



ICIC

Initiative for a Competitive Inner City

**FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Contents
December 31, 2024 and 2023

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Initiative for a Competitive Inner City, Inc. (a Delaware nonprofit corporation) (ICIC), which comprise the statements of financial position as of December 31, 2024 and 2023, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Initiative for a Competitive Inner City, Inc. as of December 31, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ICIC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ICIC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ICIC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ICIC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

AAFCPA, Inc.

Boston, Massachusetts
September 10, 2025

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.Statements of Financial Position
December 31, 2024 and 2023

Assets	2024	2023
Current Assets:		
Cash	\$ 5,713,149	\$ 4,537,606
Current portion of accounts and grants receivable, net	766,567	428,636
Prepaid expenses	59,454	59,814
Total current assets	6,539,170	5,026,056
Investments	6,916,301	6,145,259
Accounts and Grants Receivable, net	241,284	379,952
Operating Lease Right-of-Use Asset	24,973	42,269
Furniture and Equipment, net	8,732	26,927
Total assets	<u>\$ 13,730,460</u>	<u>\$ 11,620,463</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 339,661	\$ 391,421
Current portion of operating lease liability	18,402	16,796
Deferred revenue	74,000	-
Total current liabilities	432,063	408,217
Operating Lease Liability, net of current portion	7,771	26,173
Total liabilities	<u>439,834</u>	<u>434,390</u>
Net Assets:		
Without donor restrictions:		
Operating	10,132,429	9,110,895
Property and equipment	7,532	26,227
Total without donor restrictions	10,139,961	9,137,122
With donor restrictions	3,150,665	2,048,951
Total net assets	<u>13,290,626</u>	<u>11,186,073</u>
Total liabilities and net assets	<u>\$ 13,730,460</u>	<u>\$ 11,620,463</u>

The accompanying notes are an integral part of these statements.

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INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

 Statements of Activities and Changes in Net Assets
 For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Grants and contributions	\$ 6,708,875	\$ 2,273,249	\$ 8,982,124	\$ 6,856,242	\$ 1,684,451	\$ 8,540,693
Donated services	108,196	-	108,196	1,196,848	-	1,196,848
Earned income	89,000	-	89,000	182,182	-	182,182
Net assets released from program and time restrictions	1,171,535	(1,171,535)	-	2,195,424	(2,195,424)	-
Total operating revenue	8,077,606	1,101,714	9,179,320	10,430,696	(510,973)	9,919,723
Operating Expenses:						
Program	6,315,988	-	6,315,988	8,784,385	-	8,784,385
General and administrative	1,156,223	-	1,156,223	1,407,978	-	1,407,978
Development	527,629	-	527,629	651,105	-	651,105
Total operating expenses	7,999,840	-	7,999,840	10,843,468	-	10,843,468
Changes in net assets from operations	77,766	1,101,714	1,179,480	(412,772)	(510,973)	(923,745)
Non-Operating Revenue (Expense):						
Investment return	925,073	-	925,073	1,005,968	-	1,005,968
Relocation expense	-	-	-	(20,953)	-	(20,953)
Total non-operating revenue (expense)	925,073	-	925,073	985,015	-	985,015
Changes in net assets	1,002,839	1,101,714	2,104,553	572,243	(510,973)	61,270
Net Assets:						
Beginning of year	9,137,122	2,048,951	11,186,073	8,564,879	2,559,924	11,124,803
End of year	\$ 10,139,961	\$ 3,150,665	\$ 13,290,626	\$ 9,137,122	\$ 2,048,951	\$ 11,186,073

The accompanying notes are an integral part of these statements.

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 2,104,553	\$ 61,270
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,195	25,740
Loss on disposal of furniture and equipment	-	191
Non-cash lease expense	500	(401)
Investment return	(925,073)	(1,005,968)
Change in allowance for doubtful accounts	(7,500)	30,000
Change in discount on long-term pledge receivables	(11,332)	47,548
Changes in operating assets and liabilities:		
Accounts and grants receivable	(180,431)	(752,817)
Prepaid expenses	360	(39,742)
Deposits	-	15,132
Accounts payable and accrued expenses	(51,760)	(63,126)
Deferred revenue	74,000	(11,000)
Net cash provided by (used in) operating activities	<u>1,021,512</u>	<u>(1,693,173)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	150,957	140,728
Proceeds from distribution of private equity investments	3,274	-
Capital calls of private equity investments	(200)	(300)
Net cash provided by investing activities	<u>154,031</u>	<u>140,428</u>
Net Change in Cash	1,175,543	(1,552,745)
Cash:		
Beginning of year	<u>4,537,606</u>	<u>6,090,351</u>
End of year	<u><u>\$ 5,713,149</u></u>	<u><u>\$ 4,537,606</u></u>

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2024

(With Summarized Comparative Totals for the Year Ended December 31, 2023)

	2024						2023
	Program			General and Adminis- trative	Develop- ment	Total	Total
	Urban Business Initiatives	Research and Advisory	Total Program				
Personnel and related:							
Salaries	\$ 2,684,366	\$ 454,911	\$ 3,139,277	\$ 773,947	\$ 417,785	\$ 4,331,009	\$ 4,543,952
Payroll taxes and benefits	638,968	95,565	734,533	167,569	64,567	966,669	853,492
Total personnel and related	3,323,334	550,476	3,873,810	941,516	482,352	5,297,678	5,397,444
Contracted labor	579,567	48,350	627,917	25,493	-	653,410	878,412
Sponsorships	553,463	-	553,463	-	-	553,463	924,575
Events and marketing	421,909	-	421,909	-	-	421,909	880,830
Professional fees and recruitment	136,854	18,211	155,065	117,620	7,525	280,210	1,707,825
Travel	213,618	5,596	219,214	1,480	13,519	234,213	277,683
Publication and subscription	124,344	16,163	140,507	26,815	10,614	177,936	270,723
Office supplies and technology	102,929	3,364	106,293	17,009	3,046	126,348	135,703
Printing	64,879	31,368	96,247	16	1,854	98,117	168,437
Professional development	30,628	4,161	34,789	8,969	1,108	44,866	26,002
Occupancy	17,744	2,122	19,866	3,869	1,326	25,061	96,273
Communications	15,315	1,799	17,114	2,856	1,124	21,094	20,328
Depreciation	13,108	1,583	14,691	2,514	990	18,195	25,740
Insurance	12,769	1,544	14,313	2,551	965	17,829	13,647
Other expenses	7,713	812	8,525	2,146	1,951	12,622	6,417
Meeting and conference	5,285	365	5,650	2,362	767	8,779	4,614
Postage and delivery	6,443	172	6,615	1,007	488	8,110	8,815
Total operating expenses	<u>\$ 5,629,902</u>	<u>\$ 686,086</u>	<u>\$ 6,315,988</u>	<u>\$ 1,156,223</u>	<u>\$ 527,629</u>	<u>\$ 7,999,840</u>	<u>\$ 10,843,468</u>

The accompanying notes are an integral part of these statements.

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program			General and Adminis- trative	Develop- ment	Total
	Urban Business Initiatives	Research and Advisory	Total Program			
Personnel and related:						
Salaries	\$ 2,871,435	\$ 500,609	\$ 3,372,044	\$ 722,699	\$ 449,209	\$ 4,543,952
Payroll taxes and benefits	580,786	84,635	665,421	122,451	65,620	853,492
Total personnel and related	3,452,221	585,244	4,037,465	845,150	514,829	5,397,444
Contracted labor	673,116	104,600	777,716	10,696	90,000	878,412
Sponsorships	924,575	-	924,575	-	-	924,575
Events and marketing	875,416	304	875,720	5,110	-	880,830
Professional fees and recruitment	906,179	328,167	1,234,346	464,749	8,730	1,707,825
Travel	251,210	13,593	264,803	4,121	8,759	277,683
Publication and subscription	225,872	13,909	239,781	24,764	6,178	270,723
Office supplies and technology	106,063	3,184	109,247	17,001	9,455	135,703
Printing	137,381	30,963	168,344	59	34	168,437
Professional development	12,432	2,185	14,617	10,416	969	26,002
Occupancy	68,186	9,035	77,221	12,175	6,877	96,273
Communications	14,383	1,890	16,273	2,401	1,654	20,328
Depreciation	18,388	2,475	20,863	3,145	1,732	25,740
Insurance	9,749	1,314	11,063	1,669	915	13,647
Other expenses	1,908	238	2,146	4,046	225	6,417
Meeting and conference	2,049	259	2,308	1,763	543	4,614
Postage and delivery	7,516	381	7,897	713	205	8,815
Total operating expenses	<u>\$ 7,686,644</u>	<u>\$ 1,097,741</u>	<u>\$ 8,784,385</u>	<u>\$ 1,407,978</u>	<u>\$ 651,105</u>	<u>\$ 10,843,468</u>

The accompanying notes are an integral part of these statements.

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

1. OPERATIONS AND NONPROFIT STATUS

Initiative for a Competitive Inner City, Inc. (ICIC), located in Boston, Massachusetts, is a Delaware nonprofit organization. ICIC's mission is to drive inclusive economic prosperity in under-resourced communities through innovative research and programs to create jobs, income, and wealth for local residents. ICIC performs research relating to the development of underserved economies and operates programs that engage local communities, government, academic institutions, and the private sector in building the capacity of under-resourced small 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 (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Revenue Recognition

Grants and Contributions

In accordance with FASB's Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ICIC must determine whether a grant or contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome, and either a right of return of the assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that ICIC should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as grant advance liabilities until such conditions are met.

Grants and contributions without donor restrictions are recorded as revenue and net assets without donor restrictions when received or unconditionally committed by the donor. Revenue from donor restricted grants and contributions are recorded as donor restricted revenue and net assets when received or unconditionally committed by the donor. Net assets released from donor restrictions represent transfers made to revenue and net assets without donor restrictions as costs are incurred, time restrictions lapse, or program restrictions have been satisfied. Grants and contributions with donor restrictions received and spent in the same period are recorded as net assets without donor restrictions.

Research and advisory income, which is included in grants and contributions in the accompanying statements of activities and changes in net assets, is derived from projects that are for the economic development, growth and evaluation for under-resourced communities business growth. These transactions are considered contributions under Topic 958 as the resource provider receives value indirectly by providing a societal benefit, although the benefit is not considered to be of commensurate value to resources provided. Research and advisory income is recognized based on time and effort or when the program restrictions have been satisfied.

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenue from Contracts with Customers

ICIC generally measures earned income based on the amount of consideration that ICIC expects to be entitled for the transfer of services to a customer, then recognizes this revenue when or as ICIC satisfies its performance obligations under a contract. ICIC evaluates its revenue contracts with customers (i.e., earned income) based on the five-step model under ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied. Earned income consists of income received from certain research and advisory services, for which there is an exchange transaction.

ICIC enters into contracts with customers to provide research and advisory services directly for customers in a consulting capacity. ICIC determined the tasks within a contract are highly interdependent with each other, and ICIC will not fulfill the contract without delivering all deliverables in the contract. The research and advisory services in a contract are deemed to be a single performance obligation upon contract execution. The performance obligation (research and advisory service) is satisfied over time as services are provided.

Topic 606 provides “as invoiced” practical expedient to allow ICIC to recognize revenue in the amount to which ICIC has the right to invoice, and the invoice amount corresponds directly with the value to the customer of ICIC’s performance to date. The research and advisory fees are recognized as revenue as amounts are invoiced under the term of the contract.

Research and advisory services conducted in advance of receiving the associated fee are recorded as receivables until the payment is made by the customer. At December 31, 2024 and 2023, there were no research and advisory fees receivable. Fees received in advance of services provided are recorded as deferred revenue.

Other

Interest and dividends are recognized when earned and are included in investment return 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.

Right-of-Use Assets and Lease Liabilities

ICIC determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of an identified asset in exchange for consideration. ICIC determines these assets are leased because ICIC has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. ICIC determines lease classification as operating or finance at lease commencement date.

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-Use Assets and Lease Liabilities (Continued)

In evaluating its contracts, ICIC separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings. ICIC has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. ICIC uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, ICIC uses the risk-free discount rate for the term closest to the full term of the lease, based on the information available at the commencement date to determine the present value of lease payments.

ICIC has certain leases that are for a period of twelve months or less or contain renewals for periods of twelve months or less. ICIC has elected the practical expedient to not include these leases within the operating ROU assets and lease liabilities. ICIC did not have any short-term leases during the years ended December 31, 2024 and 2023.

The lease term may include options to extend or to terminate the lease that ICIC is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

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. Non-operating revenue (expense) includes investment activity (see Note 4) and relocation expense.

Expense Allocations

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

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, which are allocated on the basis of estimates of time and effort; as well as occupancy, depreciation, insurance, and office supplies and technology, which are allocated on a headcount basis.

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.

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024 and 2023. 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. The allowance for doubtful accounts was \$22,500 and \$30,000 as of December 31, 2024 and 2023, respectively.

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.

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.

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Investments

Investments include 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, 2024 and 2023 (see Note 9). ICIC has committed capital calls of \$40,000 to ICV Associates III, LLC. As of December 31, 2024 and 2023, ICIC has made \$34,215 and \$34,015 in capital calls to Fund III. Fund III was intended to end in November 2023 and can be extended for two one-year periods. Fund III was extended through November 2025.

ICIC cannot sell its interest in these private equity investments.

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 Fund 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.

Investments also include bonds, 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.

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 is considered Level 1 in the fair value hierarchy.

INITIATIVE FOR A COMPETITIVE INNER CITY, INC.

Notes to Financial Statements
December 31, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 seven years.

Subsequent Events

Subsequent events have been evaluated through September 10, 2025, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition and disclosure in the accompanying financial statements.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by ICIC. ICIC has grouped its net assets without donor restrictions into the following categories:

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

Property and equipment net assets reflect and account for the activities relating to ICIC's furniture, equipment and operating lease ROU asset, net of related liabilities.

Net Assets With Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Purpose restricted	\$ 2,995,665	\$ 1,878,951
Time restricted	<u>155,000</u>	<u>170,000</u>
	<u>\$ 3,150,665</u>	<u>\$ 2,048,951</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions	\$ 1,021,535	\$ 2,100,424
Expiration of time restrictions	<u>150,000</u>	<u>95,000</u>
	<u>\$ 1,171,535</u>	<u>\$ 2,195,424</u>

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Notes to Financial Statements
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3. LEASE AGREEMENTS

ICIC leases office space under an operating lease in Massachusetts, which expires in May 2026. Under the agreement, monthly rent for the years ended December 31, 2024 and 2023, was \$1,600 and \$1,500, respectively.

ICIC leased office space under an operating lease in Massachusetts, which expired in August 2023 and was not extended. Under the agreement, monthly rent for the year ended December 31, 2023, was \$8,974.

ICIC leased office equipment under an operating lease agreement, which expired in February 2024. At the end of the lease agreement, ICIC purchased the equipment for \$2,885.

As of December 31, 2024, there were no material leases that have been executed but not yet commenced.

Cash paid for operating lease obligations totaled \$18,700 for the year ended December 31, 2024.

ICIC considers an asset capitalization threshold of \$15,000 and determined that certain equipment leases were not capitalizable under Topic 842. Equipment lease expense of \$3,136 and \$3,012 at December 31, 2024 and 2023, respectively, is included in occupancy in the accompanying statements of functional expenses.

	<u>2024</u>	<u>2023</u>
Lease costs (included in occupancy expenses):		
Operating lease costs	\$ 19,200	\$ 86,427
Variable lease costs	2,725	6,834
Short-term lease costs	<u>3,136</u>	<u>3,012</u>
Total lease costs	<u>\$ 25,061</u>	<u>\$ 96,273</u>

The scheduled minimum lease payments under the lease terms are as follows for the years ending December 31:

2025	\$ 19,900
2026	<u>8,500</u>
Total future undiscounted lease payments	28,400
Less - current portion	18,402
Less - discount to present value	<u>2,227</u>
Present value of lease liabilities	<u>\$ 7,771</u>

The following summarizes the weighted-average remaining lease terms and discount rate as of December 31:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term	1.4 years	2.4 years
Weighted-average discount rate	3.98%	2.78%

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Notes to Financial Statements
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4. INVESTMENTS

At December 31, 2024 and 2023, investments summarized using the inputs under the ASC Topic, *Fair Value Measurements*, standard consist of the following:

Description	2024			Total
	Level 1	Level 2	Level 3	
Other investments:				
Exchange-traded fund - equity	\$ 3,085,447	\$ -	\$ -	\$ 3,085,447
Exchange-traded fund - fixed income	2,112,832	-	-	2,112,832
Money market fund	1,408,313	-	-	1,408,313
Government bonds	-	242,283	-	242,283
Corporate bonds	-	49,682	-	49,682
Total other investments	6,606,592	291,965	-	6,898,557
Private equity investment:				
Fund III	-	-	17,744	17,744
Total investments	\$ 6,606,592	\$ 291,965	\$ 17,744	\$ 6,916,301

Description	2023			Total
	Level 1	Level 2	Level 3	
Other investments:				
Exchange-traded fund - equity	\$ 3,656,372	\$ -	\$ -	\$ 3,656,372
Exchange-traded fund - fixed income	2,102,539	-	-	2,102,539
Money market fund	64,312	-	-	64,312
Government bonds	-	242,806	-	242,806
Corporate bonds	-	49,380	-	49,380
Total other investments	5,823,223	292,186	-	6,115,409
Private equity investment:				
Fund III	-	-	29,850	29,850
Total investments	\$ 5,823,223	\$ 292,186	\$ 29,850	\$ 6,145,259

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:

	Fund III	
	2024	2023
Fair value, beginning of year	\$ 29,850	\$ 34,639
Capital call	200	300
Capital distribution	(3,274)	-
Realized and unrealized losses on investments	(9,032)	(5,089)
Fair value, end of year	\$ 17,744	\$ 29,850

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Notes to Financial Statements
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4. INVESTMENTS (Continued)

Realized and unrealized losses on private equity investments are included in investment return in the accompanying statements of activities and changes in net assets for the years ended December 31, 2024 and 2023.

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

	<u>2024</u>	<u>2023</u>
Realized gains	\$ 465,927	\$ 658,826
Interest and dividends	320,902	279,652
Unrealized gains	<u>138,244</u>	<u>67,490</u>
	<u>\$ 925,073</u>	<u>\$ 1,005,968</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 statements of financial position.

5. FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Equipment	\$ 113,374	\$ 126,937
Website and software	<u>2,124</u>	<u>4,283</u>
	115,498	131,220
Less - accumulated depreciation	<u>106,766</u>	<u>104,293</u>
	<u>\$ 8,732</u>	<u>\$ 26,927</u>

6. ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable are recorded at their net present value when unconditionally committed or as contract services are provided and consist of amounts committed for programs and general operating support and are due as follows at December 31:

	<u>2024</u>	<u>2023</u>
2024	\$ -	\$ 436,136
2025	766,567	150,000
2026	150,000	150,000
2027	<u>150,000</u>	<u>150,000</u>
	1,066,567	886,136
Allowance for doubtful accounts	(22,500)	(30,000)
Discount on long-term pledge receivables	<u>(36,216)</u>	<u>(47,548)</u>
	<u>\$ 1,007,851</u>	<u>\$ 808,588</u>

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Notes to Financial Statements
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7. DONATED SERVICES

Donated services are reflected as contributions at their fair value at the date of donation and are reported as operating revenue and without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. These amounts have been reported as donated services in the accompanying statements of activities and changes in net assets. ICIC recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Donated services consist of pro-bono legal services provided by a law firm in 2024 and 2023 and pro-bono strategic business consulting provided by a management consulting firm in 2023. The value of these services for the years ended December 31, 2024 and 2023, was \$108,196 and \$1,196,848, respectively. The value of these services is assigned by the donors based on time incurred at market billable rates and is included in professional fees and recruitment in the accompanying statements of functional expenses.

8. PENSION PLAN

ICIC sponsors a defined contribution pension plan (the Plan) covering all eligible employees. ICIC can elect to contribute to the Plan as defined in the Plan agreement. ICIC contributed approximately \$126,100 and \$113,800 to the Plan during 2024 and 2023, respectively. These amounts are included in payroll taxes and benefits in the accompanying statements of functional expenses.

9. RELATED PARTY TRANSACTIONS

As described in Note 2, ICIC has made investments in Fund III. A member of ICIC's Board of Directors is the Managing Member of the general partners of Fund III. ICIC made contributions of \$200 and \$300 from Fund III during the years ended December 31, 2024 and 2023, respectively.

10. CONCENTRATIONS

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

One donor represents 31% and 32% of total operating revenue as of December 31, 2024 and 2023, respectively.

Three donors represented 97% of total accounts and grants receivable as of December 31, 2024 and 2023.

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11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

ICIC's financial assets available within one year from the statements of financial position date for general expenses are as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Cash	\$ 5,713,149	\$ 4,537,606
Current portion of accounts and grants receivable	<u>766,567</u>	<u>428,636</u>
	6,479,716	4,966,242
Less - donor-restricted assets for specified purposes	<u>(2,746,882)</u>	<u>(1,498,999)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,732,834</u>	<u>\$ 3,467,243</u>

ICIC has approximately five and four months of financial assets available within one year to cover operating expenses, net of depreciation and donated services at December 31, 2024 and 2023, respectively. Additionally, ICIC has \$6,898,557 and \$6,115,409 in investments at December 31, 2024 and 2023, respectively, that are included in long-term assets, but upon management's decision, could be used for general operations in the event of an unanticipated liquidity need.

ICIC has a policy to structure its financial assets to be available as its obligations become due. ICIC is supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, ICIC must maintain sufficient resources to meet those responsibilities to its donors. Thus, those financial assets may not be available for general expenditure within one year.

12. RECLASSIFICATIONS

Certain amounts in the December 31, 2023 financial statements have been reclassified to conform with the December 31, 2024 presentation.