

INNER CITY ADVISORS AND
FUND GOOD JOBS

DECEMBER 31, 2016

INDEPENDENT AUDITORS' REPORT,
CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Inner City Advisors and Fund Good Jobs

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Independent Auditors' Report

THE BOARD OF DIRECTORS
INNER CITY ADVISORS and
FUND GOOD JOBS
Oakland, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **INNER CITY ADVISORS and FUND GOOD JOBS** (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Inner City Advisors and Fund Good Jobs as of December 31, 2016, and the consolidated 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.

Report on Summarized Comparative Information

The consolidated financial statements of Inner City Advisors and Fund Good Jobs, as of and for the year ended December 31, 2015, were audited by other auditors whose report dated November 10, 2016 expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Hood & Strong LLP

San Jose, California
June 27, 2017

Inner City Advisors and Fund Good Jobs

Consolidated Statement of Financial Position

<i>December 31, 2016 (with comparative totals for 2015)</i>	2016	2015
Assets:		
Cash and cash equivalents	\$ 941,283	\$ 831,538
Pledges receivable	1,493,986	295,750
Government grant receivable	-	125,000
Accrued interest receivables	84,130	106,020
Cash restricted for investment in qualified businesses	401,895	543,539
Investment in qualified businesses, net	2,094,471	1,853,758
Other assets	25,642	74,315
Total Assets	\$ 5,041,407	\$ 3,829,920
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 230,369	146,990
Notes payable	2,350,000	2,350,000
Total liabilities	2,580,369	2,496,990
Net Assets:		
Unrestricted	899,445	613,793
Temporarily restricted	1,561,593	719,137
Total net assets	2,461,038	1,332,930
Total Liabilities and Net Assets	\$ 5,041,407	\$ 3,829,920

See accompanying notes to consolidated financial statements.

Inner City Advisors and Fund Good Jobs

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2016 (with comparative totals for 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and Support:				
Corporate and foundation grants	\$ 316,094	\$ 2,627,100	\$ 2,943,194	\$ 1,167,175
In-kind services	485,000		485,000	374,500
Government grant			-	589,960
Other income	24,415		24,415	2,237
Interest income from qualified businesses	146,360		146,360	65,905
Fees and other investment income from qualified businesses	6,221		6,221	33,000
Special event income	202,208		202,208	5,426
Contributed interest income	67,875		67,875	92,469
Net assets released from restrictions	1,784,644	(1,784,644)	-	-
Total revenue and support	3,032,817	842,456	3,875,273	2,330,672
Expenses:				
Program services	2,043,837		2,043,837	1,804,584
Management and general	300,866		300,866	238,228
Fundraising and development, including direct special event costs of \$106,610	402,462		402,462	241,713
Total expenses	2,747,165	-	2,747,165	2,284,525
Total Change in Net Assets	285,652	842,456	1,128,108	46,147
Net Assets, beginning of year	613,793	719,137	1,332,930	1,286,783
Net Assets, end of year	\$ 899,445	\$ 1,561,593	\$ 2,461,038	\$ 1,332,930

See accompanying notes to consolidated financial statements.

Inner City Advisors and Fund Good Jobs

Consolidated Statement of Cash Flows

<i>Year Ended December 31, 2016 (with comparative totals fo 2015)</i>	2016	2015
Operating Activities:		
Change in net assets	\$ 1,128,108	\$ 46,147
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in loan loss reserve for notes receivables from qualified businesses	907	47,942
Depreciation	14,193	14,621
Changes in operating assets and liabilities:		
Pledges receivable	(1,198,236)	116,250
Government grant receivable	125,000	(12,036)
Accrued interest receivables	(72,350)	(46,101)
Other receivables		(31,981)
Prepays and deposits	34,480	8,214
Accounts payable and accrued expenses	83,379	81,989
Net cash provided by operating activities	115,481	225,045
Investing Activities:		
Assets released under collateral agreement	5,981	5,759
Issuance of notes receivable from qualified businesses	(200,000)	(950,000)
Repayments on notes receivable from qualified businesses	46,639	15,285
Purchase of office equipment		(33,866)
Net cash used by investing activities	(147,380)	(962,822)
Financing Activities:		
Repayments on line of credit		(50,000)
Borrowings on recoverable grant		100,000
Net cash (used) provided by financing activities	-	50,000
Net Change in Cash and Cash Equivalents	(31,899)	(687,777)
Cash and Cash Equivalents, beginning of year	1,375,077	2,062,854
Cash and Cash Equivalents, end of year	\$ 1,343,178	\$ 1,375,077
Supplemental Cash Flow Information:		
Cash and cash equivalents	\$ 941,283	\$ 831,538
Cash restricted for investment in qualified businesses	401,895	543,539
	\$ 1,343,178	\$ 1,375,077

Non-cash Cash Flow Investing Information

In 2016 an investment in a qualified business converted a note receivable to shares of preferred stock in the amount of \$744,240, including accrued interest of \$94,240.

See accompanying notes to consolidated financial statements.

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

Note 1 - Nature of Organization:

Inner City Advisors (ICA) is a California not-for-profit organization established in 1996. It is a nationally recognized organization whose mission is to create good jobs for people with high barriers to employment by providing small business owners with expert consulting, education and investment to grow their businesses.

Fund Good Jobs, Inc. (the Fund) is a California not-for-profit organization established in 2013. The Fund's mission is to assist small businesses in creating jobs for individuals who otherwise would not have access to quality employment positions. The Fund secures philanthropic funding through program-related investments (PRIs) and donations to make tailored investments in the form of blended capital in high-need, high-growth qualified businesses that create good jobs. The Fund is a certified Community Development Financial Institution.

ICA and the Fund (collectively, the Organization) operate primarily in the San Francisco Bay Area.

Note 2 - Summary of Significant Accounting Policies:

a. Prior Year Summarized Information

The consolidated 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 consolidated financial statements for the year ended December 31, 2015, from which the summarized information was derived.

b. Principles of Consolidation

The accompanying consolidated financial statements as of December 31, 2016, include the financial statements of ICA and the Fund. All intercompany accounts have been eliminated in consolidation. ICA and the Fund share common management and Board of Directors.

c. Basis of Accounting

The Organization's consolidated 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).

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

d. Description of Net Assets

The Organization reports information regarding its consolidated financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets – those net assets and activities which represent the portion of expendable funds that are available to support the Organization’s operations. A portion of these net assets may be designated by the Board of Directors for specific purposes. As of December 31, 2016, the Organization had no board designated net assets.

Temporarily Restricted Net Assets – those net assets and activities which are limited by donor-imposed stipulations that can either be fulfilled and removed by actions of the Organization or expire by passage of time.

Permanently Restricted Net Assets – those net assets and activities the use of which is limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of the Organization. The Organization has no permanently restricted net assets.

e. Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

f. 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. Cash that is restricted by the lender for investments in qualified businesses are classified as such.

g. 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. The Organization considers various factors as of the date of the consolidated financial statements in evaluating the credit quality of loans from 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. As of December 31, 2016, management has assessed the loan loss reserve over their notes receivables from qualified businesses at \$48,849.

Equity investments are carried at cost and are evaluated annually for impairment.

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

h. 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. Depreciation 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. Net property and equipment at December 31, 2016 was \$17,139 and was included in other assets on the consolidated statement of financial position.

i. Revenue Recognition

Grants and contributions

Contributions are recognized as revenue when they are received or unconditionally promised. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of donor restriction.

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 consolidated 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.

Contributed services

The Organization records contribution revenue for certain services received 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.

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

For the year ended December 31, 2016, the Organization recognized \$485,000 in contributed services. The Organization also has a substantial number of unpaid volunteers, performing various functions who contributed time to the Organization during the year ended December 31, 2016. The value of this contributed time is not reflected in the consolidated financial statements, as it does not meet the criteria for recognition.

Contributed interest

The Organization recognizes contributed interest income and expense on notes payable that bear interest and a below market rate for the difference between the stated rate on the note and the Organization's borrowing rate.

Investment Income

The Organization recognizes investment income in the year earned. A substantial amount of investment income earned is from investments in the Fund's portfolio companies. Cash received from investments in qualified businesses is included in cash restricted for investment in qualified businesses on the consolidated statement of financial position.

j. Income Taxes

ICA and the Fund are qualified organizations exempt from federal and state income taxes under §501(c)(3) of the Internal Revenue Code and §23701d of the California Revenue and Taxation Codes with the Internal Revenue Service (IRS). Additionally, ICA and the Fund have been determined by the IRS not to be private foundations within the meaning of Section 509(a) of the Internal Revenue Code.

Management evaluates all significant tax positions. As of December 31, 2016, the Organization does not believe that it has taken any tax positions that would require the recording of any additional tax liability or disclosure.

k. Concentrations of Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, 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. Pledges receivable are due from various donors and the Organization 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 4 describes investments in qualified businesses in more detail.

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

For the year ended December 31, 2016, three donors comprised approximately 71% of total contribution and grant revenue. At December 31, 2016, three donors comprised approximately 80% of pledges receivables.

l. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on an analysis of personnel time as estimated by management. All other costs are charged directly to the related functional category.

m. Reclassifications

Certain amounts in the summarized comparative totals for 2015 have been reclassified to conform to the 2016 presentation. These reclassifications have no effect on previously reported net assets or change in net assets.

n. New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02—Leases (Topic 842). Under the ASU, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months for the rights and obligations created by those leases. The ASU is effective for fiscal years beginning after December 15, 2019. Early application of the amendments is permitted.

In June 2016, the FASB issued ASU 2016-13 – Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this ASU replace the current loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information for credit loss estimates. The amendments in the ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2020. Early application of the amendments is permitted.

In August 2016, the FASB issued ASU 2016-14 – Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. The amendments in this ASU set forth the FASB’s changes to net asset classification requirements and the information presented about a not-for-profit entity’s liquidity, financial performance, and cash flows. The amendments in the ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments is permitted.

The Organization is currently evaluating the impact of these pronouncements on its financial statements.

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

Note 3 - Pledges Receivable:

At December 31, 2016, the Organizations' unconditional promises to give of \$1,493,986 were all due within one year. Management believes all amounts are fully collectible and therefore has not recorded an allowance for doubtful accounts as of December 31, 2016.

Note 4 - Investments in Qualified Businesses, Net:

Investment in qualified businesses consist of the following at December 31, 2016:

Convertible notes	\$ 1,050,000
Loans	325,116
	<hr/>
	1,375,116
Less: loan loss reserve	(48,849)
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	1,326,267
Equity investment	744,240
Restricted cash held under guarantee agreement	23,964
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Total	\$ 2,094,471

In 2016, the Organization received a \$400,000 grant to establish a cash reserve for the purpose of protecting the Organization's risk of future losses on loans and investments. The loan loss expense recorded in the current year of \$907 was applied against this grant. The remaining restricted funds of \$399,093 are available for future losses as presented in the Organization's Temporarily Restricted Net Assets (Note 7). These restricted funds are in addition to the loan loss reserve of \$48,849 (Note 2g).

Details of the Organization's investments in qualified businesses is as follows:

Loans and convertible notes

Workforce Development Pipeline Company

In February 2015, the Fund issued a convertible promissory note to a workforce development pipeline company for \$50,000. Accrued and unpaid interest is calculated at 6.0% and is due and payable with principal when the note matures. The original maturity was August 2016; however, an extension was granted to October 2017. The loan is uncollateralized. As of December 31, 2016, the loan balance was \$50,000 plus accrued interest receivable of \$5,782.

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

Bakery

In May 2015, the Fund issued a convertible promissory note to a bakery for \$415,000, with monthly interest only payments at 10.0% beginning six months after November 2015 through maturity of May 2018. In the event the bakery achieves certain mission based goals, the interest rate will be reduced to 8.0% upon conversion of the note. Interest is being accrued at the lower rate under the current expectation that the targets will be met. The note is a secured obligation, secured by a third position on all remaining assets. As of December 31, 2016, the loan balance was \$415,000 plus accrued interest receivable of \$16,600.

In May 2015, the Fund issued an additional convertible promissory note to the bakery for \$185,000. The note bears interest 10.0%; however, in the event the bakery achieves certain mission based goals, the interest rate will be reduced to 8.0% upon conversion of the note. Interest is being accrued at the lower rate under the current expectation that the targets will be met. The loan is due in full, plus accrued interest in May 2018. The note is secured by a third position on all remaining assets. Furthermore, there are various reporting and financial covenants. As of December 31, 2016, the loan balance was \$185,000 plus accrued interest receivable of \$23,791.

In February 2016, the Fund issued a convertible promissory note to the bakery for \$200,000. The note bears interest 10.0%; however, in the event the bakery achieves certain mission based goals, the interest rate will be reduced to 8.0% upon conversion of the note. Interest is being accrued at the lower rate under the current expectation that the targets will be met. The loan is due in full, plus accrued interest in May 2018. The loan is subordinate to existing debt held by the bakery at the time of this loan but will be senior to any indebtedness entered into after the date of this loan. As of December 31, 2016, the loan balance was \$200,000 plus accrued interest receivable of \$14,151.

Co-Working Space

During December 2013, the Organization loaned a co-working space a total of \$300,000 under two note agreements. The first note agreement provides for a \$100,000 loan which bears interest at 6.0% and is convertible to equity securities upon certain events occurring. Interest accruals are recorded in accrued interest receivables. The loan is due in full, plus accrued interest, in December 2018. The second note agreement provides for a \$200,000 loan which bears interest at 9.0%. In the event the co-working space achieves certain employment goals and other socially responsible covenants, the interest rate will be reduced to 7.0% retroactively. The note provides for monthly principal plus interest payments based on a 10 year term with a balloon payment due December 2018. The \$200,000 loan is collateralized by a second position on all assets. The \$100,000 loan is uncollateralized. The loan has various reporting and financial covenants. As of December 31, 2016, the loan balance under both note agreements was \$247,177 (\$147,177 convertible note and \$100,000 non-convertible note) plus accrued interest receivables of \$19,639.

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

Coffee Roastery

In October 2015, the Fund issued a senior promissory note to a coffee roaster for \$200,000, with monthly interest only payments at 8.0% beginning December 2015 through May 2016, followed by monthly principal with interest payments through maturity of November 2020. The note is a secured obligation with insurance requirements that must be maintained. Furthermore, there are various reporting and financial covenants. As of December 31, 2016, the loan balance was \$177,939.

In October 2015, the Fund issued a convertible promissory note to the coffee roaster for \$100,000. Accrued and unpaid interest is calculated at 10.0% per annum beginning December 2015 through maturity of November 2017, and is due and payable on a quarterly basis beginning in May 2016. The note is a secured obligation with insurance requirements that must be maintained. Furthermore, there are various reporting and financial covenants. As of December 31, 2016, the loan balance was \$100,000 plus accrued interest receivable of \$4,167.

Equity Investment

Food Products Manufacturer

During May 2013, the Organization issued a \$500,000 convertible promissory note to a food products manufacturer. In December 2013, the Organization amended the loan documents to increase the loan amount to \$650,000. The loan called for interest to be accrued at 8.0% per annum beginning May 2013. Upon conversion of the loan, the interest could be reduced to a minimum of 4.0% determined by certain employment goals and other socially responsible covenants being met. In May 2016, the food products manufacturer successfully raised \$10 million of equity capital which triggered an automatic conversion. Principal and accrued interest of \$744,240 converted to 1,160,774 shares of preferred stock. Preferred shareholders have certain rights if a liquidation event occurs, including payment of up to \$0.79953 per share, plus a pro rata share of any remaining assets of the corporation, distributed among holders of both common and preferred stock.

Management determined no impairment of this equity investment was needed as of December 31, 2016. The value of the outstanding equity as of December 31, 2016 is estimated to be higher than the balance reported in the financial statements based on the valuation at the time of conversion and the investee's financial performance thereafter.

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

Restricted cash held under guarantee agreement

The Organization has an agreement where it is the guarantor of 20% of a term loan held by one of the Organization's portfolio clients. The loan has monthly principal and interest payments. As a result, the Organization's exposure relating to the loan is reduced as the portfolio client's debt balance decreases. The guarantee is fully collateralized by a deposit for a like sum held at a bank. As of December 31, 2016, the portfolio client's debt amounted to approximately \$120,000. As of December 31, 2016, the Organization's guarantee was reduced to \$23,964.

Note 5 - Line of Credit:

ICA had a \$200,000 variable rate revolving line of credit with Beneficial State Bank (the Bank). The line bears interest at the Bank's index rate plus 2.5% annually, or 6.25% at December 31, 2016. The line of credit matured on December 1, 2016; however, in February 2017, the Organization renewed the line and the new term extends the loan due date to February 13, 2018. The line of credit is secured by all of the Organization's business assets and contains certain restrictive covenants. There was no balance outstanding at December 31, 2016. The Organization was in compliance with its covenants.

Note 6 - Notes Payable:

Notes payable as of December 31, 2016 are as follows:

In December 2014, the Fund received a \$1,000,000 recoverable grant from a private foundation for the purpose of adding to a loan pool from which the Fund may make loans to existing small business. The Fund has not made any principal payments. Pursuant to the agreement, the proceeds of the loan and any interest earned can only be used to invest in qualified businesses. The recoverable grant has a seven-year term with annual interest only payments at 2.5%. The recoverable grant is due in full in December 2021. The remaining portion of cash available for investment in qualified businesses from this recoverable grant is \$265,905 and is included in cash restricted for investment in qualified businesses on the consolidated statement of financial position.

In January 2014, the Fund received a recoverable grant from a private foundation for \$100,000 for the purpose of adding to a loan pool. The grant was not paid to the Fund until the funds were needed in August 2015. The Fund has not made any principal payments. In 2015, the Fund deployed the full \$100,000 in the form of a note receivable to a qualified business. The recoverable grant is to be repaid in one lump sum amount of principal and accrued interest in August 2020, with 2.0% interest.

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

In November 2011, ICA obtained a \$1,250,000 program related investment loan from a private foundation. The note bears interest only at 1.0% per annum commencing January 1, 2013. Interest is payable annually in arrears on the last day of December commencing 2013. The principal balance was \$1,250,000 as of December 31, 2016 and is due January 31, 2019. The note is unsecured, full recourse obligation and requires adherence to a series of loan covenants. The proceeds of the loan and any interest or earnings can only be used to invest in qualified companies to help these enterprises grow and create jobs. The cash available for investment in qualified businesses from this loan is \$124,497 and is included in cash restricted for investment in qualified businesses on the consolidated statement of financial position.

Note 7 - Temporarily Restricted Net Assets:

Temporarily restricted net assets at December 31, 2016 consist of:

ICA time restricted for general operations	\$ 392,500
ICA time and purpose restrictions for programs	770,000
Fund's loan loss reserve (Note 4)	399,093
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Total	\$ 1,561,593

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 \$1,784,644 during the year ended December 31, 2016.

Note 8 - Related Party Transactions:

ICA's and the Fund's volunteer members of the Board are active in oversight of fundraising events, activities and in making private contributions. Contributions received from the Board or from companies with which the Board is affiliated were \$164,900, for the year ended December 31, 2016, including \$132,500 of in-kind professional services in connection with ICA's program to provide expert consulting services.

The Fund has a lease agreement (see Note 9) with the co-working space business mentioned in Note 4.

Inner City Advisors and Fund Good Jobs

Notes to Consolidated Financial Statements

Note 9 - Commitments:

In December 2014, ICA signed a sublease agreement to move their principal place of business. The lease term is for a 36 month period expiring November 30, 2017 with one 36 month extension. Rent is \$3,252 per month with 3% annual rent escalations. ICA is responsible for paying all direct expenses and its share of common area costs.

In February 2014, the Fund signed a new lease agreement for their principal place of business. The lease term was for one year with rent of \$2,000 per month. In February 2015, the agreement was renewed for one year through February 2016 with rent of \$2,060 per month. Absent a renewal, the agreement will be granted on a month to month basis with a 5% rental increase. In 2016, the agreement was renewed for one year through February 2017 with rent of \$2,122 per month after which the lease converts to a month-to-month agreement.

The Organization's rental expense for ICA and the Fund for the years ended December 31, 2016 was \$81,492.

As of December 31, 2016, the future minimum lease payments on these leases, extending through 2017, are expected to be approximately \$43,000.

Note 11 - 401(k) Profit Sharing Plan:

Beginning January 1, 2015, the Organization adopted a 401(k) Profit Sharing 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 profit sharing contribution for the year. For the year ended December 31, 2016 the Organizations' matching and profit sharing contributions to this plan was \$24,077.

Note 12 - Subsequent Events:

The Organization evaluated subsequent events from December 31, 2016 through June 27, 2017, the date these financial statements were available to be issued. Except as discussed in Note 5, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Inner City Advisors and Fund Good Jobs

Consolidating Statement of Financial Position

December 31, 2016

	Inner City Advisors	Fund Good Jobs	Consolidated Total
Assets:			
Cash and cash equivalents	\$ 769,953	\$ 171,330	\$ 941,283
Pledges receivable	1,081,845	412,141	1,493,986
Accrued interest receivables		84,130	84,130
Cash restricted for investments in qualified businesses	36,036	365,859	401,895
Investment in qualified business, net	23,964	2,070,507	2,094,471
Other assets	21,644	3,998	25,642
Intercompany receivables (payables)	1,267,284	(1,267,284)	-
Total Assets	\$ 3,200,726	\$ 1,840,681	\$ 5,041,407
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	\$ 228,369	\$ 2,000	\$ 230,369
Notes payable	1,250,000	1,100,000	2,350,000
Total liabilities	1,478,369	1,102,000	2,580,369
Net Assets:			
Unrestricted	559,857	339,588	899,445
Temporarily restricted	1,162,500	399,093	1,561,593
Total net assets	1,722,357	738,681	2,461,038
Total Liabilities and Net Assets	\$ 3,200,726	\$ 1,840,681	\$ 5,041,407

Inner City Advisors and Fund Good Jobs

Consolidating Statement of Activities and Changes in Net Assets

Year Ended December 31, 2016

	Inner City Advisors			Fund Good Jobs			Consolidated Total
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	
Revenues and Support:							
Corporate and foundation grants	\$ 315,744	\$ 2,227,100	\$ 2,542,844	\$ 350	\$ 400,000	\$ 400,350	\$ 2,943,194
In-kind services	485,000		485,000			-	485,000
Other income	22,634		22,634	1,781		1,781	24,415
Interest income from qualified businesses			-	146,360		146,360	146,360
Fees and other investment income from qualified businesses			-	6,221		6,221	6,221
Special event income	202,208		202,208			-	202,208
Contributed interest income	53,125		53,125	14,750		14,750	67,875
Net assets released from restrictions	1,662,929	(1,662,929)	-	121,715	(121,715)	-	-
Total revenue and support	2,741,640	564,171	3,305,811	291,177	278,285	569,462	3,875,273
Expenses:							
Program services	1,882,225		1,882,225	161,612		161,612	2,043,837
Management and general	290,095		290,095	10,771		10,771	300,866
Fundraising and development, including direct special event costs of \$106,610	393,448		393,448	9,014		9,014	402,462
Total expenses	2,565,768	-	2,565,768	181,397	-	181,397	2,747,165
Total Change in Net Assets	175,872	564,171	740,043	109,780	278,285	388,065	1,128,108
Net Assets, beginning of year	383,985	598,329	982,314	229,808	120,808	350,616	1,332,930
Net Assets, end of year	\$ 559,857	\$ 1,162,500	\$ 1,722,357	\$ 339,588	\$ 399,093	\$ 738,681	\$ 2,461,038