Initiative for a Competitive Inner City

Financial Statements

December 31, 2025 and 2024

Initiative for a Competitive Inner City
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December 31, 2025 and 2024

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Initiative for a Competitive Inner City (a Delaware nonprofit corporation) (ICIC), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 as of December 31, 2025 and 2024, 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 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.

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.

Boston, Massachusetts
June 24, 2026

Initiative for a Competitive Inner City
Statements of Financial Position
As of December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash	$ 6,237,572	$ 5,713,149
Current portion of accounts and grants receivable, net discount and allowance	85,860	766,567
Prepaid expenses	76,358	59,454
Total current assets	6,399,790	6,539,170
Investments	7,797,392	6,916,301
Accounts and Grants Receivable, net discount and allowance	38,213	241,284
Operating Leases Right-of-Use Asset	7,271	24,973
Furniture and Equipment, net	-	8,732
Total assets	$ 14,242,666	$ 13,730,460
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 429,876	$ 339,661
Current portion of operating lease liabilities	7,771	18,402
Deferred revenue	84,000	74,000
Total current liabilities	521,647	432,063
Operating lease liability, net of current portion	-	7,771
Total liabilities	521,647	439,834
Net assets		
Without donor restrictions:		
Operating	12,133,798	10,132,429
Property and equipment	-	7,532
Net assets without donor restrictions	12,133,798	10,139,961
Net assets with donor restrictions	1,587,221	3,150,665
Total net assets	13,721,019	13,290,626
Total liabilities and net assets	$ 14,242,666	$ 13,730,460

The accompanying notes are an integral part of these financial statements.

Initiative for a Competitive Inner City

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue:						
Grants and contributions	$ 8,648,736	$ 398,425	$ 9,047,161	$ 6,581,739	$ 2,273,249	$ 8,854,988
Interest and others	255,596	-	255,596	278,093	-	278,093
Earned income	142,500	-	142,500	89,000	-	89,000
Donated services	61,989	-	61,989	108,196	-	108,196
Net assets released from program and time restrictions	1,701,013	(1,701,013)	-	1,171,535	(1,171,535)	-
Total operating revenue	10,809,834	(1,302,588)	9,507,246	8,228,563	1,101,714	9,330,277
Operating Expenses:						
Program	7,806,361	-	7,806,361	6,315,988	-	6,315,988
General and administrative	1,181,694	-	1,181,694	1,156,223	-	1,156,223
Development	708,624	-	708,624	527,629	-	527,629
Total operating expenses	9,696,679	-	9,696,679	7,999,840	-	7,999,840
Change in Net Assets from Operations	1,113,155	(1,302,588)	(189,433)	228,723	1,101,714	1,330,437
Investment return	880,682	-	880,682	774,116	-	774,116
Write-off pledge receivables	-	(260,856)	(260,856)	-	-	-
Changes in net assets	1,993,837	(1,563,444)	430,393	1,002,839	1,101,714	2,104,553
Net assets at beginning of year	10,139,961	3,150,665	13,290,626	9,137,122	2,048,951	11,186,073
Net assets at end of year	$ 12,133,798	$ 1,587,221	$ 13,721,019	$ 10,139,961	$ 3,150,665	$ 13,290,626

The accompanying notes are an integral part of these financial statements.

Initiative for a Competitive Inner City
Statements of Cash Flows
For the years ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Changes in net assets	$ 430,393	$ 2,104,553
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	8,732	18,195
Non-cash lease expense	(700)	500
Investment return	(880,657)	(774,116)
Write-off pledge receivables	260,856	-
Change in discount on long-term pledge receivables	(29,429)	(11,332)
Change in allowance for doubtful accounts	(17,500)	(7,500)
Changes in operating assets and liabilities		
Accounts and grants receivable	669,851	(180,431)
Prepaid expenses	(16,904)	360
Accounts payable and accrued expenses	90,215	(51,760)
Deferred revenue	10,000	74,000
Net cash provided by operating activities	524,857	1,172,469
Cash Flows from Investing Activities		
Proceeds from distribution of private equity investments	-	3,274
Capital calls of private equity investments	(434)	(200)
Net cash provided by (used in) investing activities	(434)	3,074
Net Change in Cash	524,423	1,175,543
Cash at beginning of year	5,713,149	4,537,606
Cash at end of year	$ 6,237,572	$ 5,713,149

The accompanying notes are an integral part of these financial statements.

Initiative for a Competitive Inner City
Statements of Functional Expenses
For the year ended December 31, 2025
(With Summarized Comparative Totals for the Year Ended December 31, 2024)

	Program						
	Small Business Initiatives	Research and Advisory	Total Program	General and Administrative	Development	2025 Total	2024 Total
Personnel and Related							
Salaries	$ 2,697,354	$ 471,366	$ 3,168,720	$ 870,804	$ 549,341	$ 4,588,865	$ 4,331,009
Payroll taxes and benefits	634,235	76,191	710,426	145,655	99,483	955,564	966,669
Total personnel and related	3,331,589	547,557	3,879,146	1,016,459	648,824	5,544,429	5,297,678
Contracted labor	907,588	98,500	1,006,088	14,144	-	1,020,232	653,410
Sponsorships	972,063	204	972,267	366	179	972,812	553,463
Events and marketing	898,471	-	898,471	-	1,079	899,550	421,909
Travel	312,235	5,248	317,483	2,116	17,348	336,947	234,213
Professional fees and recruitment	150,612	18,484	169,096	82,173	10,745	262,014	280,210
Office supplies and technology	158,221	5,779	164,000	20,923	11,426	196,349	126,348
Publication and subscription	111,815	10,105	121,920	27,835	8,836	158,591	177,936
Printing	127,983	72	128,055	140	64	128,259	98,117
Professional development	43,839	8,948	52,787	7,056	2,422	62,265	44,866
Meeting and conference	21,632	386	22,018	1,359	787	24,164	8,779
Occupancy	16,104	1,833	17,937	1,796	2,017	21,750	25,061
Insurance	14,162	1,612	15,774	2,558	1,410	19,742	17,829
Communications	11,810	1,344	13,154	2,086	1,223	16,463	21,094
Other expenses	10,845	932	11,777	1,261	1,358	14,396	12,622
Postage and delivery	9,308	104	9,412	406	166	9,984	8,110
Depreciation	6,263	713	6,976	1,016	740	8,732	18,195
Total operating expense	$ 7,104,540	$ 701,821	$ 7,806,361	$ 1,181,694	$ 708,624	$ 9,696,679	$ 7,999,840

The accompanying notes are an integral part of these financial statements.

Initiative for a Competitive Inner City
Statements of Functional Expenses
For the year ended December 31, 2024

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

The accompanying notes are an integral part of these financial statements.

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.

2. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Research and advisory income for which there is no exchange transactions, 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.

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, 2025 and 2024, there were no research and advisory fees receivable. Fees received in advance of services provided are recorded as deferred revenue in the accompanying statements of financial position.

Other

Investment 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).

2. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Other income is recognized as earned.

Interest earned on ICIC's money market account included in cash is reflected as interest income in operating revenue in the accompanying statements of activities and changes in net assets.

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.

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, 2025 and 2024.

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.

2. Significant Accounting Policies (Continued)

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).

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.

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, 2025 and 2024. 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 $5,000 and $22,500 as of December 31, 2025 and 2024, respectively.

2. Significant Accounting Policies (Continued)

Fair Value Measurement

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 at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

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, 2025 and 2024 (see Note 8). ICIC has committed capital calls of $40,000 to ICV Associates III, LLC. As of December 31, 2025 and 2024, ICIC has made $34,649 and $34,215, respectively, in capital calls to Fund III.

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.

2. Significant Accounting Policies (Continued)

Fair Value Measurement (Continued)

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.

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. ICIC's furniture and equipment became fully depreciated in 2025.

2. Significant Accounting Policies (Continued)

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:

	2025	2024
Purpose restricted	$ 1,512,221	$ 2,995,665
Time restricted	75,000	155,000
	$ 1,587,221	$ 3,150,665

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

	2025	2024
Satisfaction of purpose restrictions	$ 1,546,013	$ 1,021,535
Expiration of time restrictions	155,000	150,000
	$ 1,701,013	$ 1,171,535

Subsequent Events

Subsequent events have been evaluated through June 24, 2026, which is the date the financial statements were available to be issued. Subsequent to December 31, 2025, the ICIC entered to a new lease agreement effective May 14, 2026 (See Note 3).

3. Lease Agreements

ICIC leases office space under an operating lease in Massachusetts, which expired in May 2026. Under the agreement, monthly rent for the years ended December 31, 2025 and 2024, was $1,700 and $1,600, respectively.

As of December 31, 2025, there were no material leases that have been executed but not yet commenced.

Cash paid for operating lease obligations totaled $19,900 and $18,700 for the years ended December 31, 2025 and 2024.

ICIC considers an asset capitalization threshold of $15,000 and determined that certain equipment leases were not capitalizable under ASC Topic 842, *Leases*. Equipment lease expense of $3,136 at December 31, 2024 is included in occupancy in the accompanying statements of functional expenses. At the end of the lease agreement, ICIC purchased the equipment for $2,885.

	2025	2024
Lease costs (included in occupancy expenses)		
Operating lease costs	$ 19,200	$ 19,200
Variable lease cost	2,550	2,725
Short-term lease cost (equipment)	-	3,136
Total lease cost	$ 21,750	$ 25,061

The scheduled minimum lease payments under the lease terms are as follows for the year ending December 31, 2026:

Future undiscounted lease payment	$ 8,500
Less - discount to present value	(729)
Present value of lease liabilities	$ 7,771

ICIC has elected to use the risk free rate for the office space of 3.98%.

Subsequent to year-end, on May 14, 2026, ICIC entered into an office lease agreement with a lease term that will commence on June 1, 2026 and extend through May 30, 2028, with an option to renew for an additional two-year period. Monthly rent under the agreement is $1,500.

4. Investments

At December 31, 2025 and 2024, investments summarized using the inputs under the ASC Topic, *Fair Value Measurements,* standard consist of the following:

	2025			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Other investments:				
Exchange-traded fund - equity	$ 3,493,793	$ -	$ -	$ 3,493,793
Exchange-traded fund - fixed income	2,423,713	-	-	2,423,713
Money market fund	1,567,736	-	-	1,567,736
Government bonds	-	250,352	-	250,352
Corporate bonds	-	50,006	-	50,006
Total other investments	7,485,242	300,358	-	7,785,600
Private equity investment:				
Fund III	-	-	11,792	11,792
Total investments	$ 7,485,242	$ 300,358	$ 11,792	$ 7,797,392

	2024			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
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

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:

	Fund III	
	2025	**2024**
Fair value, beginning of year	$ 17,744	$ 29,850
Capital call	434	200
Capital distribution	-	(3,274)
Realized and unrealized losses on investments	(6,386)	(9,032)
Fair value, end of year	$ 11,792	$ 17,744

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, 2025 and 2024.

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

	2025	**2024**
Realized gains	$ 73,354	$ 465,927
Interest and dividends	217,074	169,945
Unrealized gains	590,254	138,244
	$ 880,682	$ 774,116

ICIC holds 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. 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:

	2025	2024
Amount due in:		
Less than one year	$ 85,860	$ 766,567
One to five years	50,000	300,000
Total	135,860	1,066,567
Allowance for doubtful accounts	(5,000)	(22,500)
Discount on long-term pledge receivables	(6,787)	(36,216)
Current portion	(85,860)	(766,567)
Accounts and grants receivable, net	$ 38,213	$ 241,284

6. 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 2025 and 2024. The value of these services for the years ended December 31, 2025 and 2024, was $61,989 and $108,196, 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.

7. 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 $131,700 and $126,100 to the Plan during 2025 and 2024, respectively. These amounts are included in payroll taxes and benefits in the accompanying statements of functional expenses.

8. 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 $434 and $200 from Fund III during the years ended December 31, 2025 and 2024, respectively.

9. 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.

Two donors represented 46% of total operating revenue for the year ended December 31, 2025. One donor represented 31% of total operating revenue for the year ended December 31, 2024.

One donor represented 81% of total accounts and grants receivable as of December 31, 2025. Three donors represented 97% of total accounts and grants receivable as of December 31, 2024.

10. 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:

	2025	2024
Cash	$ 6,237,572	$ 5,713,149
Current portion of accounts and grants receivable	85,860	766,567
	6,323,432	6,479,716
Less - donor-restricted assets for specified purposes	(1,470,006)	(2,746,882)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,853,426	$ 3,732,834

ICIC has approximately six months of financial assets available within one year to cover operating expenses, net of depreciation and donated services at December 31, 2025 and 2024. Additionally, ICIC has $7,785,600 and $6,898,557 in investments at December 31, 2025 and 2024, 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.

11. Reclassifications

Certain amount in the December 31, 2024 financial statements have been reclassified to conform with the December 31, 2025 presentation.