Fuel Capital III, L.P.
(A Delaware Limited Partnership)
Financial Statements
December 31, 2024

Frank, Rimerman + Co. LLP

Certified
Public
Accountants

To the Partners of
Fuel Capital III, L.P.
Covina, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Fuel Capital III, L.P. (a Delaware Limited Partnership) (the Partnership), which comprise the statement of assets, liabilities and partners' capital, including the schedule of portfolio investments, as of December 31, 2024, and the related statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2024, and the results of its operations, changes in partners' capital 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership 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.

The General Partner's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 Partnership'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 the General Partner, 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 Partnership'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.

Frank, Rimerman & Co. LLP

San Jose, California
March 12, 2025

Fuel Capital III, L.P.
(A Delaware Limited Partnership)
Statement of Assets, Liabilities and Partners' Capital
December 31, 2024

ASSETS	
Investments, at fair value (cost of $39,178,887)	$ 43,659,799
Cash and Cash Equivalents	3,956,943
Earnout Receivable	468,698
Interest Receivable	268,847
Escrow Receivable	384,626
Total assets	48,738,913
LIABILITIES	
Contributions in Advance	5
Total liabilities	5
Net assets	$ 48,738,908
Commitment (Note 5)	
Net Assets Represented by Partners' Capital	
Contributed capital, net	$ 61,380,000
Syndication costs	(12,154)
Net investment loss	(10,792,838)
Net realized loss on investments	(6,317,012)
Net unrealized appreciation on investments	4,480,912
Total partners' capital	$ 48,738,908

See Notes to Financial Statements

Fuel Capital III, L.P.
(A Delaware Limited Partnership)
Schedule of Portfolio Investments
December 31, 2024

	Industry	Shares	Privately Held Investments Cost	Privately Held Investments Fair Value	Net Unrealized Appreciation (Depreciation)
Advocate, Inc. (dba Nava)	Healthcare				
Series A Preferred Stock		26,987	$ 100,003	$ 217,089	$ 117,086
Arrived Holdings, Inc.	Consumer Services				
Series A Preferred Stock		16,886	249,987	249,987	-
Bird Buddy, Inc.	Consumer Services				
Series A-2 Preferred Stock		255,846	500,000	718,134	218,134
Block Party Studio Company	Business Software				
Simple Agreement for Future Equity			250,000	250,000	-
Brevy Inc.	Business Software				
Simple Agreement for Future Equity			1,250,000	-	(1,250,000)
Capitol AI, Inc.	Business Software				
Series Seed Preferred Stock		62,902	249,999	249,999	-
Cast Holding Company	Consumer Services				
Series A Preferred Stock		817,928	999,998	999,998	-
Castro Labs, Inc.	Consumer Services				
Simple Agreement for Future Equity			250,000	250,000	-
Center Health Incorporated	Healthcare				
Simple Agreement for Future Equity			1,500,000	1,500,000	-
ChainList, Inc.	Business Software				
Simple Agreement for Future Equity			1,000,000	-	(1,000,000)
Charmbracelet, Inc.	Infrastructure				
Series Seed-2 Preferred Stock		907,441	100,000	1,204,446	1,104,446
Series Seed-1 Preferred Stock		374,048	466,999	496,474	29,475
Series Seed-5 Preferred Stock		226,022	299,999	299,999	-
			866,998	2,000,919	1,133,921
Checkmate Savings, Inc. *	Consumer Services				
Series A-3 Preferred Stock		1,334,661	1,300,000	3,990,396	2,690,396
Series A-1 Preferred Stock		200,680	599,997	599,997	-
			1,899,997	4,590,393	2,690,396
Collaborative Robotics	Infrastructure				
Series A Preferred Stock		27,683	250,000	964,753	714,753
ConductorOne, Inc.	Infrastructure				
Series Seed Preferred Stock		120,481	249,998	877,957	627,959
Series A Preferred Stock		34,423	160,525	250,844	90,319
			410,523	1,128,801	718,278
Balances, carried forward			$ 9,777,505	$ 13,120,073	$ 3,342,568

(continued)

Fuel Capital III, L.P.
(A Delaware Limited Partnership)
Schedule of Portfolio Investments (continued)
December 31, 2024

	Industry	Shares	Privately Held Investments Cost	Privately Held Investments Fair Value	Net Unrealized Appreciation (Depreciation)
Balances, brought forward			$ 9,777,505	$ 13,120,073	$ 3,342,568
Coop Inc.	Consumer Services				
Simple Agreement for Future Equity			500,000	500,000	-
CreatorDao Inc.	Business Software				
Simple Agreement for Future Equity			50,000	50,000	-
Token Warrant			500	500	-
			50,500	50,500	-
Dagger Inc. (fka Blocklayer)	Infrastructure				
Series Seed-2 Preferred Stock		12,528	25,000	115,120	90,120
Distrobird Inc.	Business Software				
Simple Agreements for Future Equity			500,000	500,000	-
Documate, Inc. *	Business Software				
Series Seed-III Preferred Stock		133,060	500,000	500,000	-
Series Seed-IV Preferred Stock		671,952	1,500,000	2,524,994	1,024,994
			2,000,000	3,024,994	1,024,994
DogDrop, Inc.	Consumer Services				
Convertible Promissory Notes			950,000	950,000	-
Draftbit, Inc.	Business Software				
Series Seed-1 Preferred Stock		863,309	1,200,000	1,200,000	-
Equafin Corp. (dba Marvin)*	Business Software				
Series Seed-1 Preferred Stock		1,294,665	1,000,000	2,478,248	1,478,248
Series Seed Preferred Stock		135,826	259,998	259,998	-
			1,259,998	2,738,246	1,478,248
Eraser Labs, Inc.	Business Software				
Series Seed Preferred Stock		190,461	249,999	249,999	-
Everyday Agents Inc.	Consumer Services				
Simple Agreement for Future Equity			400,000	-	(400,000)
First Party Labs, Inc.	Business Software				
Series Seed-1 Preferred Stock		270,270	250,000	482,094	232,094
Series Seed Preferred Stock		840,925	1,500,000	1,500,000	-
			1,750,000	1,982,094	232,094
Gowalla Exploration, Inc.	Consumer Services				
Simple Agreements for Future Equity			350,000	-	(350,000)
Balances, carried forward			$ 19,013,002	$ 24,431,026	$ 5,418,024

(continued)

Fuel Capital III, L.P.
(A Delaware Limited Partnership)
Schedule of Portfolio Investments (continued)
December 31, 2024

	Industry	Shares	Privately Held Investments Cost	Privately Held Investments Fair Value	Net Unrealized Appreciation (Depreciation)
Balances, brought forward			$ 19,013,002	$ 24,431,026	$ 5,418,024
Highlight Inc.	Business Software				
Simple Agreement for Future Equity			100,000	100,000	-
Infinite Objects, Inc.	Consumer Services				
Series Seed-4 Preferred Stock		1,260,869	600,000	-	(600,000)
Series Seed-5 Preferred Stock		210,144	100,000	-	(100,000)
Series Seed-1 Preferred Stock		211,166	249,999	-	(249,999)
			949,999	-	(949,999)
Just Imagine, Inc. (dba Ikaria)	Consumer Services				
Series Seed-2 Preferred Stock		787,912	425,000	935,647	510,647
Series Seed-1 Preferred Stock		139,666	165,854	165,854	-
			590,854	1,101,501	510,647
Lagom Kitchen Company (dba Our Place)	Consumer Services				
Series A-2 Preferred Stock		106,044	99,999	1,160,026	1,060,027
Lovd.com, Inc.	Consumer Services				
Simple Agreements for Future Equity			550,000	550,000	-
Makoko Inc. (dba Autumn Adeigbo)	Consumer Services				
Series Seed-2 Preferred Stock		1,287,277	600,000	-	(600,000)
Series Seed-1 Preferred Stock		1,895,135	1,199,999	-	(1,199,999)
			1,799,999	-	(1,799,999)
Mindset Labs, Inc.	Healthcare				
Series Seed II Preferred Stock		1,232,494	1,149,999	1,149,999	-
MiSalud, Inc.	Healthcare				
Convertible Promissory Note			500,000	500,000	-
Omni Labs, Inc.	Business Software				
Series Seed-1 Preferred Stock		864,902	1,000,000	-	(1,000,000)
One Homestead Inc. (dba GeenZuru)	Consumer Services				
Series Seed-1 Preferred Stock		1,741,552	1,499,999	1,499,999	-
Openlane Technology Corporation	Business Software				
Simple Agreement for Future Equity			200,000	200,000	-
Pacaso Inc.	Consumer Services				
Series A Preferred Stock		1,075,635	375,038	1,893,010	1,517,972
Balances, carried forward			$ 27,828,889	$ 32,585,561	$ 4,756,672

(continued)

Fuel Capital III, L.P.
(A Delaware Limited Partnership)
Schedule of Portfolio Investments (continued)
December 31, 2024

	Industry	Shares	Privately Held Investments Cost	Privately Held Investments Fair Value	Net Unrealized Appreciation (Depreciation)
Balances, brought forward			$ 27,828,889	$ 32,585,561	$ 4,756,672
Poppy Health, Inc.*	Business Software				
Series Seed Preferred Stock		1,536,727	1,500,000	1,519,362	19,362
Series Seed Plus-2 Preferred Stock		1,273,885	1,000,001	1,259,490	259,489
			2,500,001	2,778,852	278,851
Radical Group, Inc. (dba Intro)	Consumer Services				
Series Seed-1 Preferred Stock		81,390	249,998	550,091	300,093
Reboot Technologies, Inc.	Infrastructure				
Series Seed Preferred Stock		372,954	2,249,997	2,249,997	-
Ryze Money Inc.	Consumer Services				
Simple Agreement for Future Equity			1,200,000	1,200,000	-
Some Engineering Inc.	Infrastructure				
Simple Agreement for Future Equity			1,450,000	-	(1,450,000)
Sourcetable, Inc.	Business Software				
Series Seed-1 Preferred Stock		652,845	425,002	425,002	-
Simple Agreements for Future Equity			125,000	125,000	-
			550,002	550,002	-
Standard Fleet, Inc.	Business Software				
Convertible Promissory Note			250,000	250,000	-
StyleRow Design Corp.	Business Software				
Series Seed Preferred Stock		2,255,639	1,200,000	1,496,390	296,390
Trusty Labs, Inc.	Consumer Services				
Simple Agreements for Future Equity			1,500,000	1,500,000	-
Volt, Inc.	Infrastructure				
Series A-3 Preferred Stock		195,045	200,000	498,906	298,906
Total Investments (89.6% of net assets)			$ 39,178,887	$ 43,659,799	$ 4,480,912

* Investments that represent greater than 5% of net assets

100% of investments are in the United States of America (USA) (89.6% of net assets)

The following table summarizes the investments as a percentage of net assets by industry:

Industry	% of Net Assets
Business Software	32.1%
Consumer Services	36.3%
Healthcare	6.9%
Infrastructure	14.3%
	89.6%

Fuel Capital III, L.P.
(A Delaware Limited Partnership)
Statement of Operations
Year Ended December 31, 2024

Interest Income on Investments	$ 176,744
Expenses	
Management fee, net	1,709,688
Professional fees and other expenses	154,630
Total expenses	1,864,318
Net investment loss	(1,687,574)
Net Realized Loss on Investments and Earnout Receivable	
Proceeds and escrow receivable on sale of investments	2,682,510
Cost of investments and earnout receivable	5,758,742
Net realized loss on investments and earnout receivable	(3,076,232)
Net Unrealized Appreciation on Investments	
December 31, 2023	5,746,613
December 31, 2024	4,480,912
Change in net unrealized appreciation on investments	(1,265,701)
Net decrease in net assets resulting from operations	$ (6,029,507)

See Notes to Financial Statements

Fuel Capital III, L.P.
(A Delaware Limited Partnership)
Statement of Changes in Partners' Capital
Year Ended December 31, 2024

	General Partner	Special Limited Partner	Limited Partners	Total
Balances, December 31, 2023	$ 131,664	$ 795,551	$ 50,121,200	$ 51,048,415
Contributed capital, net	7,500	50,000	3,662,500	3,720,000
Net investment income/(loss)	221	295	(1,688,090)	(1,687,574)
Net realized loss on investments and earnout receivable	(30,762)	(41,017)	(3,004,453)	(3,076,232)
Change in net unrealized appreciation on investments	(12,657)	(16,876)	(1,236,168)	(1,265,701)
Balances, December 31, 2024	$ 95,966	$ 787,953	$ 47,854,989	$ 48,738,908

See Notes to Financial Statements

Fuel Capital III, L.P.
(A Delaware Limited Partnership)
Statement of Cash Flows
Year Ended December 31, 2024

Cash Flows from Operating Activities	
Net decrease in net assets resulting from operations	$ (6,029,507)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:	
Purchase of investments	(734,996)
Proceeds on sale of investments	2,297,884
Net realized loss on investments and earnout receivable	3,076,232
Change in unrealized appreciation on investments	1,265,701
Changes in operating assets and liabilities:	
Earnout receviable	124,985
Escrow receivable	5,999
Contributions in advance	5
Interest receivable	(101,548)
Net cash used in operating activities	(95,245)
Cash Flows from Financing Activities	
Contributed capital, net	3,720,000
Contribution receivable	15
Net cash provided by financing activities	3,720,015
Net increase in cash and cash equivalents	3,624,770
Cash and Cash Equivalents, December 31, 2023	332,173
Cash and Cash Equivalents, December 31, 2024	$ 3,956,943

Supplemental Schedule of Non-Cash Operating Activities	
Escrow receivable on sale of investments	$ 384,626

1. The Partnership

Fuel Capital III, L.P. (The Partnership) is a Delaware limited partnership formed on July 25, 2018 and commenced operations on April 17, 2019. The primary purpose of the Partnership is to make venture capital investments, principally by investing in and holding (a) equity and equity-oriented securities of privately held companies and (b) cryptocurrencies, decentralized application tokens and protocol tokens, blockchain-based assets and other cryptofinance and digital assets, or instruments for the purchase of such, whether issued in a private or public transaction.

The Partnership is scheduled to terminate on April 17, 2029. The General Partner may extend the Partnership by two additional one-year periods, and upon the conclusion of the two extension periods, with the consent of the advisory Committee or a majority in interest of the limited partners, the General Partner may extend the Partnership term for additional one (1) year periods; provided that any extensions following the fifth anniversary of the termination date shall require the consent of seventy-five percent in interest of the limited partners as pursuant to the Limited Partnership Agreement (the Agreement).

The Partnership is managed by Fuel Capital GP III, LLC, a Delaware limited liability company (the General Partner). At December 31, 2024, the Partnership's committed capital was $75,000,000.

2. Significant Accounting Policies

Basis of Financial Statement Presentation:

The Partnership prepares its financial statements under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Partnership is an investment company and follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946 *Financial Services – Investment Companies*.

Cash and Cash Equivalents:

The Partnership considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. At December 31, 2024, cash and cash equivalents are held at financial institutions and are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation or Securities Investor Protection Corporation limitations.

2. Significant Accounting Policies (continued)

Use of Estimates:

The preparation of financial statements in conformity with US 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 reported amounts of income and expenses during the reporting period. Significant estimates established by the Partnership's management consist of valuations of investments in non-marketable securities. The values assigned to investments by the Partnership's management are considered to be the amounts that could be realized from an orderly sale or other disposition of the investments. Actual results could differ from those estimates and the differences may be material.

Valuation of Investments:

Investments typically consist of investments in privately held equity securities, convertible debt instruments, convertible equity instruments and convertible token instruments. Privately held securities are subject to restriction on resale and are carried at estimated fair value, as determined by the General Partner, after giving consideration to recent sales prices of issuers' securities, operating results, financial condition and other pertinent information. Because of the inherent uncertainty of valuations, however, estimated fair values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. The Partnership may also have risk associated with its concentration of investments in certain geographic areas and certain industries.

The Partnership uses a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. The three-level hierarchy prioritizes within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and 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. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three-level hierarchy for fair value measurements is defined as follows:

Level I: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level II: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

2. Significant Accounting Policies (continued)

Valuation of Investments: (continued)

Level III: Inputs to the valuation methodology, which are significant to the fair value measurement, are unobservable.

An investment's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Level III Valuation Techniques

The valuation of non-public investments requires significant judgment by the General Partner due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such assets. A variety of factors are reviewed by the General Partner, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third party financing environment. Investments for which market prices are not observable include private investments in equity, convertible debt instruments, convertible equity instruments and convertible token instruments of operating companies.

Private equity investments – The fair value of private equity investments is valued initially based upon transaction price and may continue to be valued at cost for a period after acquisition, as this has been determined to be the best indicator of fair value. The fair values of private equity instruments are determined by reference to projected earnings multiples, the discounted cash flow method, public market or private transactions, valuations for comparable companies and other measures which, in many cases, are unaudited at the time received. Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (e.g. multiplying a key performance metric of the investee company by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by the General Partner for differences between the investment and the referenced comparable, and in some instances by reference to option pricing models or other similar methods.

Convertible equity instruments (*CEIs*) – The fair value of CEIs is estimated based on their net realizable value as determined by the General Partner after giving consideration to the terms of the agreement and conversion factors. CEIs include various types of instruments including Simple Agreements for Future Equity (SAFE), Keep it Simple Securities (KISS), Warrants and Convertible Equity Agreements.

Convertible promissory notes – The fair value of convertible promissory notes is estimated based on their net realizable value as determined by the General Partner after giving consideration to the terms of the note agreement, accrued interest, preferential payment multiples and conversion factors.

2. Significant Accounting Policies (continued)

Valuation of Investments: (continued)

Level III Valuation Techniques (continued)

Convertible token instruments (CTIs) – The fair value of CTIs is estimated quarterly by the General Partner after giving consideration to the terms of the agreement, time to liquidity, progress of milestones and conversion factors. CTIs include various types of instruments including Simple Agreements for Future Tokens (SAFTs), Future Token Rights, Simple Agreements for Future Tokens or Equity (SAFTEs), Notes Convertible to Equity or Tokens (NCETs) and Debts Payable by Assets (DPAs).

Gains or Losses on Investments:

Realized gains or losses on investments represent the difference between the cost of the investments and the related price on the date of sale, distribution or disposal. When investment securities are sold or distributed to the partners, gains or losses are classified as realized. The difference between the original cost and the estimated fair value of investments owned at the end of the period represents cumulative unrealized gain or loss.

Allocation of Profits and Losses:

Under the terms of the Agreement, profits and losses excluding management fee expense shall be allocated as follows:

Items of profit and loss for each accounting period shall be allocated as follows:

- First, profits will be allocated 100% to the General Partner until the cumulative net profit allocated to the General Partner in such accounting period and all prior accounting period equals the aggregate reduced management fee due to the Management Fee Offset (Note 5). The cumulative net profit allocated to the General Partner cannot exceed the cumulative net profit of the Partnership.

- Second, all remaining items of profit and loss shall be allocated, on a preliminary basis, among the partners in proportion to their respective capital commitments (the Preliminary Allocation). Any amount so allocated to the General Partner and any special limited partner will remain allocated to them.

2. Significant Accounting Policies (continued)

Allocation of Profits and Losses: (continued)

- Next, on a separate basis for each limited partner, items of profit and loss allocated to such limited partner pursuant to the Preliminary Allocation shall be reallocated between such limited partner and the General Partner as follows:

a. Any amount of profits initially allocated to each limited partner will be reallocated as follows:

i. First, to the limited partners, in proportion to their respective partnership percentages until the cumulative management fee previously allocated have been returned;

ii. Second, to the capital accounts of such limited partner to the extent such capital accounts were previously allocated a loss that has not been restored by previous allocations of profit;

iii. Third, 80% to such limited partner, and 20% to the General Partner until such limited partner total capital contribution plus profit equals to 300% of their capital commitment;

iv. Fourth, profits are allocated 100% to the General Partner until the General Partner has received 25% of the profits when combining steps iii and iv;

v. Thereafter, profits are allocated 75% to the limited partners and 25% to the General Partner.

b. Any amounts of loss initially allocated to each limited partner will be reallocated:

vi. First, to all limited partners in proportion to their respective capital commitments and then to such limited partner and the General Partner has necessary to offset in reverse order of priority all un-offset items of profit previously allocated to such limited partner and the General Partner;

vii. Next, 100% to such limited partner, in proportion to their respective partnership percentages.

All idle funds income shall be allocated to all partners in proportion to their ownership percentage.

Management fee expense shall be allocated to all limited partners, excluding the special limited partner, in proportion to their ownership percentage.

2. Significant Accounting Policies (continued)

Distributions:

Distributions of cash or marketable securities are to be made at the discretion of the General Partner in accordance with the Agreement. Pursuant to the Agreement, tax distributions shall be made to each partner within 90 days after the fiscal year for an amount equal to the excess of the highest marginal tax rate multiplied by the income earned by the partner, over the total discretionary distributions made during the year.

The Agreement also provides for discretionary distributions of cash or marketable securities, which are generally applied as follows:

Prior to any cash or in-kind distributions to limited partners, the General Partner may cause the Partnership to return any capital contributions made by the General Partner to the Partnership until such aggregate returns equal the cumulative Management Fee Offset (Note 5), only to the extent of profits accruing after the applicable fee waiver date.

Discretionary cash and in-kind distributions are first apportioned to all partners in an amount equal to their partnership percentage. The amount apportioned to the General Partner and special limited partner will be distributed to the General Partner and special limited partner, respectively.

- The amount initially apportioned to each limited partner will be reapportioned between such limited partner and General Partners as follows:

  i. First, to the limited partners until the aggregate fair market value of all distributions made to each partner is at least equal to the aggregate amount of capital contributions made;

  ii. Second, 20% shall be allocated to the General Partner and 80% to the limited partners in proportion to their respective partnership percentages until the limited partners receive distributions equal to 300% their capital commitments;

  iii. Third, 100% to the General Partner until the General Partner has received distributions totaling 25% of steps ii and iii combined;

  iv. Thereafter, 75% to the limited partners and 25% to the General Partner.

2. Significant Accounting Policies (continued)

Income Taxes:

Income taxes on Partnership income are the responsibility of the individual partners; accordingly, no provision for income taxes is included in the accompanying financial statements. Partners' capital reflected in the accompanying financial statements does not necessarily represent the partners' tax basis of their respective interests.

The Partnership recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. The General Partner has analyzed the tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken in the Partnership's tax returns. The Partnership does not anticipate any significant increases or decreases of unrecognized tax benefits during the next twelve months.

The Partnership recognizes interest and, if applicable, penalties for any uncertain tax positions. Interest and penalty expense will be recorded as a component of income tax expense. No interest or penalties were recorded in 2024 or accrued for as of December 31, 2024.

Generally, the federal statute of limitations for partnerships is three years after the later of (i) the date the Partnership's return was filed or (ii) the last day for filing the return. The California statute is four years. As such, the Partnership does not believe it will be subject to federal income tax examinations for years prior to 2021, and state income tax examinations for years prior to 2020.

Syndication Costs:

Syndication costs incurred by or paid on behalf of the General Partner are borne by the Partnership. Syndication costs are recognized as a direct reduction against capital raised.

3. Fair Value Measurements of Financial Instruments

In June 2022, the FASB issued Accounting Standards Update (ASU) 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* (2022-03). The standard clarifies that under ASC Topic 820 a contractual sale restriction on the holder of an equity security is not considered part of the unit of account of the equity security itself and, therefore, should not be considered in measuring fair value. The standard is expected to increase comparability of financial information, reduce diversity in practice and reduce the cost and complexity in measuring fair value.

3. Fair Value Measurements of Financial Instruments (continued)

For investment companies, as defined under ASC Topic 946, the standard is effective for fiscal years beginning after December 15, 2024, and all interim periods within those fiscal years and early adoption is permitted. The Partnership shall apply the standard to an equity security that becomes subject to sale restriction after adoption. For equity securities that are subject to a contractual sale restriction before the date of adoption, the Partnership shall continue to account for the equity security using the policy applied before adoption. The Partnership early adopted ASU 2022-03 and there was no impact to the Partnership's financial statements or disclosures.

The following table presents the financial instruments carried at fair value as of December 31, 2024 by the three-level valuation hierarchy:

	Level I	Level II	Level III	Total
Preferred Stock	$ -	$ -	$ 35,234,299	$ 35,234,299
Convertible Promissory Notes	-	-	1,700,000	1,700,000
CEIs	-	-	6,725,000	6,725,000
CTIs	-	-	500	500
Total Investments	$ -	$ -	$ 43,659,799	$ 43,659,799

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level III of the fair value hierarchy as of December 31, 2024. The disclosure below excludes financial instruments valued at $43,659,799 for which fair value is based on quantitative unobservable inputs not internally developed. Such items include financial instruments for which the determination of fair value is based on prices from prior transactions or third-party pricing information without adjustment. Increases (decreases) in any of these inputs in isolation can result in a higher (lower) fair value measurement.

	Fair Value at December 31, 2024	Valuation Technique	Unobservable Input	Ranges
Equity Securities	$ -	Estimated Net Realizable Value	Marketability Discount	100%
CEIs	$ -	Estimated Net Realizable Value	Marketability Discount	100%

Investments valued at $0 using quantitative unobservable inputs not internally developed in the prior year were valued using net realizable value in the current year. This change in valuation technique is the result of the General Partner's determination that the market approach represents the best technique to determine the investments fair value as of December 31, 2024.

3. Fair Value Measurements of Financial Instruments (continued)

The table below presents the purchases, for investments classified by the Partnership within Level III of the fair value hierarchy, during the year ended December 31, 2024:

	Preferred Stock	CEIs	Total
Purchases	$ 509,996	$ 225,000	$ 734,996

There were no fair value transfers into or out of Level III for the year ended December 31, 2024.

4. Partners' Capital

The Partnership's committed capital is $75,000,000 at December 31, 2024. Contributions of $61,875,000 (82.5% of committed capital) have been called through December 31, 2024. Committed capital is reconciled to partners' capital at December 31, 2024, as follows:

	General Partner	Special Limited Partner	Limited Partners	Total
Committed capital	$ 750,000	$ 1,000,000	$ 73,250,000	$ 75,000,000
Less: Management Fee Offset (Note 5)	(495,000)	-	-	(495,000)
Less: amount not yet called	(131,250)	(175,000)	(12,818,750)	(13,125,000)
Capital contributions, net	123,750	825,000	60,431,250	61,380,000
Syndication costs	(122)	(162)	(11,870)	(12,154)
Net investment loss	(9,303)	(12,403)	(10,771,132)	(10,792,838)
Net realized loss on investments	(63,170)	(84,227)	(6,169,615)	(6,317,012)
Net unrealized appreciation on investments	44,811	59,745	4,376,356	4,480,912
Balances, December 31, 2024	$ 95,966	$ 787,953	$ 47,854,989	$ 48,738,908

5. Management Fee and Other Partnership Expenses

The Agreement provides for the payment of a management fee to the management company. The management fee, which is payable at the beginning of each quarter, was equal to 0.625% of the total limited partners' committed capital. Following the fifth anniversary of the initial contribution date, the management fee will be reduced by 0.25% each year.

The General Partner may elect to reduce the management fee payable through a management fee offset adjustment whereby the General Partner has elected to reduce up to 80% of the amount it would otherwise be obligated to contribute as part of its capital commitment; the management fee charged to the Partnership will be reduced by the same amount (Management Fee Offset). For the year ended December 31, 2024, the General Partner reduced the management fee by $30,000 ($495,000 inception through December 31, 2024). The net management fee incurred and paid during the year ended December 31, 2024 was $1,709,688.

As the General Partner and the special limited partner do not pay a management fee, the General Partner may, from time to time in its sole discretion, cause the Partnership to return to the General Partner and special limited partner, capital contributions made by the General Partner and special limited partner, respectively, until the amount is equal to the cumulative amount of the management fees that would have been charged.

The Management Company bears all normal operating costs and expenses incurred in connection with the management of the Partnership. The Partnership bears all costs and expenses incurred in the purchase, holding, sale or exchange of securities. Such costs include interest on indebtedness incurred by the Partnership, organizational and syndication costs, and certain legal and accounting fees and other expenses, which are specifically defined in the Agreement.

6. Related Party Transactions

The Partnership considers the General Partner and the management company, their principal owners, members of management, and members of their immediate families, as well as entities under common control, to be related parties to the Partnership. Amounts due from and due to related parties are generally settled in the normal course of business without formal payment terms.

7. Risks and Uncertainties

The Partnership's investing activities expose their investments to various risks such as market risk, liquidity risk, and credit risk. Certain events particular to each industry in which the Partnership invests, as well as general economic and political conditions, may have a significant negative impact on the investment's operations and profitability. In addition, the Partnership is subject to changing regulatory and tax environments. Such events are beyond the Partnership's control, and the likelihood that they may occur cannot be predicted.

7. Risks and Uncertainties (continued)

Investment Risks Related to Private Companies

Most of the Partnership's investments are private operating companies whose shares do not trade on established exchanges. While it is expected that these companies may pursue initial public offerings, trade sales, or other liquidation events, there are generally no public markets for these investments at the current time. The Partnership's ability to liquidate their private operating companies and realize value is subject to significant limitations and uncertainties.

Global Pandemic, Geopolitical, Economic and Market Conditions

Geopolitical risks from military conflict, international political strategy and escalating international tensions have contributed to uncertainty in the geopolitical and regulatory landscapes. Similarly, natural disasters, climate change-related events, and global pandemics or health crises may arise and be accompanied by governmental actions. Any such events and responses, including regulatory developments, may cause significant volatility and declines in the global markets, disproportionate impacts to certain industries or sectors, disruptions to commerce (including to economic activity, travel and supply chains), loss of life and property damage, and may adversely affect the global economy or capital markets.

The estimates and assumptions underlying these financial statements are based on the information available, including judgments about the financial market and economic conditions which may change over time.

Investment Risks Related to CTIs

The Partnership's CTIs consist of future token rights. The Partnership is exposed to several risks related to CTIs. The CTIs provide investors with the right to digital asset tokens, delivered once a desired network is created and the tokens are functional. Subject to the terms of the agreement and in the event the intended network fails to materialize, the Partnership may not receive the cryptocurrency tokens. Furthermore, to the extent the desired network and related digital asset tokens are successfully developed and deployed, it is possible that the desired network will experience malfunctions or otherwise fail to be adequately developed and maintained, which will negatively impact the underlying digital asset token.

8. Financial Highlights

The Partnership is required to disclose financial highlights for the common interest in the Partnership (i.e. the limited partners' interest and special limited partner's interest). These financial highlights consist of the operating expenses and net investment income/(loss) ratios for the year then ended December 31, 2024, and the Internal Rate of Return (IRR) since inception of the special limited partner and limited partners, net of all fees and profit allocations (incentive allocation) to the General Partner, through December 31, 2023 and 2024.

The following summarizes the limited partners' and special limited partner's financial highlights:

	Special Limited Partner	Limited Partners
Average net assets for 2024	$ 810,588	$ 50,367,803
Ratios to average net assets:		
Net investment income/(loss)	0.04%	(3.35)%
Operating expenses	(0.25)%	(3.69)%
Incentive allocation	0.00%	0.00%
Total operating expenses and incentive allocation	(0.25)%	(3.69)%
Cumulative IRR through December 31, 2023	0.94%	(4.42)%
Cumulative IRR through December 31, 2024	(1.26)%	(6.35)%

The net investment income/(loss) and operating expense ratios are computed as a percentage of average net assets. The total operating expenses and incentive allocation adjust the operating expenses before incentive allocation calculation for the General Partner's incentive allocation.

The IRR was computed based on the monthly cash inflows (capital contributions), outflows (cash and stock distributions), and the ending net assets at the end of the year (residual value) of the special limited partner's and limited partners' capital account as of each measurement date.

The information reflected above is calculated for the limited partners taken as a whole. An individual partner's results may vary based on a variety of factors, including the timing of capital transactions and different fee arrangements.

These financial highlights may not be indicative of the future performance of the Partnership.

9. Subsequent Events

Subsequent events have been evaluated through March 12, 2025, the date the financial statements were available to be issued. The Partnership did not have any such events requiring recognition or disclosure to the financial statements.