

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

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**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): March 21, 2014

**KCAP Financial, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**814-00735**  
(Commission File Number)

**20-5951150**  
(I.R.S. Employer Identification No.)

**295 MADISON AVENUE**  
**NEW YORK, NY10017**  
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(212) 455-8300**

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Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications 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))
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**Item 4.01. Changes in Registrant’s Certifying Accountant.**

*(a) Prior independent registered public accounting firm*

On March 21, 2014, the board of directors (the “Board”) of KCAP Financial, Inc. (the “Company”) elected to not renew their engagement of Grant Thornton LLP (“Grant Thornton”) as the Company’s independent registered public accounting firm. The Board’s decision was recommended by the Audit Committee of the Board.

Grant Thornton’s reports on the Company’s financial statements for the fiscal years ended December 31, 2013, 2012 and 2011, contained no adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended December 31, 2013, 2012 and 2011 through March 21, 2014, there were no (a) disagreements with Grant Thornton on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Grant Thornton, would have caused it to make reference to the subject matter of such disagreements in its reports on the financial statements for such years or (b) reportable events, as described under Item 304(a)(1)(v) of Regulation S-K.

The Company has requested Grant Thornton to provide it with a letter addressed to the SEC stating whether or not Grant Thornton agrees with the above disclosures. A copy of Grant Thornton’s letter, dated March 26, 2014, is attached as Exhibit 16.1 to this Form 8-K.

*(b) New independent registered public accounting firm*

In March 2014, the Audit Committee of the Board conducted a review of the selection of the Company’s independent registered public accounting firm. As part of this process, the Company contacted other independent registered public accounting firms and solicited input from them on their ability to provide the audit services that the Company requires. Specifically, the Company sought detailed information about their experience auditing other BDCs that have elected to be taxed as regulated investment companies. The Company contacted these other independent registered public accounting firms for the audit of its annual financial statements for the fiscal year ending December 31, 2014.

On March 26, 2014, the Board engaged, upon the recommendation of the Audit Committee of the Board, Ernst & Young LLP (“E&Y”) to serve as the Company’s new independent registered public accounting firm to audit the Company’s consolidated financial statements for the fiscal year ending December 31, 2014, subject to ratification by our stockholders.

During the years ended December 31, 2013, 2012 and 2011 and through March 26, 2014, the Company did not consult with E&Y with respect to (a) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the Company’s financial statements, and no written report or oral advice was provided to the Company that E&Y concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue, or (b) any matter that was subject to any disagreement, as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions thereto, or a reportable event within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

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**Item 9.01 Financial Statements and Exhibits.**

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
16.1	Grant Thornton's Letter to the SEC dated March 26, 2014

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**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.

Date: March 26, 2014

**KCAP Financial, Inc.**

By: /s/ Edward U. Gilpin

Name: Edward U. Gilpin

Title: Chief Financial Officer

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March 26, 2014

U.S. Securities and Exchange Commission  
Office of the Chief Accountant  
100 F Street, NE  
Washington, DC 20549

Re: KCAP Financial, Inc.  
File No. 814-00735

Dear Sir or Madam:

We have read Item 4.01 of Form 8-K of KCAP Financial, Inc. dated March 26, 2014, and agree with the statements concerning our Firm contained therein.

Very truly yours,

/s/ GRANT THORNTON LLP

New York, New York

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