \$1,518 relating to certain state tax credits is necessary at January 2, 2016.

A summary of the Company's adjustment to its uncertain tax positions in fiscal years ended January 2, 2016 and January 3, 2015 are as follows:

	January 2, 2016	January 3, 2015
Balance, at beginning of the year	\$	\$
Increase for tax positions related to the current year		
Increase for tax positions related to prior years	283	
Increase for interest and penalties	44	
Decrease for lapses of statute of limitations		
Balance, at end of year	\$ 327	\$

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. INCOME TAXES (Continued)

The unrecognized tax benefits mentioned above include an aggregate of \$44 of accrued interest and penalty balances related to uncertain tax positions. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. An increase in accrued interest and penalty charges of approximately \$44, net of federal tax expense, was recorded as a tax expense during the current fiscal year. The Company does not anticipate that its accrual for uncertain tax positions will be reduced by a material amount over the next twelve month period, as it does not expect to settle any potential disputed items with the appropriate taxing authorities nor does it expect the statute of limitations to expire for any items.

The Company is subject to U.S. federal income tax, as well as to income tax of multiple state and foreign tax jurisdictions. On a global basis, the open tax years subject to examination by major taxing jurisdictions in which the Company operates is between two to six years.

6. SHARE BASED COMPENSATION

The Company is authorized to issue up to 3,000,000 shares for equity awards under the Company's 2006 Performance Equity Plan ("2006 Plan") and 1,700,000 shares for equity awards under the Company's 2012 Incentive Compensation Plan (as amended, "2012 Plan"). The Company's stockholders approved an increase in the number of shares available under the 2012 Plan from 1,100,000 to 1,700,000 shares on August 4, 2015. Periodically, the company also provides equity awards outside of the plans.

Under the 2006 Plan and 2012 Plan, awards may be granted to participants in the form of non-qualified stock options, incentive stock options, restricted stock, deferred stock, restricted stock units and other stock-based awards. Subject to the provisions of the Plans, awards may be granted to employees, officers, directors, advisors and consultants who are deemed to have rendered or are able to render significant services to the Company or its subsidiaries and who are deemed to have contributed or to have the potential to contribute to the Company's success. The Company accounts for options under the fair value recognition standard. The application of this standard resulted in share-based compensation expense for the twelve months ended January 2, 2016 and January 3, 2015 of \$865 and \$1,220, respectively. Share based compensation expense is included in selling, general and administrative expenses.

Stock Options

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model that uses the assumptions noted in the table below. The Company uses the simplified method to estimate the expected term of the options for grants of "plain vanilla" stock options as prescribed by the Securities and Exchange Commission. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Share-based compensation expense recognized in the consolidated financial statements in fiscal 2015 and 2014 is based on awards that are ultimately expected to vest.

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. SHARE BASED COMPENSATION (Continued)

The following table summarizes the weighted average assumptions used for options granted during the fiscal years ended January 2, 2016 and January 3, 2015.

	Fiscal 2015	Fiscal 2014
Expected life (in years)	5.3	4.9
Risk-free interest rate	1.6%	1.7%
Volatility	67.4%	63.0%
Dividend yield	0.0%	0.0%
Forfeiture rate	16.5%	13.1%

The weighted-average grant date fair value of options granted during the year ended January 2, 2016 was \$1.58 per share which totaled \$767 for the 485,750 options granted during such period. During the year ended January 3, 2015, the weighted-average grant date fair value of options granted was \$1.21 per share which totaled \$803 for the 664,000 options granted during the year.

A summary of the status of the Company's options as of January 2, 2016 and changes during the year then ended is presented below:

	Number Of Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	1,729,365	\$ 3.30
Granted	485,750	\$ 2.72
Exercised	(25,000)	\$ 1.85
Canceled	(887,902)	\$ 2.80
Outstanding at end of year	1,302,213	\$ 3.45

Options exercisable at January 2, 2016	774,598	\$	3.95
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Outstanding stock options expected to vest as of January 2, 2016 is 1,199,853. The intrinsic value of options exercised totaled \$27 and \$6 for the fiscal years ended January 2, 2016 and January 3, 2015, respectively.

The following table summarizes information about stock options at January 2, 2016:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding	Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Remaining Contractual Life	Weighted Average Exercise Price
\$1.80 - \$2.00	111,500	8.4	\$ 1.83	29,250	8.3	\$ 1.83
\$2.01 - \$3.00	645,000	7.8	\$ 2.53	301,940	6.2	\$ 2.32
\$3.01 - \$4.00	162,750	7.9	\$ 3.33	69,500	7.7	\$ 3.35
\$4.01 - \$6.00	330,413	2.6	\$ 5.30	321,358	2.5	\$ 5.29
\$6.01 - \$8.00	52,550	5.0	\$ 7.06	52,550	5.0	\$ 7.06
	1,302,213	6.4	\$ 3.45	774,598	4.8	\$ 3.95

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. SHARE BASED COMPENSATION (Continued)

The aggregate intrinsic value of options outstanding and exercisable at January 2, 2016 and January 3, 2015 are \$36 and \$886, respectively. As of January 2, 2016, there was approximately \$544 of unrecognized compensation cost related to non-vested stock option awards, which is expected to be recognized over a remaining weighted-average vesting period of 2.4 years.

Restricted Stock Awards

Restricted stock awards require no payment from the grantee. The related compensation cost of each award is calculated using the market price on the grant date and is expensed equally over the vesting period. A summary of restricted stock awards made in the year ended January 2, 2016, is as follows:

	Number of Shares	Grant Date Fair Value
Non-Vested restricted stock awards as of January 3, 2015	242,249	\$ 3.22
Granted	216,135	2.52
Vested	(198,473)	3.00
Forfeited	(84,067)	3.03
Non-Vested restricted stock awards as of January 2, 2016	175,844	\$ 2.70

As of January 2, 2016, there was approximately \$274 of unrecognized compensation cost related to non-vested stock compensation arrangements granted under the Company's stock incentive plan for restricted stock awards. That cost is expected to be recognized over the next 2.5 years.

As of January 2, 2016, there are 635,078 shares available to grant under the 2006 Plan and 1,020,125 shares available to grant under the 2012 Plan.

Restricted Stock Units

In December 2015, the Company's Board of Directors granted restricted stock units to the executive Chairman of the Board (the "RSUs"). The RSUs represent the right to receive shares of the Company's common stock upon achievement of specified stock price performance metrics, and only vest if such market-based performance metrics are achieved. The RSUs expire on the date of the Company's Issuer's 2017 annual stockholder meeting. The amount of shares that ultimately vest may range from 0 shares to 194,209. The fair value of the restricted stock units was determined by utilizing a Monte Carlo simulation model, which projects the value of the Company's stock versus the peer group under numerous scenarios and determines the value of the award based upon the present value of these projected outcomes. None of the RSUs had vested as of January 2, 2016.

As of January 2, 2016, there was \$53 of recognized compensation cost and \$175 of unrecognized compensation cost related to the RSUs. Expected cost is recognized over a weighted-average period of approximately 1 year.

7. CAPITAL LEASE OBLIGATIONS

The Company leases certain equipment under capital leases which expire over the next two years.

Table of Contents**SUMMER INFANT, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****7. CAPITAL LEASE OBLIGATIONS (Continued)**

The leases require monthly payments of principal and interest, imputed at interest rates ranging from 3% to 6% per annum.

The capital lease liability balance of approximately \$71 and \$211 is included in debt on the consolidated balance sheets as of January 2, 2016 and January 3, 2015, respectively, of which approximately \$2 and \$70 is included in long-term liabilities as of January 2, 2016 and January 3, 2015, respectively, and the balance is in current portion of long-term debt. The minimum future lease payments, including principal and interest, are approximately \$72 and \$219, respectively.

Future Minimum Lease Payments by Fiscal Year

	Total	2016	2017	2018 & Beyond
Capital Lease Payments	\$ 72	\$ 70	\$ 2	\$
Interest	(1)	(1)	(0)	
Principal	\$ 71	\$ 69	\$ 2	\$

8. PROFIT SHARING PLAN

Summer Infant (USA), Inc. maintains a defined contribution salary deferral plan under Section 401(k) of the Internal Revenue Code. All employees who meet the plan's eligibility requirements can participate. Employees may elect to make contributions up to federal limitations. In 2007, the Company adopted a matching plan which was further amended in 2013, and which was funded throughout the year. For the years ended January 2, 2016 and January 3, 2015, the Company recorded 401(k) matching expense of \$366 and \$216, respectively.

9. MAJOR CUSTOMERS

Sales to the Company's top seven customers together comprised more than 73% of our sales in fiscal 2015 and 74% of our sales in fiscal 2014. These customers include Babies R Us/Toys R Us, Wal-Mart, Amazon, Target, Buy Buy Baby, K-Mart, and Burlington Coat Factory. Of these customers, four generated more than 10% of sales for fiscal 2015: Babies R Us/Toys R Us (23%), Walmart (14%), Amazon.com (14%) and Target (12%). In fiscal 2014, four customers generated more than 10% of sales: Babies R Us/Toys R Us (27%), Walmart (14%), Amazon (11%) and Target (11%).

10. COMMITMENTS AND CONTINGENCIES*Royalty Commitments*

Summer Infant (USA), Inc. has entered into various license agreements with third parties for the use of product designs, software licenses, and trade names for the products manufactured by the Company. These agreements have termination dates through December 2017. Royalty expense under these licensing agreements for the years ended January 2, 2016 and January 3, 2015 were approximately \$735 and \$915, respectively.

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. COMMITMENTS AND CONTINGENCIES (Continued)

Customer Agreements

The Company enters into annual agreements with its customers in the normal course of business. These agreements define the terms of product sales including, in some instances, cooperative advertising costs and product return privileges (for defective products only) or defective allowances (which are based upon historical experience). These contracts are generally annual in nature and obligate the Company only as to products actually sold to the customer.

Lease Commitments

For lease agreements with escalation clauses, the Company records the total rent to be paid under the lease on a straight-line basis over the term of the lease, with the difference between the expense recognized and the cash paid recorded as a deferred rent liability included in accrued expenses on the balance sheet for amounts to be recognized within twelve months and in other liabilities for amounts to be recognized after twelve months from the balance sheet date, in the consolidated balance sheets. Lease incentives are recorded as deferred rent at the beginning of the lease term and recognized as a reduction of rent expense over the term of the lease.

Summer Infant Europe Limited leases office space under a non-cancelable operating lease agreement. This lease is for a five-year term through April 2017, and requires monthly payments of approximately \$6. In addition, Summer Infant Europe Limited is required to pay its proportionate share of property taxes.

Summer Infant Canada, Ltd. entered into a five-year lease for office and warehouse space under a non-cancelable operating lease agreement expiring June 2018. The Company is obligated as part of the lease to pay maintenance expenses as well as property taxes and insurance costs as defined in the agreement. Monthly payments are approximately \$27 over the course of the lease term. Summer Infant Canada, Ltd. has the option to renew this lease for one additional period of five years under similar terms and conditions.

Summer Infant (USA) Inc. entered into a 72 month lease in September 2010 for warehouse space under a non-cancelable operating lease agreement. The Company is obligated to pay certain common area maintenance charges including insurance and utilities. The lease was extended in 2015 and now expires in September 2021. Monthly payments of \$166 in fiscal 2016 escalate to \$186 over the remaining life of the lease.

During November 2015, Summer Infant Asia entered into a two year office lease which requires monthly payments of \$10 through 2017.

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. COMMITMENTS AND CONTINGENCIES (Continued)

Approximate future minimum rental payments due under these leases are as follows(a):

Fiscal Year Ending:

2016	\$	1,936
2017		2,293
2018		2,198
2019		2,122
2020 and beyond		3,861
Total	\$	12,410

(a)

Amounts exclude payments for sales-leaseback transaction as described in Note 4.

Rent expense (excluding taxes, fees and other charges) for the years ended January 2, 2016 and January 3, 2015 totaled approximately \$1,906 and \$1,902, respectively.

Employment Contracts

In accordance with United Kingdom and EU law, Summer Infant Europe Limited is required to have employment contracts with all of its employees. In connection with these contracts, Summer Infant Europe Limited makes individual pension contributions to certain employees at varying rates from 3-7% of the employee's annual salary, as part of their total compensation package. These pension contributions are expensed as incurred. There are no termination benefit provisions in these contracts.

Litigation

The Company is a party to routine litigation and administrative complaints incidental to its business. The Company does not believe that the resolution of any or all of such routine litigation and administrative complaints is likely to have a material adverse effect on the Company's financial condition or results of operations, except as noted below.

On May 27, 2015, the Company filed a Complaint against Carol E. Bramson, Annamaria Dooley, Kenneth N. Price, Carson J. Darling, Dulcie M. Madden, and Bruce Work in the United States District Court for the District of Rhode Island (Civil Action No. 1:15-CV-00218-5-LDA) (the "Complaint"). The Complaint alleges theft and misappropriation of the Company's confidential and proprietary trade secrets, intellectual property, and business, branding and marketing strategies. Ms. Bramson is a former member of the Company's Board of Directors and the Company's former Chief Executive Officer, Ms. Dooley is the Company's former Senior Vice President of Product Development, and Mr. Price is the former President of Global Sales & Marketing of the Company. Mr. Darling and Ms. Madden are principals of Rest Devices, Inc., a former consultant to the Company (the "Rest Defendants"). The Complaint alleges violation of trade secrets, misappropriation of confidential information, breaches of fiduciary duties by Mmes. Bramson and Dooley and Mr. Price, conversion, breaches of contract by Mmes. Bramson and Dooley and Mr. Price, tortious interference with employment agreements, consulting agreements, and prospective business relations, unjust enrichment and other related claims, and seeks injunctive relief, return of the Company's confidential and proprietary information, as well as other relief including compensatory damages.

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SUMMER INFANT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. COMMITMENTS AND CONTINGENCIES (Continued)

On August 25, 2015, the Company and the Rest Defendants reached an agreement-in-principle with regard to a proposed settlement, and the Company subsequently withdrew its motion for a preliminary injunction. On November 1, 2015, the Company and the Rest Defendants entered into a confidential settlement agreement (the "Settlement Agreement") pursuant to which the Company and the Rest Defendants mutually released claims against each other, and the Company voluntarily dismissed all claims in the Complaint against the Rest Defendants. The Settlement Agreement did not release any claims against Mmes. Bramson or Dooley or Mr. Price.

With respect to the remaining defendants, on July 3, 2015, Mr. Price filed a motion to dismiss the claims against him set forth in the Complaint, and on February 10, 2016 the Court denied Mr. Price's motion to dismiss. On July 3, 2015, Mmes. Bramson and Dooley filed an answer to the Complaint, and asserted counterclaims against the Company, including (i) a claim by Ms. Bramson for contractual indemnification and (ii) claims by Mmes. Bramson and Dooley for indemnification under the Company's bylaws, tortious interference with prospective business relations, unfair and deceptive trade practices and abuse of process. The Company filed a motion to dismiss certain counterclaims made by Mmes. Bramson and Dooley on July 27, 2015. On February 10, 2016, the Court granted in part and denied in part the Company's motion to dismiss certain counterclaims, and dismissed with prejudice Mmes. Bramson and Dooley's counterclaim for abuse of process. On February 19, 2016, Ms. Dooley filed a motion to amend her counterclaims and bring a third-party complaint against Dan Almagor, executive Chairman of the Board. Ms. Dooley amended her counterclaims to allege violations of 18 U.S.C. Section 2701, the Stored Communications Act, invasion of privacy, violation the Rhode Island's Computer Crime Statute and infliction of emotional distress by the Company and Mr. Almagor. The Company has not yet responded to Ms. Dooley's motion. On February 23, 2016, Mr. Price filed a motion to file answer and counterclaim, responding to the Complaint and alleging counterclaims, including breach of contract, breach of the duty of good faith and fair dealing, violations of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and indemnification under the Company's bylaws. The Company has not yet responded to Mr. Price's motion.

In August 2015, the Court granted Ms. Bramson's motion for advancement of certain indemnification expenses. Subsequently, the Company declined to pay some of these expenses on the ground that they were beyond the scope of the indemnification agreement and inconsistent with the Court's initial order. In February 2016, the Court granted Ms. Bramson's motion for advancement in part, and denied it in part, on the ground that some, but not all of the expenses sought were within the scope of the indemnification agreement.

The Company and the remaining defendants are currently in discovery, and no trial date has been set. The Company has incurred significant expenses related to this lawsuit to date and may continue to incur expenses related to this lawsuit. The Company cannot predict the outcome of this lawsuit or for how long it will remain active.

11. GEOGRAPHICAL INFORMATION

The Company sells products throughout the United States, Canada, and the United Kingdom, and various other parts of the world. The Company does not disclose product line revenues as it is not practicable for the Company to do so.

Table of Contents**SUMMER INFANT, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****11. GEOGRAPHICAL INFORMATION (Continued)**

The following is a table that presents net revenue by geographic area:

	For the fiscal year ended	
	January 2, 2016	January 3, 2015
United States	\$ 171,310	\$ 170,375
All Other	34,494	34,984
	\$ 205,804	\$ 205,359

The following is a table that presents total assets by geographic area:

	January 2, 2016	January 3, 2015
United States	\$ 92,379	\$ 100,302
All Other	22,248	22,165
	\$ 114,627	\$ 122,467

The following is a table that presents total long lived assets by geographic area:

	January 2, 2016	January 3, 2015
United States	\$ 23,908	\$ 27,180
All Other	8,196	7,944
	\$ 32,104	\$ 35,124

12. SUBSEQUENT EVENTS

The Company has evaluated all events or transactions that occurred after January 2, 2016 through the date of this Annual Report. No subsequent event disclosures are required.

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Index to Exhibits

Exhibit No.	Description
2.1	Agreement and Plans of Reorganization, dated as of September 1, 2006, by and among KBL Healthcare Acquisition Corp. II, and its wholly owned subsidiary, SII Acquisition Inc., and Summer Infant, Inc., Summer Infant Europe Limited, Summer Infant Asia, Ltd. and their respective stockholders (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 5, 2006, SEC File No. 000- 51228)
2.2	Purchase and Sale Agreement, dated March 24, 2009, between Summer Infant (USA), Inc. and Faith Realty II, LLC (Incorporated by reference to Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q/A filed on August 18, 2009, SEC File No. 001-33346)
2.3	Lease Agreement, dated March 24, 2009, between Summer Infant (USA), Inc. and Faith Realty II, LLC (Incorporated by reference to Exhibit 2.2 to the Registrant's Quarterly Report on Form 10-Q/A filed on August 18, 2009, SEC File No. 001-33346)
2.4	Agreement and Plan of Merger, dated as of April 18, 2008, by and among Summer Infant (USA), Inc., Kiddo Acquisition Co. Inc., and Kiddopotamus & Company and certain of its stockholders (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 24, 2008, SEC File No. 001-33346)
2.5	Stock Purchase Agreement, dated as of March 24, 2011, by and among the Registrant, Summer Infant (USA), Inc., Born Free Holdings Ltd., and each stockholder of Born Free Holdings Ltd. (Incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on March 28, 2011)
3.1	Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-A filed on March 6, 2007, SEC File No. 001-33346)
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on June 7, 2010)
3.3	Certificate of Amendment to Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 14, 2014)
3.4	Amended and Restated Bylaws (Incorporated by reference to Exhibit 3.3 to the Registrant's Annual Report on Form 10-K filed on March 13, 2013)
4.1	Specimen Common Stock Certificate (Incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-A filed on March 6, 2007, SEC File No. 001-33346)
10.1	Registration Rights Agreement by and among the Registrant, Jason Macari and Steven Gibree (Incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed on September 5, 2006, SEC File No. 000-51228)
10.2*	2006 Performance Equity Plan (Incorporated by reference to Appendix A to the Registrant's Definitive Proxy Statement on Schedule 14A filed on April 29, 2008, SEC File No. 001-33346)
10.3	Loan and Security Agreement, dated as of February 28, 2013, among the Registrant, Summer Infant (USA), Inc., the Guarantors from time to time a party thereto, the financial institutions part thereto from time to time as Lenders, Bank of America, N.A., as Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Book Runner (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 4, 2013)

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Exhibit No.	Description
10.4	Amendment No. 1 to Loan and Security Agreement, dated April 10, 2013, among the Registrant and Summer Infant (USA), Inc. as Borrowers, Summer Infant Canada, Limited and Summer Infant Europe Limited, as Guarantors, and Bank of America, N.A., in its capacity as Lender and as Agent (Incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on November 14, 2013)
10.5	Amendment No. 2 to Loan and Security Agreement, dated November 8, 2013, among the Registrant and Summer Infant (USA), Inc., as Borrowers, Summer Infant Canada, Limited and Summer Infant Europe Limited, as Guarantors, the Lenders party to the Loan and Security Agreement, and Bank of America, N.A., in its capacity as Agent (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on November 14, 2013)
10.6	Amendment No. 3 and Waiver to Loan and Security Agreement, dated December 12, 2014, among the Registrant and Summer Infant (USA), Inc., as Borrowers, Summer Infant Canada, Limited and Summer Infant Europe Limited, as Guarantors, the Lenders party to the Loan and Security Agreement, and Bank of America, N.A., in its capacity as Agent (Incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K filed on March 4, 2015)
10.7	Term Loan Agreement, dated as of February 28, 2013, among Summer Infant (USA), Inc., as lead borrower, the Registrant, the Guarantors named therein, Salus Capital Partners, LLC, as Administrative Agent and Collateral Agent, and the other Lenders party thereto (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on March 4, 2013)
10.8	Amendment No. 1 to Term Loan Agreement, dated November 8, 2013, among the Registrant and Summer Infant (USA), as Borrowers, Summer Infant Canada, Limited and Summer Infant Europe Limited, as Guarantors, the Lenders party of the Term Loan Agreement and Salus Capital Partners, LLC, as Agent (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on November 14, 2013)
10.9	Amendment No. 2 to Term Loan Agreement, dated December 31, 2014, among the Registrant and Summer Infant (USA), as Borrowers, Summer Infant Canada, Limited and Summer Infant Europe Limited, as Guarantors, the Lenders party of the Term Loan Agreement and Salus Capital Partners, LLC, as Agent (Incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K filed on March 4, 2015)
10.10	Amendment No. 3 to Term Loan Agreement, dated February 26, 2015, among the Registrant and Summer Infant (USA), as Borrowers, Summer Infant Canada, Limited and Summer Infant Europe Limited, as Guarantors, the Lenders part of the Term Loan Agreement and Salus Capital Partners, LLC, as Agent (Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on May 7, 2015)
10.11	Security Agreement, dated as of February 28, 2013, among Summer Infant, (USA), Inc., as lead borrower, the Registrant, the Guarantors named therein, and Salus Capital Partners, LLC, as Agent (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on March 4, 2013)
10.12	Amended and Restated Loan and Security Agreement, dated as of April 21, 2015, among Summer Infant, Inc. and Summer Infant (USA), Inc. as Borrowers, the Guarantors from time to time party thereto, Certain Financial Institutions as Lenders, Bank of America, N.A. as Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Book Runner (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 22, 2015)

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Exhibit No.	Description
10.13	Amendment to Amended and Restated Loan and Security Agreement, dated as of December 10, 2015, among Summer Infant, Inc. and Summer Infant (USA), Inc., as Borrowers, Summer Infant Canada, Limited and Summer Infant Europe Limited, as Guarantors, Certain Financial Institutions as Lenders and Bank of America, N.A. as Agent (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 14, 2015)
10.14*	2012 Incentive Compensation Plan, as amended (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 5, 2015)
10.15*	Form of Change of Control Agreement with Chief Financial Officer, Chief Operating Officer and other key employees (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on December 14, 2015)
10.16*	Separation Agreement and Release, dated as of January 15, 2014, by and between the Registrant and Jason Macari (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 17, 2014)
10.17*	Employment Agreement, dated as of January 16, 2014, by and between Summer Infant, Inc. and Carol E. Bramson (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on January 17, 2014)
10.18*	Summer Infant, Inc. Form of Indemnification Agreement (for officers and directors) (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on January 17, 2014)
10.19*	Offer Letter and Change of Control Agreement by and between the Registrant and Kenneth Price (Incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K filed on March 11, 2014)
10.20*	Separation Agreement and General Release, dated as of October 23, 2014, by and among the Registrant, Summer Infant (USA), Inc. and David Hemendinger (Incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K filed on March 4, 2015)
10.21*	Separation Agreement and General Release, dated as of November 6, 2014, by and among the Registrant, Summer Infant (USA), Inc. and Paul Francese (Incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed on March 4, 2015)
10.22*	Offer Letter and Change of Control Agreement by and between the Registrant and William E. Mote (Incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K filed on March 4, 2015)
10.23*	Offer Letter and Change of Control Agreement by and between the Registrant and Robert Stebenne (Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on May 7, 2015)
10.24	Amendment to Lease, dated May 13, 2015, by and between Faith Realty II, LLC and Summer Infant (USA), Inc. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 19, 2015)
21.1	List of Subsidiaries (Incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K filed on March 13, 2013)
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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Exhibit No.	Description
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*

Management contract or compensatory plan or arrangement.
