

Hood & Strong

Advisory, Tax
and Assurance

ICA.FUND

December 31, 2024

Independent Auditors' Report and
Financial Statements

ICA.FUND

Independent Auditors' Report and Financial Statements

Independent Auditors' Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 19

Independent Auditors' Report

THE BOARD OF DIRECTORS
ICA.FUND
Oakland, California

Opinion

We have audited the financial statements of **ICA.FUND (the Organization)**, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 the Organization as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these 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.

Auditors' 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 auditors' 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Jose, California
June 24, 2025

ICA.FUND

Statement of Financial Position

<i>December 31, 2024 (with comparative totals for 2023)</i>	2024	2023
Assets		
Cash and cash equivalents	\$ 7,349,517	\$ 7,487,825
Certificates of deposit	1,398,136	
Pledges receivable	1,450,600	775,000
Accrued interest receivables, net of allowance for credit losses of \$39,503 and \$28,011 for 2024 and 2023, respectively	149,756	166,663
Other receivables	5,779	533
Cash restricted for investment in qualified businesses	2,657,210	1,677,679
Investments in qualified businesses, net of allowance for credit losses of \$1,240,267 and \$563,437 for 2024 and 2023, respectively	10,810,500	12,608,972
Other assets	107,640	107,362
Total Assets	\$ 23,929,138	\$ 22,824,034
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 543,663	\$ 379,209
Deferred revenue	490,654	1,066,000
Notes payable	11,400,000	7,800,000
Total liabilities	12,434,317	9,245,209
Net Assets:		
Without donor restrictions	9,171,325	11,066,178
With donor restrictions	2,323,496	2,512,647
Total net assets	11,494,821	13,578,825
Total Liabilities and Net Assets	\$ 23,929,138	\$ 22,824,034

See accompanying notes to the financial statements.

ICA.FUND

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2024 (with comparative totals for 2023)

	2024			2023
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
Revenues and Support:				
Contributions and grants	\$ 2,613,525	\$ 3,622,405	\$ 6,235,930	\$ 4,646,599
Contributed in-kind services	107,875		107,875	79,535
Other income	46,464		46,464	30,612
Interest income from qualified businesses	472,370		472,370	227,258
Contributed interest income	962,716		962,716	575,350
Net assets released from restrictions	3,811,556	(3,811,556)	-	-
Total revenue and support	8,014,506	(189,151)	7,825,355	5,559,354
Expenses:				
Program services	5,825,770		5,825,770	4,034,856
Management and general	358,856		358,856	303,373
Fundraising and development	870,457		870,457	734,142
Total expenses	7,055,083	-	7,055,083	5,072,371
Subtotal	959,423	(189,151)	770,272	486,983
Other Losses:				
Realized loss on investments in qualified businesses	(1,986,021)		(1,986,021)	-
Unrealized loss on investments in qualified businesses	(868,255)		(868,255)	(339,030)
Total other losses	(2,854,276)	-	(2,854,276)	(339,030)
Total Change in Net Assets	(1,894,853)	(189,151)	(2,084,004)	147,953
Net Assets, beginning of year	11,066,178	2,512,647	13,578,825	13,430,872
Net Assets, end of year	\$ 9,171,325	\$ 2,323,496	\$ 11,494,821	\$ 13,578,825

See accompanying notes to the financial statements.

ICA.FUND

Statement of Functional Expenses

Year Ended December 31, 2024 (with comparative totals for 2023)

	2024				2023
	Program	Management and General	Fundraising and Development	Total	Total
Salaries and related benefits	\$ 2,948,309	\$ 229,704	\$ 725,189	\$ 3,903,202	\$ 3,253,654
Professional fees, including in-kind of \$107,875 and \$79,535 in 2024 and 2023, respectively	348,940	83,874	7,237	440,051	366,129
Interest, including in-kind of \$962,716 and \$575,350 in 2024 and 2023, respectively	1,166,992	306	61	1,167,359	746,839
Occupancy	105,246	11,078	22,157	138,481	156,283
Marketing	116,350	323	49,772	166,445	164,321
Professional development	24,464		10,485	34,949	27,651
Office supplies	74,124	7,802	15,605	97,531	95,002
Travel	43,446		18,620	62,066	39,669
Other expenses	997,899	25,769	21,331	1,044,999	222,823
Total expenses	\$ 5,825,770	\$ 358,856	\$ 870,457	\$ 7,055,083	\$ 5,072,371

See accompanying notes to the financial statements.

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Statement of Cash Flows

<i>Year Ended December 31, 2024 (with comparative totals for 2023)</i>	2024	2023
Operating Activities:		
Change in net assets	\$ (2,084,004)	\$ 147,953
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in credit loss reserve for notes and accrued interest receivable from qualified businesses	720,511	(22,441)
Change in discount for below market loans receivable	(4,178)	(23,229)
Unrealized loss on equity investments in qualified businesses	868,255	339,030
Realized loss on equity investments in qualified businesses	1,986,021	
Forgiveness of note payable	(800,000)	
Changes in operating assets and liabilities:		
Pledges receivable	(675,600)	(75,000)
Certificates of deposit	(1,398,136)	
Accrued interest receivables	16,907	(58,142)
Other receivables	(5,246)	9,840
Other assets	(278)	(52,447)
Accounts payable and accrued expenses	164,454	(13,602)
Deferred revenue	(575,346)	1,066,000
Net cash (used in) provided by operating activities	(1,786,640)	1,317,962
Investing Activities:		
Equity investment in qualified businesses	(1,831,060)	(1,129,915)
Issuance of notes receivable to qualified businesses, net	(82,125)	(1,340,038)
Repayments on notes receivable from qualified businesses	141,048	217,742
Net cash used by investing activities	(1,772,137)	(2,252,211)
Financing Activities:		
Proceeds from notes payable	4,400,000	1,800,000
Net cash provided by financing activities	4,400,000	1,800,000
Net Change in Cash and Cash Equivalents	841,223	865,751
Cash and Cash Equivalents, beginning of year	9,165,504	8,299,753
Cash and Cash Equivalents, end of year	\$ 10,006,727	\$ 9,165,504
Supplemental Cash Flow Information:		
Cash and cash equivalents	\$ 7,349,517	\$ 7,487,825
Cash restricted for investment in qualified businesses	2,657,210	1,677,679
	\$ 10,006,727	\$ 9,165,504
Non-cash Information:		
Conversion of notes receivable to equity holding	\$ 421,537	\$ 3,459,008
Interest paid	\$ -	\$ 8,000
There were no amounts paid for income taxes.		

See accompanying notes to the financial statements.

ICA.FUND

Notes to the Financial Statements

Note 1 - Nature of Organization:

ICA.Fund (formerly known as Inner City Advisors) is a nationally-recognized California not-for-profit organization established in 1996. ICA accelerates Bay Area businesses through mentoring and investments to catalyze value in local markets and create community wealth. ICA.Fund believes that small businesses are uniquely positioned to create positive community change and are an integral part of ICA.Fund's vision of creating an economy that works for everyone.

Prior to fiscal year 2020, ICA.Fund and Fund Good Jobs, Inc. worked together to provide small businesses with the capital and support they needed to grow, create good jobs, and build wealth for their workers and owners. ICA.Fund and Fund Good Jobs, Inc. operated with the same mission, staff and Board of Directors. Fund Good Jobs, Inc., was a California not-for-profit organization from 2013 to 2020 and was a certified Community Development Financial Institution (CDFI). In fiscal year 2020, ICA.Fund and Fund Good Jobs, Inc., merged into a single not-for-profit organization and designated ICA.Fund (the Organization) as the surviving entity.

The Organization operates primarily in the San Francisco Bay Area and secures philanthropic funding through program-related investments (PRIs), government grants, and donations to make tailored investments in qualified businesses and provide them with ongoing support and advisory services. The Organization is a certified CDFI.

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting

The Organization's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total, but not in sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Description of Net Assets

The Organization reports information regarding its financial position and activities in the following classes of net assets:

Without Donor Restrictions - net assets not subject to donor-imposed restrictions that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

ICA.FUND

Notes to the Financial Statements

With Donor Restrictions - net assets subject to stipulations imposed by donors and grantors. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Estimates

The preparation of financial statements in conformity 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.

Cash and Cash Equivalents, including Restricted Cash

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Certificates of deposits with maturities greater than three months but less than twelve months are reported separately from cash and cash equivalents on the statement of financial position but are still considered an operating asset for classification purposes on the statement of cash flows. Cash that is restricted by the lender for investments in qualified businesses is classified as such.

Investments in Qualified Businesses

The Organization makes investments in qualified businesses for the specific objective of furthering the Organization's mission. These investments may be in the form of loans, convertible notes, equity investments or guarantees.

Loans and convertible notes are carried at amortized cost net of discounts for below market interest rates. Additionally, the Organization considers various factors in evaluating the credit quality of loans to qualified businesses, including the value of collateral, if any, historical collection experience, and the Organization's assessment of the counterparties' ability to repay their obligations. Loans and accrued interest receivable are presented in the statement of financial position net of these reserves in investments in qualified businesses and accrued interest receivables, respectively.

Equity investments are stated at fair value which is determined using the most relevant information available, such as recent equity financing events. The value is reviewed annually by management for impairment and may be reduced based on a company's performance and long-term financial prospects.

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Notes to the Financial Statements

Fair Value Measurements

The Organization classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Organization's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

Property and Equipment

The Organization capitalizes acquisitions of property and equipment with a cost or value in excess of \$3,000 and with an estimated useful life of greater than one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. The Organization also capitalizes certain costs associated with the development of software for internal use. Depreciation and amortization is calculated using the straight-line method based upon estimated useful lives ranging from three to five years. Leasehold improvements are amortized over the shorter of the asset life or the lease term. As of December 31, 2024, all property and equipment were fully depreciated.

Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset (a right-of-use or ROU asset) and directs how and for what purpose the asset is used during the term of the contract.

The Organization made an accounting policy election not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to nonpublic entities and nonprofit organizations to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

ICA.FUND

Notes to the Financial Statements

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate lease. The non-lease components typically represent additional services transferred to the Foundation, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Revenue Recognition

Grants and contributions

Contributions are recognized as revenue when received or unconditionally promised. Contributions without donor-imposed restrictions are reported as net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions. Cash contributions received with conditions are recorded as deferred revenue until the conditions have been met.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. Such transactions are recorded as net assets released from restrictions on the statement of activities and changes in net assets.

Unconditional pledges receivables which are scheduled to be received after one year are discounted at rates commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

The Organization uses the allowance method to account for uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Government grant revenue is recognized as qualifying expenditures are incurred and in accordance with the terms of the grant. Funds received in advance are recorded as deferred revenue. As of December 31, 2024, the Organization had \$490,654 in deferred revenue.

Contributed services

The Organization is supported by a network of advisors who contribute their time to businesses in the Organization's network. These advising hours are recorded as contributed revenue at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated. For the year ended December 31, 2024, the Organization recognized \$107,875 in contributed services. These services are valued using comparable market rates for similar services.

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Notes to the Financial Statements

Contributed interest

The Organization recognizes contributed interest income and expense on notes payable that bear interest at a below market rate for the difference between the stated rate on the note and the Organization's estimated borrowing rate. For the year ended December 31, 2024, the Organization recognized \$962,716 in contributed interest.

Investment income

The Organization recognizes investment income in the year earned. A substantial amount of investment income earned is from investments in the Organization's portfolio companies. Investment related expenses are typically considered program expenses. Cash received from investments in qualified businesses is included in cash restricted for investment in qualified businesses on the statement of financial position.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. Additionally, the Organization has been determined to not be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Management evaluates all significant tax positions. As of December 31, 2024, the Organization does not believe that it has taken any tax positions that would require the recording of any additional tax liability or disclosure.

Concentrations of Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, restricted cash for investment in qualified businesses, pledges receivable and investments in qualified businesses. The Organization maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses on such accounts and evaluates the need for an allowance for doubtful pledges. The Organization manages risks associated with its investments in qualified businesses through a formal evaluation process before an investment is made and regular evaluations while the investments are outstanding. Note 5 describes Investments in Qualified Businesses in more detail.

For the year ended December 31, 2024, three donors comprised 41% of total contribution and grant revenue. For the year ended December 31, 2023, four donors comprised 70% of total contribution and grant revenue, including one of the same donors included in the 2024 concentration. At December 31, 2024, the pledges receivable balance was comprised of five donors.

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Notes to the Financial Statements

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Costs which were not recorded directly to the related functional category were allocated as follows:

- Salaries and related expenses and professional fees – allocated based on an estimate by management of time spent in each function;
- Occupancy and office related expenses – allocated based on the Organization’s usage of the facilities by function.

Reclassification

Reclassifications have been made to the 2023 financial statements in order to conform to the 2024 presentation as a result of the change in accounting principle mentioned above.

Note 3 - Liquid Assets:

The Organization’s financial assets at December 31, 2024, available to meet general expenditures over the next twelve months were as follows:

Financial assets:	
Cash and cash equivalents	\$ 7,349,517
Pledge receivable, current portion	1,050,600
Certificates of deposit	1,398,136
Other receivables	5,779
<hr/>	
Subtotal	9,804,032
Less:	
Net assets with donor restrictions - purpose restrictions	(654,159)
Board-designated fund for loan payment (See Note 7)	(3,305,000)
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Financial assets available to meet general expenditures over the next twelve months	\$ 5,844,873
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The Organization’s goal is to maintain cash available for operating expenses at six times the average monthly operating expenses. This target cash balance was approximately \$2,400,000 throughout the fiscal year 2024. In the event of an unanticipated liquidity need, the Organization also has the ability to draw upon a \$1,000,000 line of credit (see Note 6).

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Notes to the Financial Statements

Note 4 - Pledge Receivable:

At December 31, 2024, the Organization had pledges receivable in the amount of \$1,450,600, of which \$1,050,600 is expected to be collected during 2025 and \$400,000 in 2026. Management believes all amounts are fully collectible and therefore the Organization has not recorded an allowance for doubtful accounts as of December 31, 2024.

Note 5 - Investments in Qualified Businesses, Net:

Investments in qualified businesses consisted of the following at December 31:

	2024	2023
Convertible notes receivable	\$ 1,258,642	\$ 1,541,142
Loan receivable		88,416
Rapid Response loans receivable	36,151	185,198
Subtotal	1,294,793	1,814,756
Less:		
Credit loss reserve on loan and notes receivable	(460,485)	(474,256)
Credit loss reserve on Rapid Response loans receivable	(10,012)	(77,733)
Loan discount on Rapid Response loans receivable	(7,270)	(11,448)
Subtotal	(477,767)	(563,437)
Total notes and loans receivable, net	817,026	1,251,319
Equity investment total	10,755,974	11,357,653
Less:		
Credit loss reserve on Equity Investment - Seed	(762,500)	
Total	\$ 10,810,500	\$ 12,608,972

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Notes to the Financial Statements

The activity in the portfolio loss reserves, for the year ending December 31, 2024, was as follows:

	Equity Investment - Seed	Rapid Response Loans Receivable	Loans and Notes Receivable	Total
Balance, December 31, 2023	\$ -	\$ 77,733	\$ 474,256	\$ 551,989
Additions	762,500			762,500
Reductions		(67,721)	(13,771)	(81,492)
2024	\$ 762,500	\$ 10,012	\$ 460,485	\$ 1,232,997

Since 2016, the Organization has received \$450,000 in grant funds to establish a cash reserve for the purpose of protecting the Organization's risk of future losses on loans and investments. As of December 31, 2024, 100% of these funds are included in cash restricted for investment in qualified businesses on the statement of financial position.

During 2024, the Organization reduced the credit loss reserve for Rapid Response Loans by \$67,721 due to the lowered principal balances associated with a majority of such loans making all initially scheduled principal payments in accordance with their loan agreements.

Additionally, in 2024, the credit loss reserve for all other loans and notes decreased by \$13,771, due to the lowered principal balances.

Also in 2024, the Organization determined additional reserves were necessary for its Equity Investments - Seed based on credit assessments of companies in its portfolio.

Realized loss

In 2024, the Organization recognized a realized loss of \$1,986,021 related to its investment in a bakery, which filed for bankruptcy in 2024. The investment was originally made at a cost basis of \$960,000 and had previously been adjusted upward to reflect unrealized gains based on fair value assessments. Following the bankruptcy filing and based on management's assessment, the investment was determined to have no recoverable value. As a result, the entire balance was written off, and this loss is included in the accompanying statement of activities and changes in net assets.

Unrealized loss

In 2024, the Organization's portfolio experienced an unrealized loss due to changes in the value of preferred equity shares resulting from a decrease in two equity investments. These changes led to a net unrealized loss of \$868,255 for the year ended December 31, 2024. This loss is included in the accompanying statement of activities and changes in net assets.

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Notes to the Financial Statements

Details of the Organization's investments in qualified businesses, exclusively of credit loss reserves and loan discounts, were as follows as of December 31:

<u>Product Type</u>	<u>Interest</u>	<u>Term</u>	2024		2023	
			<u>Outstanding Balance</u>	<u>No. of Investments</u>	<u>Outstanding Balance</u>	<u>No. of Investments</u>
Equity	n/a	No maturity	\$ 4,885,974	9	\$ 6,887,653	8
ICA Impact notes	n/a	No maturity	2,050,000	9	1,800,000	8
Impact notes — Seed Fund	n/a	No maturity	900,000	20	650,000	14
SAFE notes	n/a	No maturity	2,370,000	9	1,470,000	7
SAFE notes — Seed Fund	n/a	No maturity	550,000	11	550,000	11
			10,755,974	58	11,357,653	48
Convertible notes	5% - 6%	1 - 3 years	947,333	4	1,272,333	5
Amortized loan	5%	4 years			88,416	1
Working capital	5% - 6%	1 year	311,308	8	268,808	6
Rapid Response Liquidity Fund	0.00%	3 - 5 years	36,152	4	185,199	15
			1,294,793	16	1,814,756	27
			\$ 12,050,767	74	\$ 13,172,409	75

Note 6 - Line of Credit:

The Organization has a \$1,000,000 variable rate revolving line of credit with a bank. The line bears annual interest at the bank's index rate, or 7.50% at December 31, 2024. The line of credit matures June 15, 2025. The line of credit is secured by all of the Organization's business assets and contains certain restrictive covenants. There was no balance outstanding, and the Organization was in compliance with its covenants at December 31, 2024. The Organization is expecting to renew the line of credit with similar terms for an additional year.

Note 7 - Notes and Loans Payable:

During 2021, the Organization established a Board-designated cash reserve in a segregated bank account for the repayment of notes and loans payable. As of December 31, 2024, the balance of this reserve was \$3,305,000.

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Notes to the Financial Statements

Notes payable as of December 31, were as follows:

<u>Lender</u>	<u>Maturity Date</u>	<u>2024</u>	<u>2023</u>
Living Cities Blended Catalyst	August 2025	\$ 1,000,000	\$ 1,000,000
Shackleton Family Fund	August 2025	100,000	100,000
US Bank	August 2029	1,000,000	1,000,000
Cnote Group	October 2026	1,000,000	1,000,000
New World Foundation*	January 2028	3,200,000	
Sobrato Family Foundation	January 2028	1,000,000	600,000
Opportunity Finance Network	May 2030	1,000,000	1,000,000
S.H. Cowell	September 2030	1,000,000	1,000,000
East Bay Community Foundation	April 2031	100,000	100,000
San Francisco Foundation	April 2031	1,000,000	1,000,000
California Wellness	July 2031	1,000,000	1,000,000
Total		\$ 11,400,000	\$ 7,800,000

*The New World Foundation agreement is a zero interest rate loan that contains provisions for forgiveness.

Interest rates for the above loans range from 0% to 6%.

The Organization has certain debt agreements that include operational and financial covenants. These covenants require the Organization to maintain minimum cash and cash equivalents balances, as well as certain financial ratios. These loans have full recourse. The Organization was not in compliance with its covenants at December 31, 2024 and has received covenant waivers from the lenders.

Principal payments for the years ending December 31 are due as follows:

2025	\$ 1,100,000
2026	2,000,000
2027	-
2028	4,200,000
2029	-
Thereafter	4,100,000
Total	\$ 11,400,000

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Notes to the Financial Statements

Note 8 - Net Assets with Donor Restrictions:

Net assets with donor restrictions at December 31, 2024 consisted of the following:

Purpose	\$ 1,620,330
Time	703,166
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Total	\$ 2,323,496

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors in the amount of \$3,811,556 during the year ended December 31, 2024.

Note 9 - Related Party Transactions:

The Board members of the Organization are active in oversight of fundraising events, activities and in making private contributions. Contributions received from the Board or from companies with which Board members are affiliated were \$45,550 for the year ended December 31, 2024 and were included in the accompanying statement of activities and changes in net assets.

Note 10 - Commitments:

The Organization leases office space in Oakland, California. In May 2024, the Organization executed a 12-month lease agreement with monthly lease payments of \$9,785. The Organization considers this lease immaterial and as such has not recorded a right-of-use asset and liability.

The Organization's rental expense for the year ended December 31, 2024 was \$138,481.

In May 2025, the Organization entered into a new 3 year lease agreement. The ROU assets and lease obligation were recognized at the commencement of the lease term in May 2025 with expected payments as follows:

2025	\$ 33,900
2026	136,700
2027	140,800
2028	108,000
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Total	\$ 419,400

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Notes to the Financial Statements

Note 11 - 401(k) Retirement Plan:

Beginning January 1, 2015, the Organization adopted a 401(k)-retirement plan. Under this plan, all employees are eligible to participate with a minimum age requirement of 21 years. The Organization may make matching contributions equal to a discretionary percentage to be determined by the Organization. The Organization is also entitled to make a discretionary contribution for the year. For the year ended December 31, 2024 the Organization's matching and discretionary contributions to this plan were \$195,047, which is included in salaries and related benefits in the accompanying statement of functional expenses.

Note 12 - Subsequent Events:

The Organization evaluated subsequent events from December 31, 2024 through June 24, 2025, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements other than the matter mentioned in Note 10.