

# **ID Funds Advisor LLC**

## **Form ADV Part 2A**

### **(Disclosure Brochure)**

*This Brochure provides information about the qualifications and business practices of ID Funds Advisor LLC (“IDFA” or “the Firm”). If you have any questions about the contents of this Form ADV Part 2A Disclosure Brochure (“Brochure”), please contact ID Funds Advisor LLC at (561) 462-1200 or you may reach our Firm’s Chief Compliance Officer at (757) 525-0990 or [klohwater@idfund.co](mailto:klohwater@idfund.co). The information in this Brochure has not been approved or verified by the SEC or any state securities authority.*

*ID Funds Advisor LLC is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC); however, such registration does not imply any level of skill or training.*

*Additional information about ID Funds Advisor LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm’s CRD number is: 305035.*

**751 Park of Commerce Drive Suite 128**  
**Boca Raton, FL 33487**

**Phone: (561) 462-1200**

**March 29, 2024**

## ITEM 2: MATERIAL CHANGES

ID Funds Advisor LLC (“ID Funds Advisor” or “the Firm”) has experienced the following material changes since its last annual updating amendment of March 14, 2023:

- ID Funds Advisory has amended its regulatory assets under management have been updated for the period ending December 31, 2023.
- The Firm has selected a new permanent Chief Compliance Officer (the “CCO”), Karl W. Lohwater, who will also serve as General Counsel. Clients and prospective clients can request a copy of this Brochure or ask questions regarding its content by contacting the CCO by electronic mail at [klohwater@idfund.co](mailto:klohwater@idfund.co) or by phone at (757) 525-0990.

## Table of Contents

|  |    |
|--|----|
| ITEM 1 – COVER PAGE .....  | 1  |
| ITEM 2: MATERIAL CHANGES.....  | 2  |
| ITEM 3 TABLE OF CONTENTS.....  | 3  |
| ITEM 4: ADVISORY BUSINESS.....   | 4  |
| ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....                                       | 8  |
| ITEM 7: TYPES OF CLIENTS .....   | 9  |
| ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....                              | 10 |
| ITEM 9: DISCIPLINARY INFORMATION .....   | 14 |
| ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....                                    | 15 |
| ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND<br>PERSONAL TRADING..... | 17 |
| ITEM 12: BROKERAGE PRACTICES .....   | 18 |
| ITEM 13: REVIEW OF ACCOUNTS.....   | 19 |
| ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION .....   | 20 |
| ITEM 15: CUSTODY.....  | 21 |
| ITEM 16: INVESTMENT DISCRETION .....   | 22 |
| ITEM 17: VOTING CLIENT SECURITIES.....   | 23 |
| ITEM 18: FINANCIAL INFORMATION .....   | 24 |

## ITEM 4: ADVISORY BUSINESS

### A. Firm Description

ID Funds Advisor LLC (“**IDFA**” or the “**Firm**”) was formed in May 2017. The Firm’s principal owners are Dermot J. Bolger and Joseph Q. McGowan, and the Firm is headquartered in Boca Raton, Florida. The Firm acts as the investment adviser to certain private funds.

### B. Types of Advisory Services

IDFA serves as an investment adviser that provides discretionary advisory services to affiliated private funds, namely ID Funds LLC, ID Funds II LLC and ID Funds 3 LLC (collectively “**ID Funds**”), each of which is a Delaware series limited liability company. ID Funds makes privately placed investments through one or more investment-specific special purpose vehicles (“**SPVs**” or “**Series**”), with each Series being treated for accounting and tax purposes as a separate pooled investment vehicle formed to hold each such investment. IDFA also serves as the investment adviser to IDF Poseidon Holdings LLC and ID Innovation Fund LLC (together with ID Funds and each Series organized thereunder, each a “**Fund**” and together, the “**Funds**”). The Funds were formed to make investments in non-publicly traded securities or other alternative investment opportunities. IDFA does not give advice with respect to other types of securities or accounts.

IDFA operates a web platform (the “**Web Portal**”) for Investors to review and screen alternative investment opportunities, view prospective investments, and complete the investment process online. Each Fund has an operating agreement or other organizational documents, a subscription agreement, the listing on the Web Portal and other applicable disclosure documents, which are referred to hereafter as “**Offering Documents**”.

### C. Client Tailored Services and Client Imposed Restrictions

Investment advice is provided directly to each of the Funds and not tailored individually to the investors in any of the Funds (the “**Investors**” or “**Members**”). IDFA manages the assets of the Funds in accordance with the terms of each Fund’s operating agreement such as its limited liability company agreement (each, an “**LLC Agreement**”), and other governing documents applicable to each Fund including the Offering Documents (collectively, “**Governing Fund Documents**”). All terms are generally established at the time of the formation of a Fund and are generally only terminable once the applicable Fund is dissolved, wound up, and terminated.

The Investors may not restrict investments by the Funds in any capacity beyond the Governing Fund Documents, and except in limited circumstances or as may be provided in the LLC Agreement of the applicable Fund, Investors in each such Fund are not permitted to withdraw their capital from such Fund prior to such Fund’s dissolution.

Equity interests in each of the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and none of the Funds are registered under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). Accordingly, equity interests in each of the Funds are offered and sold exclusively to Investors satisfying the

applicable eligibility and suitability requirements, in private transactions within the United States and such other suitability requirements that may be specified in the applicable Governing Fund Documents.

#### **D. Wrap Fee Program**

IDFA does not sponsor or manage a wrap fee program.

#### **E. Amounts of Assets Under Management**

As of December 31, 2023, IDFA had total regulatory assets under management of \$198,044,315.

## **ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES**

### **A. Description of Compensation and Basic Fee Schedule**

#### **Advisory Fees**

The fees applicable to each Fund are set forth in detail in the respective Offering Documents. In the sole discretion of the Firm or its affiliates, the fees or expenses discussed herein may be waived, reduced, or calculated differently with respect to certain Investors or clients.

During the term of each Fund, the Firm is generally paid an annual management fee between 2% and 3% of the aggregate capital commitments made by Investors in such Fund. The Firm collects the first two years of management fee at closing. For additional detail, Investors should refer to each Funds applicable offering documents.

#### **Additional Fees and Expenses**

Each Fund's organizational expenses, including costs associated with the sale and issuance of the investment, and out-of-pocket and extraordinary expenses arising from the Fund, will be paid or reimbursed by the Fund. The Firm may establish an expense reserve as part of the Fund offering. Other expenses include all reasonable and customary expenses related to the operation of the Fund, including without limitation: third party costs and expenses incurred in investigating, negotiating, structuring, and holding the underlying investment, diligence, travel, legal, tax and accounting expenses, as described in the Governing Fund Documents. For additional detail, Investors should refer to each Fund's applicable offering documents.

#### **Performance Fees**

A performance-based distribution (the "**Carried Interest**") is paid to an affiliate of the Firm as described below and in the Governing Fund Documents. Such Carried Interest is typically 20% of the remaining proceeds after payment by the applicable Fund of each Member's return of capital investment and any specified preferred return.

#### **Placement Fees**

The Series may engage registered broker-dealer firms to act as placement agents for the Funds. When such broker-dealers are being engaged, their compensation can vary with each investment but is typically a certain percentage (most commonly, 4% to 5%) of total amount of capital raised by the SPV. Description of these placement fees is included in the Governing Fund Documents. Additional information about one such specific broker-dealer entity, Parker Street Securities LLC, that is being used most regularly by the Series as a placement agent, can be found in Item 10 of this Brochure. IDFA's Chief Compliance Officer ("CCO") remains available to answer any questions regarding these placement fees and the broker-dealer entities used by the Series.

## **B. Payment of Fees**

IDFA receives payment of its advisory fees as described in the applicable Governing Fund Documents. Each Series fee is set before raising capital from Investors. In some cases, the first-year management fees are higher than subsequent years due to the initial work involved at inception.

## **C. Other Fees**

The Firm does not receive any fees other than those described above.

## **D. Prepayment of Fees**

In some investments, as determined by the applicable Governing Fund Documents, Investors pay the Firm's management fee for the first and second year upfront in advance.

## **E. Other Compensation**

Neither IDFA nor its supervised persons accept any other form of compensation other than what is contained in this brochure.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The manager of each Fund, including ID Funds Manager, LLC or IDF Special Managing Partner LLC, which are affiliates of IDFA, receive a Carried Interest (typically, 20% of the capital gain). The Carried Interest is paid after the Members in the Fund have received repayment of their capital contribution investment.

The fact that a portion of the Firm's compensation (and its affiliates and investment professional's compensation) is directly computed on the basis of the distributions made by the Fund(s) creates an incentive for IDFA or its affiliates to make investments that are riskier or more speculative than would be the case in the absence of such compensation.

The existence of performance-based compensation has the potential to create an incentive for the Firm to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although the Firm generally considers performance-based compensation to better align its interests with those of the Fund Investors. In addition, to the extent the Firm manages Funds that have varying performance-based compensations, it has an incentive to allocate investments or otherwise provide preferential treatment to certain Funds over others if such Funds have more favorable performance-based compensation terms than other Funds.

The Firm believes it has created and implemented internal allocation and adherence to investment objectives policies and procedures to address these conflicts.

## ITEM 7: TYPES OF CLIENTS

IDFA provides discretionary management and advisory services directly to the Funds, which are pooled investment vehicles exempt from registration under the Investment Company Act. The Funds are offered pursuant to an exemption from registration, namely Regulation D, Rule 506(b). These Funds are subject to the direction and control of each Fund's manager, and not individually to the Funds' Members. Investors in the Funds may include, but are not limited to, pension plans, endowments, foundations, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, high net worth individuals, and corporate or business entities.

The minimum commitment for a Member of a Fund is outlined in the applicable Governing Fund Documents; however, each Fund maintains discretion to accept less than the minimum investment threshold.

In addition, each of the Funds may enter into separate agreements, commonly referred to as "side letters" with certain Investors. Side letters waive certain terms or allow such Investors to invest on different terms. Side letters may have the effect of establishing rights under, or altering or supplementing the terms of, the Governing Fund Documents, the documents relating to such Members' subscription to the Series, or other related agreements, varying fee structures or economic arrangements, allowing for varying arrangements with respect to the scope and frequency of information provided about the Series or its assets, or adjustments to otherwise applicable Series distributions. Members will not have a right under the Series' governing documents or the documents relating to such Members' subscriptions to the Series to receive the benefit of any more-favorable terms contained in such Side Letters.

Investors will be required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act of 1933 and being a "qualified client" within the meaning set forth in Rule 205-3 under the Investment Advisors Act of 1940 (the "**Advisers Act**"). Also, Investors will be required to make certain representations when investing in a Fund, including, but not limited to that (i) it is acquiring an interest for its own account, (ii) it received or had access to all information it deemed relevant to evaluate the merits and risks of the prospective investment, and (iii) it has the ability to bear the economic risk of an investment in the Fund. Details concerning applicable Investor suitability criteria are set forth in the respective Governing Fund Documents and subscription materials, which are furnished to each Investor.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

Generally, each ID Fund is formed for the purpose of purchasing a specific non-publicly traded security, while ID Innovation Fund LLC was formed to invest in the securities of multiple non-public companies. The investment objective of each Fund is to invest in companies that expect to or are capable of becoming a public company or otherwise permit an investment exit from an acquisition or other fundamental transaction.

The investment strategies the Funds pursue are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Investor will be achieved.

#### **Methods of Analysis**

IDFA identifies investment opportunities through its network of investment professionals as well as placement agents and others that provide investment opportunities for its consideration. IDFA then conducts due diligence of the issuer and its management and reviews an evaluation of comparable or peer companies. The issuer's budget and projected financial information and other information regarding the issuer's business and capital plans are reviewed as well as its current financial position and past performance. On the basis of this analysis, IDFA will determine if the issuer has the ability to perform in accordance with the expectations.

### **B. Material Risks**

#### **General Risk of Loss**

All investment programs have certain risks that are borne by the Investor. Investors face the following investment risks:

- Liquidity Risk: The interests in each of the Funds have not been registered under the Securities Act or any other applicable securities laws. There is no public market for the interests in any Fund, and no Fund has any interest or expectation to create or support the development of any market. In addition, the interests are not transferable except with the consent of the manager of the applicable Fund, which generally may be withheld by such manager in its sole discretion and are subject to the terms and conditions of the Governing Fund Documents. In addition, Investors generally may not withdraw capital from a Fund. Consequently, Members may not be able to liquidate their investments prior to the end of a Fund's term.
- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- Market Risk: The value of a security may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Legal and Regulatory Matters Risks: Legal Developments which may adversely impact investing and investment-related activities can occur at any time. "Legal Developments" means changes and other developments concerning foreign, as well as US federal, state and local laws and regulations, including adoption of new laws and regulations, amendment or repeal of existing laws and regulations, and changes in enforcement or interpretation of existing laws and regulations by governmental regulatory authorities and self-regulatory organizations (such as the SEC, the US Commodity Futures Trading Commission, the Internal Revenue Service, the US Federal Reserve and the Financial Industry Regulatory Authority). Our management of accounts may be adversely affected by the legal and/or regulatory consequences of transactions effected for the accounts. Accounts may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations.
- System Failures and Reliance on Technology Risks: Our investment strategies, operations, research, communications, risk management, and back-office systems rely on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, parts of the technology used are provided by third parties and are, therefore, beyond our direct control. We seek to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, when possible, but there is no guarantee that our efforts will be successful. In addition, natural disasters, power interruptions and other events may cause

system failures, which will require the use of backup systems (both on- and off-site). Backup systems may not operate as well as the systems that they back-up and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, we continually evaluate our backup and disaster recovery systems and perform periodic checks on the backup systems' conditions and operations. Despite our monitoring, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable, and result in consequences such as the inability to trade for or monitor client accounts and portfolios. If such circumstances arise, the Investment Committee will consider appropriate measures for clients.

- Cybersecurity Risk: A portfolio is susceptible to operational and information security risks due to the increased use of the internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact the service providers' and our business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While we have established business continuity plans and risk management systems designed prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems due in part to the everchanging nature of technology and cyberattack tactics.
- Pandemic Risks: The outbreak of the novel coronavirus rapidly became a pandemic and resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at this time. This created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the coronavirus outbreak and future infectious diseases may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. This pandemic, and other epidemics or pandemics that may arise in the future, could result in continued volatility in the financial markets and could have a negative impact on investment performance.
- If the security of a client's or Investor's confidential information stored on the Web Portal's systems is breached or otherwise subjected to unauthorized access, their secure information may be stolen. The Web Portal may store Fund or Investor bank information and other personally identifiable sensitive data. A

willful security breach or other unauthorized access could cause secure information to be stolen and used for criminal purposes, and clients and Investors would be subject to increased risk of fraud or identity theft. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, the Web Portal and the third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, many states have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause clients, Investors and to lose confidence in the effectiveness of the Web Portal's data security measures.

Regardless of market research, due diligence, and analysis, Investors must be prepared for the risk of loss. All investments in securities involve a risk of loss, including loss of principal capital. In addition, we have identified other types of risk, such as:

- Risk that the stock market declines or the price of individual securities decline while the true long-term value of the company may be unchanged or possibly even higher.
- Our analysis does not prove correct.
- External events may negatively affect the value of a specific company.
- Fraud, where no amount of analysis could be sufficient.
- Time horizon: The time it takes to realize an investment may not match the time horizon of the Investor.
- Disasters: Unforeseen events (natural or man-made) such as war, earthquake, hurricane, industrial accidents, etc.
- Geopolitical risk, country, or sovereign risk. In a global world, risks outside our borders may negatively impact an investment.
- Market Manipulation: The rules and supervision (or lack thereof) of rules of financial markets can represent risk to Investors.

Finally, it must be stated that no list of potential risks can be exhaustive or all inclusive. In today's market environments, the risks of capital loss are substantial, varied, unpredictable and sometimes unidentifiable until after the fact.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that could be material to clients or prospective clients' evaluation of IDFA or the integrity of IDFA's management.

### **A. Criminal or Civil Action**

There have been no recent criminal or civil action required to be reported.

### **B. Administrative Procedure**

Neither IDFA, nor any of our employees, has had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### **C. Self-Regulatory Organization**

In 2014, Joseph Q. McGowan, IDFA's Co-founder and Managing Partner, was fined \$10,000 by FINRA and suspended from association with any FINRA member firm for eight months for acting outside the scope of his employment with two of his past employers - each a FINRA member firm - by participating in private securities transactions with investors, from which he received selling compensation, without providing prior notice to these FINRA member firms. Mr. McGowan was also suspended by the State of Indiana for this fact pattern. This incident has since been resolved. You can obtain more information about these events by accessing Mr. McGowan's record on FINRA's BrokerCheck® portal. This can be done by visiting <https://brokercheck.finra.org> and typing in Mr. McGowan's CRD Number which is 2233691.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Broker-Dealer Registration Status**

IDFA and its management persons are not registered as broker-dealers or registered representatives of a broker-dealer, and do not have any application pending to register with the SEC as broker-dealers. IDFA has no relationships or arrangements with “related persons” (i.e., broker-dealers, investment companies, banks, consultants, accountants, lawyers, etc.) regarding our advisory services.

Parker Street Securities LLC (“PSS”) is a FINRA member broker-dealer owned and operated by David H. Deming. Mr. Deming has been an advisor at IDFA since 2019. In his role at IDFA, Mr. Deming assists the Firm in identifying, evaluating, and conducting due diligence on potential investment opportunities. PSS acts a placement agent engaged by the Series and receives its compensation from the Series. IDFA and PSS are not affiliates except for a “common control” affiliation created by the fact that Gennady Bekasov serves as both entities’ Chief Compliance Officer. Mr. Bekasov does not have ownership in either IDFA or PSS but is deemed a “Control Person” for both entities due to his role as the CCO.

These arrangements create conflicts of interest for both IDFA and Mr. Deming due to his roles at IDFA and at PSS.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Adviser**

Neither IDFA nor its management are registered, or have applications to become registered, as a Futures Commission Merchant (FCM), a Commodity Pool Operator (CPO), or a Commodity Trading Adviser (CTA).

### **C. Other Relationships Material to This Advisory Business and Conflicts of Interest**

The principals of IDFA have formed and sponsored the Funds, which are private investment companies. ID Funds Manager LLC, or IDF Special Managing Partner LLC (and possibly other IDFA affiliates in the future), serves as the general partner of each of the Funds and provides management and administrative services to each of the Funds, including investigating, analyzing, structuring, and negotiating potential acquisitions, monitoring the performance of such properties, and advising the Funds as to disposition opportunities. The principals of the Firm typically serve as managing partners of each Fund’s manager. Furthermore, IDF Special Managing Partner LLC serves as the special member of some Fund and receives a portion of the carried interest of each Fund at liquidation event as provided in the applicable Governing Fund Documents.

Investors should be aware that there may be occasions where the Firm, each Managing Member, and Firm affiliates encounter potential conflicts of interest in connection with the Funds’

activities. The Firm, Managing Members, and their affiliates may engage in activities involving other business that are independent from that of the Funds, however in each instance such activity is pre-approved by the CCO to avoid any conflict of interest with the Funds.

The Funds may be subject to certain conflicts of interest arising out of its relationship with the manager and its affiliates, however certain provisions of the Governing Fund Documents are designed to protect the interests of the Members in situations where conflicts may exist, and the CCO will be consulted on transactions involving conflicts such that the interests of the Funds remain paramount and the fiduciary duty to the Funds is maintained.

#### **D. Selection of Other Advisors of Managers and How This Adviser is Compensated for Those Selections**

IDFA does not utilize nor select other advisers or third-party managers. All assets are managed by IDFA.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics**

IDFA has adopted a Code of Ethics (the “**Code**”) to address how the Firm manages conflicts of interest that are inherent in IDFA employees’ activities. Among other things, the Code sets forth rules and restrictions in the areas of personal investment trading by employees to ensure that securities transactions by IDFA employees are consistent with the Firm’s fiduciary duty to its clients, and to ensure compliance with regulatory requirements and IDFA’s standards of business conduct. The Code requires that employees obtain prior approval for certain personal securities transactions and requires submission of trading data and quarterly reporting of such transactions. A written copy the Code is available upon request by contacting IDFA’s CCO via email at [klohwater@idfund.co](mailto:klohwater@idfund.co) or phone at (757) 525-0990. The CCO also remains available to answer any questions regarding the Code.

### **B. Recommendations Involving Material Financial Interests**

IDFA and its related persons do not recommend to the Funds, or buy or sell for the Fund, securities in which IDFA or its related persons have a material financial interest.

### **C. Investing in the Same Securities as Investors**

The Firm’s access persons may purchase membership interests in the Funds offered to non-affiliated Investors. Such purchases will be made under the same terms, and paying the same fees, as those made by non-affiliated Investors.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions Brokers to Utilize.**

As an investment adviser, the Firm has a general fiduciary obligation to obtain best execution for clients, where applicable. Best execution is a regulatory concept that is neither precisely defined, nor the subject of specific or explicit regulatory guidelines about how it can be achieved. The SEC generally describes it as a duty to execute securities transactions so that a client's total cost or proceeds in each transaction are the most favorable under the circumstances. While the Firm's advisory activities generally involve private investment transactions rather than transactions in securities traded on the public market, the Firm has a fiduciary duty to ensure that transactions effected on behalf of its clients, including the Funds, are fair under the circumstances. The Firm does not execute transactions through any particular broker or dealer but seeks to obtain the best net results for its clients, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While the Firm will generally seek reasonably competitive trade execution costs, clients will not necessarily pay the lowest spread or commission available.

Additionally, a Fund may use a broker or dealer to sell securities that it has acquired in the market, if such security may be sold on a securities exchange or market. The selection of any such broker will be made by the Fund based on factors such as price, execution and the ability of such broker to accept and clear such securities.

### **B. Aggregation of Securities for Multiple Client Accounts**

IDFA does not aggregate the purchase or sale of securities for various Funds for its serves as investment manager.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **Periodic Reviews**

IDFA reviews each Fund's financial statements not less than quarterly for cash issues, including all incoming and outgoing funds. Reviews are conducted by IDFA's Management and the Investment Department. Such cash reviews are also conducted when any incoming or outgoing cash flow occurs.

IDFA also periodically conducts reviews of each underlying portfolio company, the frequency of which is determined on an investment-by-investment basis, taking into account the business and management of the applicable portfolio company. Such review is performed by the Investment Department and may include communication with the management of each portfolio company as well as review of such company's financial statements, if available. IDFA also retains an independent valuation consultation firm who performs an independent valuation of the fair market value of each Fund's investments annually in the ninety days following the Funds' fiscal year end.

### **Additional Review Triggers**

In addition to the periodic reviews noted above, IDFA conducts additional reviews as follows:

1. All cash inflows or outflows of the Funds initiates a review. All expenses and distributions from an account are approved by IDFA's Managing Partner.
2. Substantive reviews are triggered when the issuer of any security held by a Fund asks for any adjustment to any terms and/or seeks to raise additional capital.

### **Regular Reports**

IDFA coordinates with the Funds' independent tax preparation firm to ensure that each Investor receives a Schedule K-1 as soon as practicable after the close of each Fund's fiscal year. Additionally, within 120 days following the close of each Fund's fiscal year end, IDFA will make available copies of each Fund's audited financials to Fund Investors. IDFA also provides Investors with quarterly updates and periodic updates about Funds' portfolio companies.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Compensation from Third Parties**

Other than as described herein, the Firm does not receive economic benefits from non-clients for providing investment advice and other advisory services.

### **B. Payments to “Promoters”**

IDFA may enter into arrangements with third parties to act as “promoters”, for compensation. These arrangements will be conducted in compliance with the Marketing Rule adopted by the SEC under the Advisors Act. Under the Marketing Rule, as it applies to IDFA, a “promoter” is a person who provides either an “endorsement” or a “testimonial” of the Firm to potential investors in order to describe the “promoter’s” experience with the Firm or recommend/endorse the Firm to such potential investors, and to solicit or refer potential investors to invest into the Funds. Any “promoter” with whom IDFA enters into such an arrangement will be required to sign an agreement with IDFA and disclose the arrangement to potential investors, including the nature of compensation.

## **ITEM 15: CUSTODY**

The Firm is deemed to have custody of client funds and securities, within the meaning of the Advisers Act, since an affiliate and related person of IDFA serves as the manager of each Fund. IDFA will rely on an exception (available to pooled investment vehicles) from the reporting and surprise audit obligations imposed by the SEC's Custody Rule. As such, all client liquid assets (cash for example) are held by qualified custodian. Additionally, each Fund is audited annually by an independent accounting firm registered with the Public Company Accounting Oversight Board (PCAOB). These audits are being conducted in accordance with the generally accepted accounting principles (GAAP) and the financial statements are being made available to Investors within 120 days of each Fund's fiscal year end.

## **ITEM 16: INVESTMENT DISCRETION**

In accordance with the terms and conditions of each Governing Fund Document, and subject to the direction and control of the manager of each Fund, the Firm generally has discretionary authority to determine, without obtaining specific consent from the Funds or Investors, the investments made on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

## ITEM 17: VOTING CLIENT SECURITIES

The Funds invest in private securities that are not traded on an exchange or registered under the Securities Act of 1933. The manager of each Fund intends to liquidate any securities as soon as practical as such securities are publicly available for sale.

In the event proxies have to be voted, the manager of the applicable Fund will be responsible for voting proxies on behalf of such Fund. The manager will vote client proxies in a way that it believes will maximize shareholder value. The Managing Member is generally responsible for making voting decisions with respect to proxies received.

In exercising its voting discretion, the manager of each Fund will seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of the Funds. In situations where the manager perceives a material conflict of interest, it may defer to the voting recommendation of an independent third-party provider of proxy services or take such other action in good faith which would protect the interests of the Funds.

Please contact IDFA's CCO at (757) 525-0990 or via email at [klohwater@idfund.co](mailto:klohwater@idfund.co), if you wish to obtain information from us about how we voted any applicable securities or to obtain a copy of our proxy voting policies and procedures.

## **ITEM 18: FINANCIAL INFORMATION**

IDFA does not accept prepayment of advisory fees of \$1,200, six months in advance nor have any financial condition that is reasonably likely to impair its ability to meet its contractual and fiduciary commitments to our fund clients. IDFA has never been the subject of a bankruptcy proceeding.