



**ICIC**

Initiative for a Competitive Inner City

**FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**INITIATIVE FOR A COMPETITIVE INNER CITY, INC.**

Contents  
December 31, 2017 and 2016

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	<u>Pages</u>
<b>Independent Auditor’s Report</b> .....	1
<b>Financial Statements:</b>	
Statements of Financial Position .....	2
Statements of Activities and Changes in Net Assets .....	3
Statements of Cash Flows .....	4
Statements of Functional Expenses .....	5 - 6
Notes to Financial Statements .....	7 - 14

Independent Auditor's Report

To the Board of Directors of  
Initiative for a Competitive Inner City, Inc.:

We have audited the accompanying financial statements of Initiative for a Competitive Inner City, Inc. (a Delaware corporation, not for profit) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

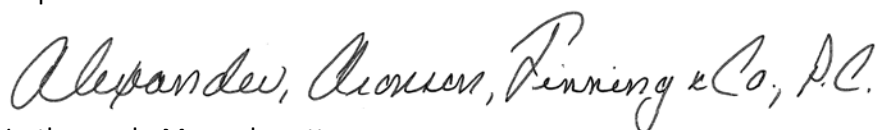
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Initiative for a Competitive Inner City, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Westborough, Massachusetts  
May 31, 2018

**INITIATIVE FOR A COMPETITIVE INNER CITY, INC.**Statements of Financial Position  
December 31, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Current Assets:		
Cash	\$ 2,614,201	\$ 2,468,820
Accounts and grants receivable	48,843	111,230
Prepaid expenses	<u>21,267</u>	<u>29,106</u>
Total current assets	2,684,311	2,609,156
Investments	4,795,970	3,658,106
Deposits	18,367	18,367
Furniture and Equipment, net	<u>88,047</u>	<u>97,756</u>
Total assets	<u>\$ 7,586,695</u>	<u>\$ 6,383,385</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	<u>\$ 206,187</u>	<u>\$ 121,956</u>
Net Assets:		
Unrestricted:		
Operating	6,037,022	5,044,551
Furniture and equipment	<u>88,047</u>	<u>97,756</u>
Total unrestricted	6,125,069	5,142,307
Temporarily restricted	<u>1,255,439</u>	<u>1,119,122</u>
Total net assets	<u>7,380,508</u>	<u>6,261,429</u>
Total liabilities and net assets	<u>\$ 7,586,695</u>	<u>\$ 6,383,385</u>

**INITIATIVE FOR A COMPETITIVE INNER CITY, INC.**

Statements of Activities and Changes in Net Assets  
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Operating Revenue:</b>						
Grants and contributions	\$ 3,829,470	\$ 962,856	\$ 4,792,326	\$ 3,180,524	\$ 1,037,200	\$ 4,217,724
Donated services	47,711	-	47,711	79,875	-	79,875
Other income	1,313	-	1,313	8,326	-	8,326
Net assets released from program and time restrictions	826,539	(826,539)	-	432,745	(432,745)	-
Total operating revenue	<u>4,705,033</u>	<u>136,317</u>	<u>4,841,350</u>	<u>3,701,470</u>	<u>604,455</u>	<u>4,305,925</u>
<b>Operating Expenses:</b>						
Program	3,620,155	-	3,620,155	2,825,193	-	2,825,193
General and administrative	498,983	-	498,983	524,317	-	524,317
Development	277,151	-	277,151	220,616	-	220,616
Total operating expenses	<u>4,396,289</u>	<u>-</u>	<u>4,396,289</u>	<u>3,570,126</u>	<u>-</u>	<u>3,570,126</u>
Changes in net assets from operations	308,744	136,317	445,061	131,344	604,455	735,799
<b>Non-Operating Revenue:</b>						
Investment income, net	<u>674,018</u>	<u>-</u>	<u>674,018</u>	<u>315,045</u>	<u>-</u>	<u>315,045</u>
Changes in net assets	982,762	136,317	1,119,079	446,389	604,455	1,050,844
<b>Net Assets:</b>						
Beginning of year	<u>5,142,307</u>	<u>1,119,122</u>	<u>6,261,429</u>	<u>4,695,918</u>	<u>514,667</u>	<u>5,210,585</u>
End of year	<u>\$ 6,125,069</u>	<u>\$ 1,255,439</u>	<u>\$ 7,380,508</u>	<u>\$ 5,142,307</u>	<u>\$ 1,119,122</u>	<u>\$ 6,261,429</u>

**INITIATIVE FOR A COMPETITIVE INNER CITY, INC.**

## Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 1,119,079	\$ 1,050,844
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	35,185	36,542
Investment income, net	(674,018)	(315,045)
Changes in operating assets and liabilities:		
Accounts and grants receivable	62,387	44,838
Prepaid expenses	7,839	(5,221)
Deposits	-	32,972
Accounts payable and accrued expenses	73,989	(54,404)
Net cash provided by operating activities	<u>624,461</u>	<u>790,526</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from distribution of private equity investments	40,467	1,181,032
Proceeds from sale of investments	356,223	2,396,297
Capital calls of private equity investments	(4,427)	(11,310)
Purchase of investments	(856,109)	(3,396,297)
Acquisition of furniture and equipment	(15,234)	(11,687)
Net cash provided by (used in) investing activities	<u>(479,080)</u>	<u>158,035</u>
<b>Net Change in Cash</b>	145,381	948,561
<b>Cash:</b>		
Beginning of year	<u>2,468,820</u>	<u>1,520,259</u>
End of year	<u>\$ 2,614,201</u>	<u>\$ 2,468,820</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Furniture and equipment financed with accounts payable	<u>\$ 10,242</u>	<u>\$ -</u>

**INITIATIVE FOR A COMPETITIVE INNER CITY, INC.**

Statement of Functional Expenses

For the Year Ended December 31, 2017

(With Summarized Comparative Totals for the Year Ended December 31, 2016)

	2017					2016	
	Program			General and Adminis- trative	Development	Total	Total
	Urban Business Initiatives	Research and Advisory	Total Program				
Personnel and related:							
Salaries	\$ 1,258,073	\$ 446,719	\$ 1,704,792	\$ 363,283	\$ 206,852	\$ 2,274,927	\$ 1,902,552
Payroll taxes and benefits	188,772	71,938	260,710	52,320	28,197	341,227	262,529
Total personnel and related	1,446,845	518,657	1,965,502	415,603	235,049	2,616,154	2,165,081
Events and marketing	389,314	3,043	392,357	1,139	641	394,137	317,198
Professional fees and recruitment	233,987	59,145	293,132	26,977	15,515	335,624	272,802
Travel	204,337	43,253	247,590	1,083	5,472	254,145	162,453
Contracted labor	164,488	15,952	180,440	25,638	-	206,078	183,091
Sponsorships	188,524	-	188,524	-	-	188,524	132,500
Occupancy	69,397	23,696	93,093	15,047	8,462	116,602	115,759
Printing	71,264	14,766	86,030	814	457	87,301	66,477
Office supplies and expenses	46,384	3,672	50,056	2,066	1,162	53,284	45,071
Depreciation	20,941	7,151	28,092	4,539	2,554	35,185	36,542
Professional development	26,165	1,905	28,070	-	742	28,812	11,479
Publication and subscription	9,856	9,635	19,491	1,063	3,857	24,411	12,422
Communications	12,455	4,647	17,102	2,702	1,519	21,323	19,980
Postage and delivery	16,003	800	16,803	354	291	17,448	13,981
Meeting and conference	4,160	1,421	5,581	902	507	6,990	7,972
Insurance	3,405	1,163	4,568	739	415	5,722	1,912
Other expenses	3,305	419	3,724	317	508	4,549	5,406
Total operating expenses	<u>\$ 2,910,830</u>	<u>\$ 709,325</u>	<u>\$ 3,620,155</u>	<u>\$ 498,983</u>	<u>\$ 277,151</u>	<u>\$ 4,396,289</u>	<u>\$ 3,570,126</u>

**INITIATIVE FOR A COMPETITIVE INNER CITY, INC.**

Statement of Functional Expenses  
For the Year Ended December 31, 2016

	<u>Program</u>			<u>General and Administrative</u>	<u>Development</u>	<u>Total</u>
	<u>Urban Business Initiatives</u>	<u>Research and Advisory</u>	<u>Total Program</u>			
Personnel and related:						
Salaries	\$ 1,073,577	\$ 364,456	\$ 1,438,033	\$ 319,139	\$ 145,380	\$ 1,902,552
Payroll taxes and benefits	145,210	54,004	199,214	50,758	12,557	262,529
Total personnel and related	1,218,787	418,460	1,637,247	369,897	157,937	2,165,081
Events and marketing	311,666	5,355	317,021	133	44	317,198
Professional fees and recruitment	190,919	45,508	236,427	26,969	9,406	272,802
Travel	126,853	16,694	143,547	1,324	17,582	162,453
Contracted labor	68,608	1,499	70,107	89,584	23,400	183,091
Sponsorships	132,500	-	132,500	-	-	132,500
Occupancy	66,148	24,807	90,955	18,603	6,201	115,759
Printing	51,331	13,310	64,641	1,377	459	66,477
Office supplies and expenses	38,846	3,077	41,923	2,417	731	45,071
Depreciation	20,881	7,830	28,711	5,873	1,958	36,542
Professional development	11,341	138	11,479	-	-	11,479
Publication and subscription	6,949	2,882	9,831	1,746	845	12,422
Communications	11,633	4,073	15,706	3,055	1,219	19,980
Postage and delivery	12,351	989	13,340	439	202	13,981
Meeting and conference	4,605	1,738	6,343	1,222	407	7,972
Insurance	1,093	409	1,502	308	102	1,912
Other expenses	3,420	493	3,913	1,370	123	5,406
Total operating expenses	<u>\$ 2,277,931</u>	<u>\$ 547,262</u>	<u>\$ 2,825,193</u>	<u>\$ 524,317</u>	<u>\$ 220,616</u>	<u>\$ 3,570,126</u>



## INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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### 1. OPERATIONS AND NONPROFIT STATUS

Initiative for a Competitive Inner City, Inc. (ICIC), located in Boston, Massachusetts, is a Delaware non-profit organization. ICIC's mission is to foster healthy economies in America's inner-cities that create jobs, income, wealth, and economic opportunity for local residents. ICIC performs research relating to inner-city economic development and operates programs that engage local communities, government, academic institutions, and the private sector in building inner-city businesses. To support its purposes, ICIC receives its funding from corporations, foundations and individuals.

ICIC is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). ICIC is also exempt from state income taxes. Donors may deduct contributions made to ICIC within IRC requirements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

ICIC prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to United States generally accepted accounting principles (U.S. GAAP) in these notes are to the FASB Accounting Standards Codification (ASC).

#### Revenue Recognition

Revenue from unrestricted grants and contributions is recorded as unrestricted revenue and net assets when received or unconditionally committed by the donor. Revenue from donor restricted grants and contributions are recorded as temporarily restricted revenue and net assets when received or unconditionally committed by the donor. Net assets released from restrictions are transfers made to unrestricted revenue and net assets as costs are incurred, time restrictions lapse or program restrictions have been satisfied. Temporarily restricted grants and contributions received and spent in the same period are recorded as unrestricted revenue.

Interest and dividends are recognized when earned and are included in investment income in the accompanying statements of activities and changes in net assets. Gains and losses are recognized as incurred upon maturity of investments or based on fair value changes during the period (see Note 4).

Other income is recognized as earned.

#### Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and operating expenses in the accompanying statements of activities and changes in net assets. Peripheral or incidental transactions are reported as non-operating revenue. Non-operating revenue includes investment activity (see Note 4).

#### Expense Allocations

Expenses related directly to a function are distributed to that function, while other expenses are allocated to each function based upon management's estimate of the percentage attributable to that function.

## INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Uncertainty in Income Taxes

ICIC accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken, or expected to be taken, in a tax return. ICIC has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2017 and 2016. ICIC's information returns are subject to examination by the Federal and state jurisdictions.

#### Allowance for Doubtful Accounts

An allowance for doubtful accounts is recorded based on management's analysis of specific receivables and their estimate of amounts that may be uncollectible. There was no allowance deemed necessary as of December 31, 2017 and 2016.

#### Fair Value Measurements

ICIC follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that ICIC would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

ICIC uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of ICIC. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3: Inputs that are unobservable and which require significant judgment or estimation.

## INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

#### *Investments*

Investments include the following:

##### *ICV Partners II, L.P. (Fund II)*

Fund II is a private equity fund making investments primarily in smaller middle-market companies. ICV Associates II, LLC is the general partner of Fund II, holding a 1% interest in the income, losses and distributions of Fund II. At December 31, 2017 and 2016, ICIC had a 5% equity interest in ICV Associates II, LLC (see Note 7). ICIC has committed capital calls of \$156,500 to ICV Associates II, LLC. As of December 31, 2017 and 2016, ICIC has made \$133,456 and \$133,450, respectively, in capital calls to Fund II.

##### *ICV Partners III, L.P. (Fund III)*

Fund III is a private equity fund making investments primarily in middle-market companies. ICV Associates III, LLC is the general partner of Fund III, holding a 1% interest in the income, losses and distributions of Fund III. ICIC is the special member of ICV Associates III, LLC, having a 1% equity interest in ICV Associates III, LLC at December 31, 2017 and 2016 (see Note 7). ICIC has committed capital calls of \$40,000 to ICV Associates III, LLC. As of December 31, 2017 and 2016, ICIC has made \$32,538 and \$28,117, respectively, in capital calls to Fund III.

ICIC cannot sell its interest in these private equity investments. The term of Fund II ended in April 2018, at which point ICV will begin liquidating its interests and making related distributions to investors. Fund III is intended to end in November 2023 and can be extended for two one-year periods.

ICIC values private equity investments using Level 3 inputs. Level 3 inputs reflect ICIC's assumptions about the assumptions market participants would use in pricing the private equity investments.

ICIC has relied upon the fair values determined by ICV Partners (ICV) to determine the fair value of Funds II and III. ICV's equity investments generally consist of positions in privately held companies. The transaction price, excluding transaction costs, is typically the best estimate of fair value at investment acquisition. When evidence supports a change in the carrying value from the transaction price, adjustments are made to reflect expected exit values. Ongoing reviews by ICV are based on an assessment of each underlying investment and its related industry outlook, incorporating valuations that consider the evaluation of financing and sale transactions with third-parties, expected cash flows, and market-based information, including comparable transactions and performance multiples.

Since ICV's investments are in non-public companies, it has based its valuations on its best information which required significant management judgment and estimation. Due to the inherent uncertainties relating to such valuations, ICV's determination of fair value may differ significantly from values that would have been realized had a ready market for the investments existed, and the differences could be material.

## INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

##### *Investments* (Continued)

Investments also include mutual funds, stocks, exchange-traded funds and money market funds, which are recorded at fair value. If an investment is directly held by ICIC and an active market with quoted prices exists, the market price of an identical security is used to report fair value. ICIC values these investments using Level 1 inputs. Bonds are valued using several factors including credit rating and interest rate relative to corporate and government bond securities with similar maturity and duration. Bonds are valued using Level 2 inputs. Investment income is recorded as earned. Gains and losses on investments are recognized as incurred or based on market value changes during the period.

Investments are not insured and are subject to ongoing market fluctuation.

##### *All Other Assets and Liabilities*

The carrying value of all other assets and liabilities does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

##### **Furniture and Equipment and Depreciation**

Furniture and equipment are recorded at fair value at the date of donation or at cost at the date of purchase. Depreciation is computed using the straight-line method over an estimated useful life of three to five years.

Furniture and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Furniture	\$ 105,980	\$ 105,980
Equipment	85,812	62,336
Website and software	<u>17,764</u>	<u>15,764</u>
	209,556	184,080
Less - accumulated depreciation	<u>121,509</u>	<u>86,324</u>
	<u>\$ 88,047</u>	<u>\$ 97,756</u>

##### **Subsequent Events**

Subsequent events have been evaluated through May 31, 2018, which is the date the financial statements were available to be issued. There were no other events that met the criteria for recognition or disclosure in the financial statements.

## INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets

##### *Unrestricted Net Assets*

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by ICIC. ICIC has grouped its unrestricted net assets into the following categories:

**Operating net assets** represent funds available to carry on the operations of ICIC.

**Furniture and equipment net assets** reflect and account for the activities relating to ICIC's furniture and equipment, net of related liabilities, if any.

##### *Temporarily Restricted Net Assets*

ICIC receives contributions and grants which are designated by donors for specific purposes. These contributions are recorded as temporarily restricted net assets until they are expended in accordance with their time restriction or for their designated purposes. At December 31, temporarily restricted net assets consist of purpose and time restricted grants and contributions as follows:

	<u>2017</u>	<u>2016</u>
Purpose restricted	\$ 1,017,939	\$ 1,084,122
Time restricted	<u>237,500</u>	<u>35,000</u>
	<u>\$ 1,255,439</u>	<u>\$ 1,119,122</u>

### 3. LEASES

In September 2015, ICIC entered into a five-year lease agreement for office space, which expires in August 2020. ICIC may elect to extend this lease for one additional five year period. Under this agreement, monthly rent for the years ended December 31, 2017 and 2016, is \$6,910 and \$6,566, respectively, and escalates annually. In accordance with ASC Topic, *Leases*, ICIC is recognizing rent expense on a straight-line basis. ICIC has recognized \$88,848 of rent expense under this agreement for the years ended December 31, 2017 and 2016, respectively, which was included in occupancy in the accompanying statements of functional expenses. At December 31, 2017 and 2016, accrued rent of \$12,381 and \$9,630, respectively, was included in accounts payable and accrued expenses in the accompanying statements of financial position.

Future minimum lease payments are as follows:

2018	\$ 88,424
2019	\$ 92,551
2020	\$ 63,535

**INITIATIVE FOR A COMPETITIVE INNER CITY, INC.**

Notes to Financial Statements  
December 31, 2017 and 2016

**4. INVESTMENTS**

At December 31, investments, summarized using the inputs under the ASC Topic, *Fair Value Measurements* standard, consist of the following:

<u>Description</u>	<b>2017</b>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Private equity investments:				
Fund II	\$ -	\$ -	\$ 129,824	\$ 129,824
Fund III	-	-	233,291	233,291
Total private equity investments	\$ -	\$ -	\$ 363,115	\$ 363,115
Other investments:				
Corporate bonds	\$ -	\$ 1,660,751	\$ -	\$ 1,660,751
Mutual funds - equities	1,249,934	-	-	1,249,934
Common stocks - U.S. Large Cap	1,022,488	-	-	1,022,488
Exchange-traded fund	280,186	-	-	280,186
Government bonds	-	124,135	-	124,135
Money market fund	95,361	-	-	95,361
Total other investments	\$ 2,647,969	\$ 1,784,886	\$ -	\$ 4,432,855
Total investments	\$ 2,647,969	\$ 1,784,886	\$ 363,115	\$ 4,795,970
<u>Description</u>	<b>2016</b>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Private equity investments:				
Fund II	\$ -	\$ -	\$ 58,364	\$ 58,364
Fund III	-	-	142,020	142,020
Total private equity investments	\$ -	\$ -	\$ 200,384	\$ 200,384
Other investments:				
Corporate bonds	\$ -	\$ 1,213,264	\$ -	\$ 1,213,264
Mutual funds - equities	971,921	-	-	971,921
Common stocks - U.S. Large Cap	772,210	-	-	772,210
Exchange-traded fund	192,530	-	-	192,530
Government bonds	-	149,724	-	149,724
Money market fund	158,073	-	-	158,073
Total other investments	\$ 2,094,734	\$ 1,362,988	\$ -	\$ 3,457,722
Total investments	\$ 2,094,734	\$ 1,362,988	\$ 200,384	\$ 3,658,106

## INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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### 4. INVESTMENTS (Continued)

The changes in private equity investments for which ICIC has used Level 3 inputs to determine fair value were as follows for the years ended December 31:

	<u>Fund II</u>	<u>Fund III</u>	<u>Total</u>
Fair value, December 31, 2015	\$ 1,150,329	\$ 27,100	\$ 1,177,429
Purchase of investments	2,545	8,765	11,310
Distributions	(1,174,906)	(6,126)	(1,181,032)
Realized and unrealized gain on investments	<u>80,396</u>	<u>112,281</u>	<u>192,677</u>
Fair value, December 31, 2016	58,364	142,020	200,384
Purchase of investments	6	4,421	4,427
Distributions	(40,266)	(201)	(40,467)
Realized and unrealized gain on investments	<u>111,720</u>	<u>87,051</u>	<u>198,771</u>
Fair value, December 31, 2017	<u>\$ 129,824</u>	<u>\$ 233,291</u>	<u>\$ 363,115</u>

Realized and unrealized gains on private equity investments are included in investment income in the accompanying statements of activities and changes in net assets for the years ended December 31, 2017 and 2016.

Investment income consists of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Unrealized gains	\$ 535,331	\$ 161,505
Interest and dividends	124,975	66,092
Realized gains	48,274	112,024
Investment management fees	<u>(34,562)</u>	<u>(24,576)</u>
	<u>\$ 674,018</u>	<u>\$ 315,045</u>

ICIC holds its private equity and other investments for long-term purposes. Since these investments are not intended to be used for current operating costs, they are presented as non-current assets in the accompanying financial statements.

### 5. DONATED SERVICES

Donated services consists of information technology (IT) services and legal services. The value of these services for the years ended December 31 are as follows:

	<u>2017</u>	<u>2016</u>
Legal services	\$ 47,711	\$ 35,875
IT services	<u>-</u>	<u>44,000</u>
	<u>\$ 47,711</u>	<u>\$ 79,875</u>

## INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements  
December 31, 2017 and 2016

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### 5. DONATED SERVICES (Continued)

The value of these services is assigned by the donors. These services are included in professional fees and occupancy in the accompanying statements of functional expenses.

### 6. PENSION PLAN

ICIC sponsors a defined contribution pension plan covering all eligible employees. ICIC can elect to contribute to the plan as defined in the plan agreement. ICIC contributed approximately \$50,000 and \$34,000 to the plan during 2017 and 2016, respectively. These amounts are included in payroll taxes and benefits in the accompanying statements of functional expenses.

### 7. RELATED PARTY TRANSACTIONS

#### Investments

As described in Note 2, ICIC has made investments in Funds II and III. A member of ICIC's Board of Directors is the Managing Member of the general partners of Funds II and III. ICIC had the following transactions with Funds II and III for the years ended December 31:

	2017		2016	
	<u>Equity Investments</u>	<u>Distributions</u>	<u>Equity Investments</u>	<u>Distributions</u>
Fund II	\$ 6	\$ 40,266	\$ 2,545	\$ 1,174,906
Fund III	\$ 4,421	\$ 201	\$ 8,765	\$ 6,126

### 8. CONCENTRATIONS

ICIC maintains its cash in a national bank. At various times throughout the year, the balances in this institution exceeded the maximum amount of insurance provided by the Federal Deposit Insurance Corporation. Management monitors, on a regular basis, the financial condition of the financial institution and ICIC's account balances to minimize potential risk.

Two donors represent 38% of total operating revenue for the year ended December 31, 2017. Two donors represented 52% of total operating revenue for the year ended December 31, 2016.

Two donors or customers represented 85% of total accounts and grants receivable as of December 31, 2016.