SFMADE, INC. AND SUBSIDIARIES

(A California Nonprofit Organization)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

RINA

Accountants & Advisors

SFMADE, INC. AND SUBSIDIARIES

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Independent Auditors' Report

The Board of Directors
SFMade, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of SFMade, Inc. and Subsidiaries (collectively referred to as "SFMade") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SF Made as of December 31, 2021 and the changes in its net assets and cash flows for the yeas 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 SFMade and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SFMade's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 SFMade's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SFMade'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.

RINA Accountancy LLP

Certified Public Accountants

San Francisco, California
August 11, 2022

SFMADE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION- DECEMBER 31, 2021

ASSETS

CURRENT:		
Cash and cash equivalents	$	2,661,993
Accounts, contributions and other receivables		1,624,369
Prepaid expenses and other assets		39,919
TOTAL CURRENT ASSETS		4,326,281
OTHER ASSETS:		
Loans receivable, net		16,706,080
PROPERTY AND EQUIPMENT, NET		35,381,566
TOTAL ASSETS	$	56,413,927

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$	182,172
Accrued interest, current portion		109,857
Current portion of loans payable		137,345
TOTAL CURRENT LIABILITIES		429,374
LONG-TERM LIABILITIES:		
Loans payable, net of current portion		32,129,970
Accrued interest, net of current portion		89,602
Tenant security deposits		150,369
TOTAL LIABILITIES		32,799,315
NET ASSETS:		
Without Donor Restriction		22,855,257
With Donor Restriction		759,355
TOTAL NET ASSETS		23,614,612
TOTAL LIABILITIES AND NET ASSETS	$	56,413,927

See notes to consolidated financial statements.

SFMADE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE:			
Grants and contributions	$ 1,139,148	$ 1,050,000	$ 2,189,148
Government grants	1,108,529	-	1,108,529
Program revenue:			
Manufacturing sector services	53,936		53,936
Affordable industrial space development	128,431	-	128,431
Rental income	1,200,692		1,200,692
Property tax refund	499,865		499,865
Interest income	563,099		563,099
	4,693,700	1,050,000	5,743,700
Net assets released from restrictions	913,128	(913,128)	-
TOTAL SUPPORT AND REVENUE	5,606,828	136,872	5,743,700
EXPENSES:			
Program services:			
Policy and practice	1,655,966		1,655,966
Affordable industrial space	2,640,464		2,640,464
Total program services	4,296,430	-	4,296,430
Supporting services:			
General and administrative	296,085	-	296,085
Fundraising	149,644	-	149,644
TOTAL EXPENSES	4,742,159	-	4,742,159
CHANGE IN NET ASSETS	864,669	136,872	1,001,541
NET ASSETS, beginning of year	21,990,591	622,483	22,613,074
NET ASSETS, end of year	$ 22,855,260	$ 759,355	$ 23,614,615

See notes to consolidated financial statements.

SFMADE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total Functional Expenses
Salaries	$ 1,113,778	$ 122,246	$ 110,856	$ 1,346,881
Payroll taxes and benefits	208,284	35,603	25,406	269,293
Total salaries, payroll taxes and benefits	1,322,062	157,849	136,262	1,616,174
Interest	1,108,668	-	-	1,108,668
Depreciation and amortization	509,363	7,874	-	517,236
Property management expenses	500,700	-	-	500,700
Consultants and contractors	446,138	24	-	446,162
Reimbursement of SFCIF expenses	132,000	-	-	132,000
Accounting and auditing	46,450	53,142	-	99,592
Property tax	91,939	200	-	92,139
Marketing	36,888	18,676	11,598	67,162
Legal	42,410	10,495	-	52,905
Insurance	40,746	8,340	-	49,086
Information technology	9,569	25,172	854	35,594
Other expenses	5,505	9,672	46	15,223
Travel	3,853	1,050	867	5,770
Office expenses	110	3,450	17	3,577
Bad debt expenses	-	90	-	90
Events	30	50	-	80
TOTAL EXPENSES	$ 4,296,430	$ 296,085	$ 149,644	$ 4,742,158

See notes to consolidated financial statements.

SFMADE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets		$ 1,001,538
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	$ 498,516	
Amortization of loan issuance costs	20,251	
Loss on sale of property and equipment	23	
Forgiveness of Paycheck Protection Program loan proceeds	(259,000)	
Decrease (increase) in:		
Accounts, contributions and other receivables	(1,061,408)	
Prepaid expenses and other assets	(12,356)	
Increase (decrease) in:		
Accounts payable and accrued expenses	60,894	
Accrued interest	199,459	
Tenant security deposits	(131,483)	(685,104)
NET CASH PROVIDED BY OPERATING ACTIVITIES		316,434
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(40,455)	
Proceeds from the sale of property and equipment	262	
NET CASH USED BY INVESTING ACTIVITIES		(40,193)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loan payable	(149,924)	
NET CASH USED BY FINANCING ACTIVITIES		(149,924)
NET INCREASE IN CASH AND CASH EQUIVALENTS		126,317
CASH AND CASH EQUIVALENTS, beginning of year		2,535,676
CASH AND CASH EQUIVALENTS, end of year		$ 2,661,993
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest		$ 909,209

See notes to consolidated financial statements.

SFMADE, INC, AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – DECEMBER 31, 2021

Note 1. NATURE OF THE ORGANIZATION:

SFMade, Inc, was established in 2010 as an independent nonprofit organization to build and support a vibrant manufacturing sector in San Francisco that sustains companies producing locally-made products, encourages entrepreneurship and innovation, and creates employment opportunities for a diverse local workforce. SFMade, Inc. engages directly with entrepreneurs and growing small companies, all of whom are headquartered in and manufacture within San Francisco, offering industry-specific education, networking opportunities, and connecting these companies to powerful local resources through collaboration with various funding and strategic partners that are some of San Francisco's most established and effective organizations.

SFMade, Inc. collaborates with various funding and strategic partners to establish and deliver innovative programs for manufacturers, offers education to the general public, and provides new economic policy insight to the City, the Region, the State, and beyond. SFMade, Inc.'s main sources of revenue are from government grants and corporate and private contributions.

In 2017, building on SFMade, Inc.'s regional policy collaboration efforts, the organization engaged with the City of San Jose, existing funding and strategic partners, and new collaborators to create the Manufacture: San Jose Program. This program has the goal to drive resources, knowledge, and visibility to the city's manufacturers by leveraging SFMade, Inc.'s existing programs and expertise.

PlaceMade, Inc. (PlaceMade) was founded in 2013 with fiscal sponsorship by SFMade, Inc. through July 2015 at which time it obtained its 501(c)(3) exemption determination as a supporting organization of SFMade, Inc. PlaceMade accomplishes its mission through strategic collaborations with the public and private sectors to design, build, renovate, and rent modern, affordable industrial space for manufacturers and other related industrial users in the City of San Francisco. SFMade, Inc.'s Board of Directors appoints the PlaceMade's Board of Directors and SFMade, Inc. has an economic interest in PlaceMade therefore PlaceMade has been consolidated with SFMade, Inc. Certain staff and directors of SFMade, Inc. also serve as directors and board members of PlaceMade.

150 Hooper, Inc. (150 Hooper) was founded in 2017 to acquire and complete construction on a project then in-construction at 150 Hooper Street in San Francisco. Beginning September 2018, 150 Hooper rents the industrial space on an affordable basis to manufacturers and other related industrial users. 150 Hooper was formed as a separate California public benefit corporation. SFMade, Inc.'s Board of Directors may appoint two of the five members of the 150 Hooper Board of Directors. SFMade, Inc. controls the operations through common management and SFMade, Inc. has an economic interest in 150 Hooper. Certain staff and directors of SFMade, Inc. also serve as directors and board members of 150 Hooper.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of consolidation:

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and include the accounts of the SFMade, Inc., PlaceMade, and 150 Hooper, collectively SFMade. All intercompany accounts and transactions have been eliminated in consolidation.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when the related liability is incurred.

Financial statement presentation:

The Organization adopted the provisions of ASU 2016-14 and classifies net assets and activities as without donor restrictions and with donor restrictions. Descriptions of these categories are as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of SFMade's management and the board of directors.

With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SFMade or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

SFMade has no net assets with donor restrictions of a perpetual nature at December 31, 2021.

Cash equivalents

Cash equivalents include funds held in interest-bearing checking accounts. During the year ended December 31, 2021, SFMade regularly held cash deposits in excess of federally insured limits. The SFMade has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash.

Certain cash balances are restricted under the New Market Tax Credit agreements as disclosed in Note 8.

Contributions, grants and receivables:

Contributions and grants are recognized at their fair value when the donor makes an unconditional promise to give to SFMade. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. As restrictions are fulfilled, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities and changes in net assets. If a restriction is fulfilled in the same fiscal year in which the contribution is received, SFMade classifies the support as net assets without donor restrictions.

A portion of SFMade's revenue is derived from cost-reimbursable government grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restrictions revenue when SFMade has incurred expenditures in compliance with specific contract or grant provisions. Amounts expended in excess of reimbursements are reported as receivables until reimbursed in the consolidated statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Contributions, grants and receivables (Continued):

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Government grants and contracts are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. SFMade received cost-reimbursable grants of approximately $776,000 of which no amounts had been received in advance, that have not been recognized at December 31, 2021 because qualifying expenditures have not yet been incurred.

SFMade reviews individual receivable balances at year end to evaluate the appropriate allowance based on subsequent collection and historical collection experience with the donors for uncollectible receivables and contributions. Management has deemed all receivables to be fully collectible and therefore no allowance for doubtful accounts has been provided. At December 31, 2021, contributions, grants and other receivables are expected to be collected within the subsequent fiscal year.

Prepaid expenses and other:

Prepaid expenses and other assets include deposits and other prepaid operating expenses.

Property and equipment:

Property and equipment are recorded at cost and are depreciated on the straight-line basis over their estimated useful lives, which range from three to forty years. Donated items are capitalized at the estimated fair value at the date of contribution and are depreciated over their estimated useful lives. Major additions and betterments costing more than $1000 are capitalized. Maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of assets, the cost and related accumulated depreciation are removed from the accounts and gain or loss, if any, is reflected in the consolidated statement of activities and change in net assets in the year of retirement or disposal. The carrying value of all long-lived assets is evaluated periodically to determine if an adjustment to the useful life or to the undepreciated balance is warranted.

Tenant security deposits:

Tenant security deposits consist of cash received from tenants as refundable security deposits in accordance with signed lease agreements.

Paycheck protection program:

During April 2020 SFMade, Inc. received the first round of Paycheck protection program (PPP) loan proceeds in the amount of $259,000. During February 2021, SFMade, Inc. received a second round of PPP loan proceeds in the amount of $285,000. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest may be forgivable as long as the loan proceeds are used for eligible purposes, including payroll, benefits, rent and utilities, and maintains its personnel levels At management's discretion the relief funds could be treated as either a long-term loan or as a conditional grant. Management has elected to treat the unforgiven funds as a loan for the year ended December 31, 2020. As further discussed below, in 2021, this was converted to a grant in accordance with GAAP.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Paycheck protection program (Continued):

SFMade, Inc. submitted its loan forgiveness applications for both rounds of PPP loan proceeds during 2021. In April and October 2021, the SBA informed SFMade, Inc. the PPP loans and accrued interest were forgiven in full. SFMade, Inc. recognized the forgiveness of this debt totaling $544,000 as government grants in the accompanying consolidated statement of activities and changes in net assets for the year ended December 31, 2021.

Loan fees:

Loan fees incurred in connection with the issuance of long-term debt are amortized over the term of the underlying note using the straight-line method. Upon the refinancing of a loan, unamortized fees are written off.

Debt issuance costs are presented as a reduction of the carrying value of the debt rather than as an asset.

Income taxes:

The SF Made has received tax-exempt status under the Internal Revenue Code Section 501(c)(3) and under the California Revenue Code Section 23701(d).

Revenue recognition:

Manufacturing sector services and affordable industrial space development program revenue consists of fees for educational workshops and consulting services. Consulting service revenue is recognized over time as the customer consumes the benefits of the consulting services SFMade performs. Educational workshops are recognized when the performance obligation of providing the educational workshop is satisfied. Rental income program revenue is recognized straight line over the term of the lease, based upon signed lease agreements which stipulate the amounts due monthly.

Contributed services and goods:

Contributions of services are recognized when received if such services (a) enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

A number of volunteers have donated significant amounts of time in SFMade's program services. The value of donated volunteer services has not been recognized in the accompanying consolidated financial statements because such volunteer services do not meet the above mentioned criteria.

Functional expense allocations:

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses such as salaries, benefits, occupancy, legal services, office expenses, insurance, and other are allocated among program, general and administrative, and fundraising based on the time and effort method of allocation. Depreciation, interest, and property tax expenses related to 150 Hooper are considered program while all other of these type of expenses are allocated among program, general and administrative, and fundraising based on the time and effort method of allocation.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Recent accounting pronouncements:

Pronouncements Effective in the Future

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* The guidance in this ASU will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. The standard will be effective for SFMade, since it is not deemed a public business entity, for its fiscal year beginning after December 15, 2019, and for interim periods beginning after December 15, 2020 with early application permitted. In June 2020, the FASB deferred the effective date to fiscal years beginning after December 15, 2021. Entities are required to use modified retrospective application for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements with the option to elect certain transition reliefs. SFMade is currently evaluating the impact of this pronouncement.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. The guidance creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held- to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. This guidance requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The standard is effective for fiscal years beginning after December 15, 2022. SFMade is currently evaluating the impact of this pronouncement.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This guidance changes the required presentation and disclosures for in-kind contributions. The guidance is effective for SFMade for the fiscal year beginning after June 15, 2021 with early application permitted. SFMade is currently evaluating the impact of this pronouncement.

Subsequent events:

SFMade evaluated subsequent events from December 31, 2021 through August 11, 2022, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

Note 3. NATURE OF ESTIMATES:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the United States of America 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 4. CONCENTRATION OF CREDIT RISK:

SFMade's operations are subject to several risks and uncertainties, including, but not limited to, risks associated with the cyclical nature of real estate operations and the geographic concentration of SFMade's operations.

Note 5. AVAILABILITY AND LIQUIDITY:

The following represents SFMade's financial assets at December 31, 2021:

Current financial assets, at year end:	
Cash and cash equivalents	$ 2,661,993
Accounts, contributions and other receivables	1,624,369
Total current financial assets	4,286,362
Amounts not available to be used within one year due to:	
Net assets with donor restrictions	(759,355)
Contractual imposed restrictions:	
Restricted cash accounts under the New Market Tax Credit agreements	(470,425)
Tenant security deposits	(150,369)
Total financial assets not available to be used within one year	(1,380,149)
Financial assets available to meet general expenditures within one year	$ 2,906,213

SFMade's cash flows have seasonal variations during the year attributable to corporate grant timing, reimbursement from government contracts, and the concentration of contributions received for fundraising events. As part of its liquidity plan, SFMade has a $300,000 line of credit available to meet cash flow needs (see Note 8). There was no outstanding balance at December 31, 2021.

Note 6. PROPERTY AND EQUIPMENT:

Property and equipment was comprised of the following at December 31, 2021;

Land	$ 13,471,100
Building and improvements	23,477,798
Furniture and equipment	124,050
Subtotal	37,072,948
Less accumulated depreciation	(1,691,382)
Total	$ 35,381,566

Note 6. PROPERTY AND EQUIPMENT (Continued):

In 2018, SFMade purchased 150 Hooper Street which comprises all the building and improvements and land held by SFMade on the consolidated statement of financial position, as discussed in Note 8. The building was placed in service on September 1, 2018. Pursuant to the Agreement of Purchase and Sale and Joint Escrow Instructions and the First Amendment to Agreement of Purchase and Sale and Joint Escrow Instructions agreements, SFMade is prohibited from selling or otherwise transferring all or a controlling interest to any third party at any time prior to the fifth anniversary of the purchase date. The Agreement also includes a profit participation fee clause which would be payable if the building is sold prior to twenty years after the closing date of the purchase.

Depreciation expense totaled $498,516 for the year ended December 31, 2021. Property and equipment are collateral for the debt agreements.

Note 7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following for the year ended December 31, 2021.

	Beginning Balance	Income and Contributions	Released from Restriction	Ending Balance
San Jose region	$ 255,738	$ 452,500	$ 350,721	$ 357,517
San Francisco region	303,151	397,500	406,697	293,954
Regional	56,094	200,000	148,210	107,884
Time	7,500	-	7,500	-
Total net assets with donor restrictions	$ 622,483	$ 1,050,000	$ 913,128	$ 759,355

Note 8. LINE OF CREDIT:

SFMade, Inc. entered into a line of credit of $300,000 with Signature Bank expiring May 5, 2024. The interest rate is Prime minus 0.50%, however the interest rate cannot be less than 3.25%. The interest rate at December 31, 2021 was 3.25%. Any borrowings are collateralized by substantially all assets of SFMade, Inc. Under the terms of the line of credit agreement, SFMade, Inc. is required to maintain certain financial ratios and comply with certain other covenants including approval of additional debt. There were no amounts outstanding under this line of credit as of December 31, 2021.

Note 9. NEW MARKET TAX CREDIT STRUCTURE:

In March 2018, PlaceMade received approximately $8,300,000 in net proceeds from financing agreements related to the purchase of and capital expenditures at 150 Hooper Street in San Francisco. This financing arrangement was structured with a third party financial institution (the "NMTC Investor") associated with Capital One, N.A., an investment fund, and two community development entities (the "CDEs") majority owned by the investment fund. This transaction was designed to qualify under the federal New Market Tax Credit ("NMTC") program, pursuant to Section 45D of the Internal Revenue Code of 1986, as amended. Through this transaction, PlaceMade secured low interest financing and the potential for future debt forgiveness related to the building at 150 Hooper Street. Upon closing of the NMTC transaction, PlaceMade provided an aggregate of $16,706,080, of which $8,700,000 was borrowed from Northern California Community Loan Fund (NCCLF) (Note 9) and the remainder from a private contribution of $10,000,000, to the investment fund, in the form of a loan receivable, with a term of 40 years, bearing an interest rate of 3.3679% per annum. This $16,706,080 in proceeds plus $8,278,920 of net capital from the NMTC Investor were contributed to and used by the CDEs to make loans in the aggregate of $23,698,000 to another subsidiary of SFMade, 150 Hooper. These loans bear interest at a fixed rate of 2.3930% and are due March 2058. 150 Hooper used the loan proceeds to purchase the building at 150 Hooper Street and complete the construction. These capital assets will serve as collateral to the financing arrangement. Loan funds not applied to the purchase described above are available for certain expenditures as described in the NMTC agreements and are recorded in restricted cash. The balance of the loan funds remaining at December 31, 2021 of approximately $470,000 is restricted and included in cash and cash equivalents in the accompanying consolidated statement of financial position. This transaction also includes a put/call feature whereby, at the end of a seven-year compliance period, PlaceMade may be obligated or entitled to repurchase the NMTC Investor's interest in the investment fund. The value attributable to the put price is nominal. Consequently, if exercised, the put could result in the forgiveness of the NMTC Investor's interest in the investment fund, and result in a net non-operating gain of up to $6,991,920. The call price will be valued at the net present value of the cash flows of the lease inherent in the transaction.

The NMTC Investor is subject to 100% recapture of the New Market Tax Credits it receives for a period of seven years as provided in the Internal Revenue Code and applicable U.S. Treasury regulations. PlaceMade is required to follow various regulations and contractual provisions that apply to the New Market Tax Credit arrangement. Noncompliance with applicable requirements could result in the NMTC Investor's projected tax benefits not being realized and, therefore, require PlaceMade to indemnify the NMTC Investor for any loss or recapture of New Market Tax Credits related to the financing until such time as the recapture provisions have expired under the applicable statute of limitations. PlaceMade does not anticipate any credit recapture will be required in connection with this financing arrangement.

Note 10. LOANS PAYABLE:

On March 28, 2018, PlaceMade entered into a loan agreement with Community Vision Capital & Consulting (CVCC), formally known as Northern California Community Loan Fund, Inc., for $8,700,000, bearing interest at 5.50% per annum. PlaceMade was required to make monthly payments of interest only for twenty four-months after commencement of the loan. After twenty four-months, payments of interest and principal are due monthly based on a thirty year amortization through March 28, 2025, the maturity date, when the remaining principal balance along with all accrued but unpaid interest is due. In 2018, debt issuance costs of $141,750 were incurred and are being amortized over the life of the loan. On June 8, 2020, PlaceMade entered into a loan modification with CVCC to provide for a payment reprieve period from the period April 1, 2020 through June 1, 2020 on the monthly debt service payments. The amortization schedule was revised to incorporate the deferral of the payment of debt service during the payment reprieve period into the monthly debt service payments that re-started

Note 10. LOANS PAYABLE (Continued):

July 1, 2020. The portion of the debt service payments attributable to interest and otherwise payable during the payment reprieve period will be repaid ratably during the period of July 1, 2020 to June 30, 2021. These payments were made. In August 2021 and further loan modification was made, and the interest for the period August 2021 through January 2022, was deferred, this deferred interest will be paid in equal installments over twenty four months starting in February 2022.

The loan contains certain non-financial covenants, restrictions on additional borrowings without prior approval, and is secured by a first deed of trust on the 150 Hooper building. As of December 31, 2021, PlaceMade was not in compliance with one of the non-financial covenants and has received a waiver from CVCC. The loan proceeds were required to be used towards the investment fund loan in the aggregate principal amount of $16,706,080. See Note 8.

On June 17, 2020, SFMade, Inc. entered into a loan agreement with the U.S. Small Business Administration (SBA) for an Economic Injury Disaster Loan (EIDL) loan. The loan was $150,000. SFMade, Inc. was notified that effective September 27, 2021, the available borrowing was increased to $500,000. SFMade, Inc drew on that additional borrowing on May 18, 2022.

The loans bear interest at 2.75% per annum. Twelve months after of the commencement of the loan, payments of interest and principal are due monthly through June 17, 2050, the maturity date. There are restrictions on the use of loan proceeds as defined in the loan agreement and the loan is subject to audit by the SBA. The loan is collateralized by substantially all assets of SFMade, Inc. and any future borrowings that are collateralized by these assets need prior approval from the SBA.

Loans payable as of December 31, 2021 consist of the following:

CVC loan	$ 8,487,223
CDE loans	23,698,000
EIDL loan	147,905
Subtotal	32,333,128
Less current portion	(137,345)
Less unamortized debt issuance costs	(65,813)
Total	$ 32,129,970

The future schedule of principal payments as of December 31, 2021 is summarized as follows:

Year Ending December 31,	CVCC	CDEs	EIDL	Total
2022	$ 133,674		$ 3,671	$ 137,345
2023	152,941		3,773	156,714
2024	160,389		3,878	164,267
2025	8,040,219		3,986	8,044,205
2026			4,097	4,097
Thereafter		23,698,000	128,500	23,826,500
	$ 8,487,223	$ 23,698,000	$ 147,905	$ 32,333,128

Note 11. COMMITMENTS AND CONTINGENCIES:

Government grants:

Government grants and contracts require the fulfillment of certain conditions as set forth in the agreements and are subject to audit and final acceptance by the government agency. SFMade does not believe the results of any audits or actions by government agencies in relation to grants recorded will have a material impact on the consolidated statement of financial position or consolidated statement of activities and changes in net assets at December 31, 2021.

Note 12. LEASING ARRANGEMENTS:

SFMade receives rental income from tenants under non-cancelable operating leases through June 30, 2031. Approximate minimum annual rentals under operating leases in affect at December 31, 2021, including changes to lease agreements through the date of this report, for the next five years and thereafter are as follows:

Year Ending December 31,	
2022	$ 1,107,990
2023	434,751
2024	107,267
2025	70,775
2026	72,190
Thereafter	347,311
	$ 2,140,284

Note 13. RELATED PARTY TRANSACTIONS:

For the year ended December 31, 2021, contributions from members of the Board of Directors and the corporations by whom they are employed totaled approximately $327,500. At December 31, 2021, there were $287,500 contributions receivable from members of the Board of Directors or the corporations by whom they are employed.

Certain members of the Board of Directors are affiliated with professional service firms providing services to SFMade.

Note 14. RETIREMENT PLANS:

SFMade has a Savings Incentive Match Plan under Section 408(p) of the Internal Revenue Code. Effectively, all employees are eligible to participate in the plan and may defer a portion of salary. SFMade will make a matching contribution of employee contributions up to 3% of the employee's compensation. SFMade's contribution was approximately $30,500 for the year ended December 31, 2021.

Note 15. COVID 19 IMPACT:

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact revenue and operating results. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial statement impact and duration cannot be reasonably estimated at this time.

SFMADE, INC. AND SUBSIDIARIES

SUPPLEMENTAL INFORMATION

SFMADE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION- DECEMBER 31, 2021

ASSETS	SFMade, Inc.	PlaceMade, Inc.	150 Hooper, Inc.	Eliminations	Total Consolidating
CURRENT:					
Cash and cash equivalents	$ 1,722,885	$ 251,580	$ 687,528	$ -	$ 2,661,993
Accounts, contributions and other receivables	393,728	24,000	1,206,641		1,624,369
Related party accounts receivable	30,875	-	246	(31,121)	-
Related party loans receivable	-	240,661	-	(240,661)	-
Prepaid expenses and other assets	20,861	5,044	14,014	-	39,919
TOTAL CURRENT ASSETS	2,168,349	521,285	1,908,429	(271,782)	4,326,281
LOANS RECEIVABLE, net	-	16,706,080	-	-	16,706,080
PROPERTY AND EQUIPMENT, net	12,949	-	35,368,617	-	35,381,566
TOTAL ASSETS	$ 2,181,298	$ 17,227,365	$ 37,277,046	$ (271,782)	$ 56,413,927
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	$ 125,892	$ 10,191	$ 46,089	$ -	$ 182,172
Accrued interest, current portion	-	109,857	-	-	109,857
Current portion of loans payable	3,671	133,674	-	-	137,345
Related party accounts payable	246	30,875	-	(31,121)	-
Related party loans payable	-	-	240,661	(240,661)	-
TOTAL CURRENT LIABILITIES	129,809	284,597	286,750	(271,782)	429,374
LONG-TERM LIABILITIES:					
Loans payable, net of current portion	144,234	8,287,736	23,698,000	-	32,129,970
Accrued interest, net of current portion	-	89,602	-	-	89,602
Tenant security deposits	-	-	150,369	-	150,369
TOTAL LIABILITIES	274,043	8,661,935	24,135,119	(271,782)	32,799,315
NET ASSETS:					
Without donor restriction	1,147,900	8,565,430	13,141,927	-	22,855,257
With donor restriction	759,355	-	-	-	759,355
TOTAL NET ASSETS	1,907,255	8,565,430	13,141,927	-	23,614,612
TOTAL LIABILITIES AND NET ASSETS	$ 2,181,298	$ 17,227,365	$ 37,277,046	$ (271,782)	$ 56,413,927

See notes to consolidated financial statements.

SFMADE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	SFMade, Inc.	PlaceMade, Inc.	150 Hooper, Inc.	Eliminations	Total Consolidating
SUPPORT AND REVENUE:					
Grants and contributions	$ 2,154,145	$ 35,000	$ 35,000	$ (35,000)	$ 2,189,145
Government grants	1,083,529	-	25,000	-	1,108,529
Program revenue:					
Manufacturing sector services	53,936	-			53,936
Affordable industrial space development	-	332,549	882	(205,000)	128,431
Rental income	-	-	1,256,492	(55,800)	1,200,692
Property tax refund	-	-	499,865	-	499,865
Interest income	7	562,644	448	-	563,099
TOTAL SUPPORT AND REVENUE	3,291,617	930,193	1,817,687	(295,800)	5,743,697
EXPENSES:					
Program services:					
Policy and practice	1,701,959	-	-	(45,993)	1,655,966
Affordable industrial space	-	892,174	1,982,348	(234,058)	2,640,464
Total program services	1,701,959	892,174	1,982,348	(280,051)	4,296,430
Supporting services:					
General and administrative	287,629	-	20,024	(11,568)	296,085
Fundraising	153,825	-	-	(4,181)	149,644
TOTAL EXPENSES	2,143,413	892,174	2,002,372	(295,800)	4,742,159
CHANGE IN NET ASSETS	1,148,204	38,019	(184,685)	-	1,001,538
NET ASSETS, beginning of year	759,051	8,527,410	13,326,613	-	22,613,074
NET ASSETS, end of year	$ 1,907,255	$ 8,565,429	$ 13,141,928	$ -	$ 23,614,612

See notes to consolidated financial statements.