

SFMADE, INC. AND SUBSIDIARIES
(A California Nonprofit Organization)
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

SFMADE, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
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 statements of financial position as of December 31, 2022, 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 consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of SFMade, Inc. and Subsidiaries, as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditing 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 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, Inc. and Subsidiaries' 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, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

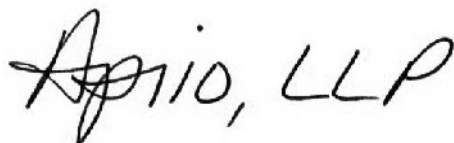
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages 21 - 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

The combined financial statements as of December 31, 2021, were audited by RINA Accountancy LLP, who merged with Aprio, LLP as of August 1, 2022, and whose report dated August 11, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, slightly slanted style.

San Francisco, CA

August 28, 2023

SFMADE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS

	<u>2022</u>	<u>2021</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 2,750,252	\$ 2,191,568
Accounts, contributions and other receivables, net	511,445	1,624,369
Prepaid expenses and other assets	<u>30,917</u>	<u>39,919</u>
Total current assets	3,292,614	3,855,856
<u>Other assets</u>		
Restricted cash	339,125	470,425
Loans receivable, net	16,706,080	16,706,080
<u>Property and equipment, net</u>	<u>34,894,298</u>	<u>35,381,566</u>
TOTAL ASSETS	\$ <u>55,232,117</u>	\$ <u>56,413,927</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities</u>		
Accounts payable and accrued expenses	\$ 73,965	\$ 182,172
Accrued interest	129,842	109,857
Current portion of loans payable	179,353	137,345
Advanced rent	<u>35,974</u>	<u>-</u>
Total current liabilities	<u>419,133</u>	<u>429,374</u>
<u>Long-term liabilities</u>		
Loans payable, net of current portion	32,304,365	32,129,970
Accrued interest, net of current portion	-	89,602
Tenant security deposits	<u>271,146</u>	<u>150,369</u>
Total Long-term Liabilities	<u>32,575,511</u>	<u>32,369,941</u>
Total Liabilities	<u>32,994,644</u>	<u>32,799,315</u>
<u>Net Assets</u>		
Without donor restrictions	21,880,786	22,855,257
With donor restrictions	<u>356,687</u>	<u>759,355</u>
Total net assets	<u>22,237,473</u>	<u>23,614,612</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>55,232,117</u>	\$ <u>56,413,927</u>

See independent auditors' report and accompanying notes.

SFMADE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and revenue</u>			
Grants and contributions	\$ 245,000	\$ 420,000	\$ 665,000
Government grants	1,042,702	-	1,042,702
Program revenue:			
Manufacturing sector services	39,837	-	39,837
Rental income	723,530	-	723,530
Property tax refund	58,267	-	58,267
Interest income	<u>562,644</u>	<u>-</u>	<u>562,644</u>
	2,671,980	420,000	3,091,980
Net assets released from restrictions	<u>822,668</u>	<u>(822,668)</u>	<u>-</u>
Total revenues and other support	<u>3,494,648</u>	<u>(402,668)</u>	<u>3,091,980</u>
<u>Expenses</u>			
Program services:			
Policy and practice	1,604,086	-	1,604,086
Affordable industrial space	<u>2,503,679</u>	<u>-</u>	<u>2,503,679</u>
Total program services	4,107,765	-	4,107,765
Supporting services:			
General and administrative	281,612	-	281,612
Fundraising	<u>79,742</u>	<u>-</u>	<u>79,742</u>
Total expenses	<u>4,469,119</u>	<u>-</u>	<u>4,469,119</u>
CHANGE IN NET ASSETS	(974,471)	(402,668)	(1,377,139)
NET ASSETS, beginning of year	<u>22,855,257</u>	<u>759,355</u>	<u>23,614,612</u>
NET ASSETS, end of year	<u><u>\$ 21,880,786</u></u>	<u><u>\$ 356,687</u></u>	<u><u>\$ 22,237,473</u></u>

See independent auditors' report and accompanying notes.

SFMADE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and revenue</u>			
Grants and contributions	\$ 1,139,145	\$ 1,050,000	\$ 2,189,145
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	<u>563,099</u>	<u>-</u>	<u>563,099</u>
	4,693,697	1,050,000	5,743,697
Net assets released from restrictions	<u>913,128</u>	<u>(913,128)</u>	<u>-</u>
Total revenues and other support	<u>5,606,825</u>	<u>136,872</u>	<u>5,743,697</u>
<u>Expenses</u>			
Program services:			
Policy and practice	1,655,966	-	1,655,966
Affordable industrial space	<u>2,640,464</u>	<u>-</u>	<u>2,640,464</u>
Total program services	4,296,430	-	4,296,430
Supporting services:			
General and administrative	296,085	-	296,085
Fundraising	<u>149,644</u>	<u>-</u>	<u>149,644</u>
Total expenses	<u>4,742,159</u>	<u>-</u>	<u>4,742,159</u>
CHANGE IN NET ASSETS	864,666	136,872	1,001,538
NET ASSETS, beginning of year	<u>21,990,591</u>	<u>622,483</u>	<u>22,613,074</u>
NET ASSETS, end of year	<u>\$ 22,855,257</u>	<u>\$ 759,355</u>	<u>\$ 23,614,612</u>

See independent auditors' report and accompanying notes.

SFMADE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries	\$ 1,227,814	\$ 74,251	\$ 53,900	\$ 1,355,965
Payroll taxes and benefits	<u>241,973</u>	<u>36,191</u>	<u>12,582</u>	<u>290,746</u>
Total salaries, payroll taxes and benefits	1,469,787	110,442	66,482	1,646,711
Interest	1,037,306	-	-	1,037,306
Depreciation and amortization	503,915	10,537	-	514,452
Property management expenses	469,778	-	-	469,778
Consultants and contractors	205,448	2,000	1,881	209,329
Reimbursement of SFCIF expenses	128,000	-	-	128,000
Legal	80,825	1,610	-	82,435
Marketing	17,582	37,947	6,258	61,787
Leasing commission	54,112	-	-	54,112
Insurance	51,795	2,059	-	53,854
Information technology	6,912	39,541	2,160	48,613
Accounting and auditing	21,900	25,060	-	46,960
Security	34,961	-	-	34,961
Other expenses	1,163	24,880	-	26,043
Bad debt expenses	-	22,682	-	22,682
Property tax	10,065	621	-	10,686
Travel	4,502	1,180	2,344	8,026
Events	6,069	135	530	6,734
Office expenses	2,404	2,313	12	4,729
Recruiting	<u>1,241</u>	<u>605</u>	<u>75</u>	<u>1,921</u>
TOTAL EXPENSES	<u>\$ 4,107,765</u>	<u>\$ 281,612</u>	<u>\$ 79,742</u>	<u>\$ 4,469,119</u>

See independent auditors' report and accompanying notes.

SFMADE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries	\$ 1,113,778	\$ 122,246	\$ 110,856	\$ 1,346,880
Payroll taxes and benefits	<u>208,284</u>	<u>35,603</u>	<u>25,406</u>	<u>269,293</u>
Total salaries, payroll taxes and benefits	1,322,062	157,849	136,262	1,616,173
Interest	1,108,668	-	-	1,108,668
Depreciation and amortization	509,363	9,404	-	518,767
Property management expenses	500,700	-	-	500,700
Consultants and contractors	446,137	25	-	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	35,595
Other expenses	5,505	8,142	46	13,693
Travel	3,853	1,050	867	5,770
Office expenses	110	3,450	17	3,577
Bad debt expenses	-	90	-	90
Events	<u>30</u>	<u>50</u>	<u>-</u>	<u>80</u>
TOTAL EXPENSES	\$ <u>4,296,430</u>	\$ <u>296,085</u>	\$ <u>149,644</u>	\$ <u>4,742,159</u>

See independent auditors' report and accompanying notes.

SFMADE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2022	2021
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (1,377,139)	\$ 1,001,538
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	494,201	498,516
Amortization of loan issuance costs	20,251	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	1,112,924	(1,061,408)
Prepaid expenses and other assets	9,002	(12,356)
Increase (decrease) in:		
Accounts payable and accrued expenses	(108,209)	60,894
Accrued interest	(69,617)	199,459
Advance rent	35,974	-
Tenant security deposits	<u>120,777</u>	<u>(131,483)</u>
Total adjustments	<u>1,615,303</u>	<u>(685,104)</u>
Net cash provided by operating activities	<u>238,164</u>	<u>316,434</u>
<u>Cash flows from investing activities</u>		
Purchases of property and equipment	(7,834)	(40,455)
Proceeds from sale of property and equipment	<u>901</u>	<u>262</u>
Net cash used by investing activities	<u>(6,933)</u>	<u>(40,193)</u>
<u>Cash flows from financing activities</u>		
Payments on loan payable	(153,847)	(149,924)
Issuance of notes payable	<u>350,000</u>	<u>-</u>
Net cash provided by financing activities	<u>196,153</u>	<u>(149,924)</u>
Net increase in cash and cash equivalents and restricted cash	427,384	126,317
Cash and cash equivalents and restricted cash, beginning of year	<u>2,661,993</u>	<u>2,535,676</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 3,089,377</u>	<u>\$ 2,661,993</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid for interest	\$ 1,106,923	\$ 909,209

See independent auditors' report and accompanying notes.

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1

Nature of 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.

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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.

Basis of Accounting:

The financial statements of the Organization are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

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.

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net Assets 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 the Organization's management and the Board of Directors.
- Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents:

Cash equivalents include funds held in interest-bearing checking accounts. For the purpose of the statements of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

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

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributions:

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.

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 \$624,801 and \$776,000 of which no amounts had been received in advance, that have not been recognized at December 31, 2022, 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, 2022 and 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 \$1,000 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.

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Tax Exempt Status:

The Organization is a nonprofit organization exempt from federal income taxes under 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.

Accounts receivables related to rental income are valued at the amount the Organization expects to collect or the face amount of the receivable less an amount that is estimated to be uncollectible. Accounts receivable are determined uncollectible and written off after all collection efforts have been made. The Organization determines the amount of the allowance for uncollectible accounts based on historical customer account write-offs and estimates of likely uncollectible accounts in accounts receivable. The Organization has determined that an allowance of \$495,368 and \$0 is adequate as of December 31, 2022 and 2021, respectively.

Donated Goods and Services:

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.

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Functional Expenses:

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among 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 3
Concentration of Credit Risk

The Organization maintains cash balances at two commercial banks, these balances can exceed the FDIC insured deposit of \$250,000. At December 31, 2022 and 2021, the Organization's cash balances held at the commercial banks exceeded FDIC limits by \$2,007,719 and \$1,757,695, respectively. To date, the Organization has not experienced losses through the date the financial statements were available to be issued.

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.

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 4
Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Current financial assets, at year end:		
Cash and cash equivalents	\$ 2,750,252	\$ 2,191,568
Accounts, contributions and other receivables	<u>511,445</u>	<u>1,624,369</u>
Total current financial assets	<u>3,261,697</u>	<u>3,815,937</u>
Amounts not available to be used within one year due to:		
Net assets with donor restrictions	(356,687)	(759,355)
Contractual imposed restrictions:		
Restricted cash accounts under the New Market Tax Credit Agreements	(339,125)	(470,425)
Tenant security deposits	<u>(271,146)</u>	<u>(150,369)</u>
Total financial assets not available to be used within one year	<u>(966,958)</u>	<u>(1,380,149)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,294,739</u>	<u>\$ 2,435,788</u>

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 7). There was no outstanding balance at December 31, 2022 and 2021.

Note 5
Property and Equipment

The following is a summary of property and equipment at cost at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 13,471,100	\$ 13,471,100
Building and improvements	23,477,798	23,477,798
Furniture and equipment	<u>130,983</u>	<u>124,050</u>
Subtotals	37,079,881	37,072,948
Less: accumulated depreciation	<u>(2,185,583)</u>	<u>(1,691,382)</u>
Totals	<u>\$ 34,894,298</u>	<u>\$ 35,381,566</u>

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 5
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 statements 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 for the years ended December 31, 2022 and 2021, totaled \$494,201 and \$498,516, respectively. Property and equipment are collateral for the debt agreements.

Note 6
Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31, 2022:

	Beginning Balance	Contributions and Income	Released from Restrictions	Ending Balance
San Jose region	\$ 357,517	\$ 266,000	\$ 383,098	\$ 240,419
San Francisco region	293,954	109,000	324,936	78,018
San Francisco Bay Area	<u>107,884</u>	<u>45,000</u>	<u>114,634</u>	<u>38,250</u>
Total net assets with donor restrictions	<u>\$ 759,355</u>	<u>\$ 420,000</u>	<u>\$ 822,668</u>	<u>\$ 356,687</u>

Net assets with donor restrictions consist of the following as of December 31, 2021:

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

Note 7
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, 2022 and 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, 2022 and 2021.

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 8
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 Community Vision Capital & Consulting (CVCC) (Note 9) and the remainder from a private contribution, 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 loan plus 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 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, 2022 and 2021, of approximately \$339,000 and \$470,000, respectively, are restricted and included in cash and cash equivalents in the accompanying consolidated statements 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.

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.

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 9
Notes Payable

On March 28, 2018, PlaceMade entered into a loan agreement with Community Vision Capital & Consulting (CVCC) 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 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, a 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, 2022 and 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 in May 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.

Notes payable are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
CVCC loan	\$ 8,379,960	\$ 8,487,223
CDE loans	23,698,000	23,698,000
EIDL loan	<u>451,321</u>	<u>147,905</u>
Subtotals	32,529,281	32,333,128
Less current portion	(179,353)	(137,345)
Less unamortized debt issuance costs	<u>(45,563)</u>	<u>(65,813)</u>
Totals	<u>\$ 32,304,365</u>	<u>\$ 32,129,970</u>

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 9
Notes Payable (Continued)

The future schedule of principal payments as of December 31, 2022, is summarized as follows:

<u>Year Ending December 31,</u>	<u>CVCC</u>	<u>CDEs</u>	<u>EIDL</u>	<u>Total</u>
2023	\$ 152,941	\$ -	\$ 26,412	\$ 179,353
2024	160,389	-	26,412	186,801
2025	8,043,889	-	26,412	8,070,301
2026	-	-	26,412	26,412
2027	-	-	26,412	26,412
Thereafter	<u>-</u>	<u>23,698,000</u>	<u>342,002</u>	<u>24,040,002</u>
	<u>\$ 8,357,219</u>	<u>\$ 23,698,000</u>	<u>\$ 474,062</u>	<u>\$ 32,529,281</u>

Note 10
Commitments and Contingencies

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 statements of financial position or consolidated statements of activities and changes in net assets at December 31, 2022 and 2021.

Note 11
Rental Income

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, 2022, including changes to lease agreements through the date of this report, for the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 872,052
2024	704,224
2025	526,922
2026	<u>92,956</u>
	<u>\$ 2,196,154</u>

Rental income under these agreements totaled \$777,530 and \$1,200,692, respectively, for the years ended December 31, 2022 and 2021. These amounts include \$54,000 and \$55,800 of intercompany rental income which were eliminated in the consolidation of the financial statements for December 31, 2022 and 2021, respectively.

SFMADE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 12

Related Party Transactions

For the years ended December 31, 2022 and 2021, contributions from members of the Board of Directors and the corporations by whom they are employed totaled approximately \$41,000 and \$327,500. At December 31, 2022 and 2021, there were \$41,000 and \$287,500 contributions receivable from members of the Board of Directors or the corporations by whom they are employed.

Note 13

Retirement Plan

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 \$33,936 and \$30,550, respectively for the years ended December 31, 2022 and 2021.

Note 14

Subsequent Events

Management considered all events through August 28, 2023, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. The Organization is not aware of any significant events that occurred subsequent to December 31, 2022, but prior to the issuance of this report, that would have a material impact on the financial statements.

SUPPLEMENTARY INFORMATION

SFMADE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

<u>ASSETS</u>	<u>SFMade, Inc.</u>	<u>PlaceMade, Inc.</u>	<u>150 Hooper, Inc.</u>	<u>Eliminations</u>	<u>Total Consolidating</u>
<u>Current</u>					
Cash and cash equivalents	\$ 1,826,313	\$ 402,537	\$ 521,402	\$ -	\$ 2,750,252
Accounts, contributions and other receivables, net	328,903	-	182,542	-	511,445
Prepaid expenses and other assets	<u>18,884</u>	<u>5,366</u>	<u>6,667</u>	-	<u>30,917</u>
Total current assets	2,174,100	407,903	710,611	-	3,292,614
<u>Restricted cash</u>	-	-	339,125	-	339,125
<u>Loans receivable, net</u>	-	16,706,080	-	-	16,706,080
<u>Property and equipment, net</u>	<u>9,345</u>	<u>-</u>	<u>34,884,953</u>	-	<u>34,894,298</u>
TOTAL ASSETS	<u>\$ 2,183,445</u>	<u>\$ 17,113,983</u>	<u>\$ 35,934,689</u>	<u>\$ -</u>	<u>\$ 55,232,117</u>
 <u>LIABILITIES AND NET ASSETS</u>					
<u>Current liabilities</u>					
Accounts payable and accrued expenses	\$ 9,110	\$ 22	\$ 64,832	\$ -	\$ 73,964
Accrued interest, current portion	-	129,842	-	-	129,842
Current portion of loans payable	26,412	152,941	-	-	179,353
Advanced rent	<u>-</u>	<u>-</u>	<u>35,974</u>	-	<u>35,974</u>
Total current liabilities	<u>35,522</u>	<u>282,805</u>	<u>100,806</u>	-	<u>419,133</u>
<u>Long-term liabilities</u>					
Loans payable, net of current portion	451,321	8,155,044	23,698,000	-	32,304,365
Tenant security deposits	<u>-</u>	<u>-</u>	<u>271,146</u>	-	<u>271,146</u>
Total long-term liabilities	<u>451,321</u>	<u>8,155,044</u>	<u>23,969,146</u>	-	<u>32,575,511</u>
TOTAL LIABILITIES	<u>486,843</u>	<u>8,437,849</u>	<u>24,069,952</u>	<u>-</u>	<u>32,994,644</u>
<u>Net assets</u>					
Without donor restrictions	1,339,915	8,676,134	11,864,737	-	21,880,786
With donor restrictions	<u>356,687</u>	<u>-</u>	<u>-</u>	-	<u>356,687</u>
Total net assets	<u>1,696,602</u>	<u>8,676,134</u>	<u>11,864,737</u>	-	<u>22,237,473</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,183,445</u>	<u>\$ 17,113,983</u>	<u>\$ 35,934,689</u>	<u>\$ -</u>	<u>\$ 55,232,117</u>

See independent auditors' report and accompanying notes.

SFMADE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

<u>ASSETS</u>	<u>SFMade, Inc.</u>	<u>PlaceMade, Inc.</u>	<u>150 Hooper, Inc.</u>	<u>Eliminations</u>	<u>Total Consolidating</u>
<u>Current</u>					
Cash and cash equivalents	\$ 1,722,885	\$ 251,580	\$ 217,103	\$ -	\$ 2,191,568
Accounts, contributions and other receivables, net	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	<u>20,861</u>	<u>5,044</u>	<u>14,014</u>	<u>-</u>	<u>39,919</u>
Total current assets	2,168,349	521,285	1,438,004	(271,782)	3,855,856
<u>Restricted cash</u>	-	-	470,425	-	470,425
<u>Loans receivable, net</u>	-	16,706,080	-	-	16,706,080
<u>Property and equipment, net</u>	<u>12,949</u>	<u>-</u>	<u>35,368,617</u>	<u>-</u>	<u>35,381,566</u>
TOTAL ASSETS	<u>\$ 2,181,298</u>	<u>\$ 17,227,365</u>	<u>\$ 37,277,046</u>	<u>\$ (271,782)</u>	<u>\$ 56,413,927</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>Current liabilities</u>					
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	<u>-</u>	<u>-</u>	<u>240,661</u>	<u>(240,661)</u>	<u>-</u>
Total current liabilities	<u>129,809</u>	<u>284,597</u>	<u>286,750</u>	<u>(271,782)</u>	<u>429,374</u>
<u>Long-term liabilities</u>					
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	<u>-</u>	<u>-</u>	<u>150,369</u>	<u>-</u>	<u>150,369</u>
Total long-term liabilities	<u>144,234</u>	<u>8,377,338</u>	<u>23,848,369</u>	<u>-</u>	<u>32,369,941</u>
TOTAL LIABILITIES	<u>274,043</u>	<u>8,661,935</u>	<u>24,135,119</u>	<u>(271,782)</u>	<u>32,799,315</u>
<u>Net assets</u>					
Without donor restrictions	1,147,900	8,565,430	13,141,927	-	22,855,257
With donor restrictions	<u>759,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>759,355</u>
Total net assets	<u>1,907,255</u>	<u>8,565,430</u>	<u>13,141,927</u>	<u>-</u>	<u>23,614,612</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,181,298</u>	<u>\$ 17,227,365</u>	<u>\$ 37,277,046</u>	<u>\$ (271,782)</u>	<u>\$ 56,413,927</u>

See independent auditors' report and accompanying notes.

SFMADE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	<u>SFMade, Inc.</u>	<u>PlaceMade, Inc.</u>	<u>150 Hooper, Inc.</u>	<u>Eliminations</u>	<u>Total Consolidating</u>
<u>Support and revenue</u>					
Grants and contributions	\$ 665,000	\$ -	\$ -	\$ -	\$ 665,000
Government grants	1,042,702	-	-	-	1,042,702
Program revenue:					
Manufacturing sector services	39,837	-	-	-	39,837
Affordable industrial space development	-	180,000	-	(180,000)	-
Rental income	-	-	777,530	(54,000)	723,530
Property tax refund	-	-	58,267	-	58,267
Interest income	-	562,644	-	-	562,644
	<u>1,747,539</u>	<u>742,644</u>	<u>835,797</u>	<u>(234,000)</u>	<u>3,091,980</u>
Total support and revenue					
<u>Expenses</u>					
Program services					
Policy and practice	1,652,694	-	-	(48,608)	1,604,086
Affordable industrial space	-	620,439	2,056,518	(173,278)	2,503,679
	<u>1,652,694</u>	<u>620,439</u>	<u>2,056,518</u>	<u>(221,886)</u>	<u>4,107,765</u>
Total program services					
Supporting services					
General and administrative	223,469	11,500	56,470	(9,827)	281,612
Fundraising	82,029	-	-	(2,287)	79,742
	<u>1,958,192</u>	<u>631,939</u>	<u>2,112,988</u>	<u>(234,000)</u>	<u>4,469,119</u>
Total expenses					
CHANGE IN NET ASSETS	(210,653)	110,705	(1,277,191)	-	(1,377,139)
NET ASSETS, beginning of year	<u>1,907,255</u>	<u>8,565,429</u>	<u>13,141,928</u>	<u>-</u>	<u>23,614,612</u>
NET ASSETS, at end of year	<u>\$ 1,696,602</u>	<u>\$ 8,676,134</u>	<u>\$ 11,864,737</u>	<u>\$ -</u>	<u>\$ 22,237,473</u>

See independent auditors' report and accompanying notes.

SFMADE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	<u>SFMade, Inc.</u>	<u>PlaceMade, Inc.</u>	<u>150 Hooper, Inc.</u>	<u>Eliminations</u>	<u>Total Consolidating</u>
<u>Support and revenue</u>					
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	<u>7</u>	<u>562,644</u>	<u>448</u>	<u>-</u>	<u>563,099</u>
Total support and revenue	<u>3,291,617</u>	<u>930,193</u>	<u>1,817,687</u>	<u>(295,800)</u>	<u>5,743,697</u>
<u>Expenses</u>					
Program services					
Policy and practice	1,701,959	-	-	(45,993)	1,655,966
Affordable industrial space	<u>-</u>	<u>892,174</u>	<u>1,982,348</u>	<u>(234,058)</u>	<u>2,640,464</u>
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	<u>153,825</u>	<u>-</u>	<u>-</u>	<u>(4,181)</u>	<u>149,644</u>
Total expenses	<u>2,143,413</u>	<u>892,174</u>	<u>2,002,372</u>	<u>(295,800)</u>	<u>4,742,159</u>
CHANGE IN NET ASSETS	1,148,204	38,019	(184,685)	-	1,001,538
NET ASSETS, beginning of year	<u>759,051</u>	<u>8,527,410</u>	<u>13,326,613</u>	<u>-</u>	<u>22,613,074</u>
NET ASSETS, at end of year	<u>\$ 1,907,255</u>	<u>\$ 8,565,429</u>	<u>\$ 13,141,928</u>	<u>\$ -</u>	<u>\$ 23,614,612</u>

See independent auditors' report and accompanying notes.