

**SFMADE, INC. AND SUBSIDIARIES**  
**(A California Nonprofit Organization)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

# SFMADE, INC. AND SUBSIDIARIES

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
SFMade, Inc.

### **Opinion**

We have audited the accompanying financial statements of SFMade, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years 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. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years 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 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In performing an audit in accordance with generally accepted auditing standards, we:

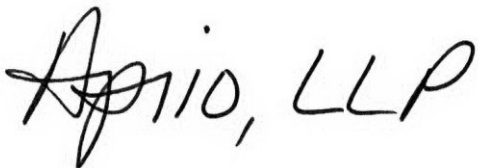
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SFMade, Inc.'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, Inc.'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.

### **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 24 - 27 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, except for the matter described below, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying supplemental information shown on pages 24 - 27 does not include right-to-use lease assets and lease liabilities for material related-party leases that fully eliminate upon consolidation. Management has informed us that they have not determined the effects of not including related-party leases in the consolidating information.

A handwritten signature in black ink that reads "Aptio, LLP". The signature is written in a cursive, stylized font.

Walnut Creek, California  
July 29, 2024

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

ASSETS

	<u>2023</u>	<u>2022</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 1,893,093	\$ 2,750,252
Accounts receivable, net of allowance of \$989,654 and \$495,368	99,609	182,542
Contribution receivables	522,949	328,903
Prepaid expenses and other assets	<u>29,915</u>	<u>30,917</u>
Total current assets	2,545,566	3,292,614
<u>Other assets</u>		
Restricted cash	297,737	339,125
Loans receivable, net	16,706,080	16,706,080
Deferred rent	257,783	-
<u>Property and equipment, net</u>	<u>34,465,812</u>	<u>34,894,298</u>
Total assets	<u>\$ 54,272,978</u>	<u>\$ 55,232,117</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities</u>		
Accounts payable and accrued expenses	\$ 54,134	\$ 73,964
Accrued interest	9,988	129,842
Current portion of loans payable	186,801	179,353
Advanced rent	<u>25,481</u>	<u>35,974</u>
Total current liabilities	<u>276,404</u>	<u>419,133</u>
<u>Long-term liabilities</u>		
Loans payable, net of current portion	32,167,382	32,304,365
Tenant security deposits	<u>90,684</u>	<u>271,146</u>
Total long-term liabilities	<u>32,258,066</u>	<u>32,575,511</u>
Total liabilities	<u>32,534,470</u>	<u>32,994,644</u>
<u>Net assets</u>		
Without donor restrictions	21,680,572	21,880,786
With donor restrictions	<u>57,936</u>	<u>356,687</u>
Total net assets	<u>21,738,508</u>	<u>22,237,473</u>
Total liabilities and net assets	<u>\$ 54,272,978</u>	<u>\$ 55,232,117</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, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and revenue</u>			
Grants and contributions	\$ 371,511	\$ 337,500	\$ 709,011
Government grants	1,028,282	-	1,028,282
Program revenue:			
Manufacturing sector services	104,600	-	104,600
Affordable industrial space development	1,864	-	1,864
Rental income	1,695,326	-	1,695,326
Interest income	<u>595,838</u>	<u>-</u>	<u>595,838</u>
Subtotal	3,797,421	337,500	4,134,921
Net assets released from restrictions	<u>636,251</u>	<u>(636,251)</u>	<u>-</u>
Total revenues and other support	<u>4,433,672</u>	<u>(298,751)</u>	<u>4,134,921</u>
<u>Expenses</u>			
Program services:			
Advising and education	1,364,749	-	1,364,749
Affordable industrial space	<u>2,665,370</u>	<u>-</u>	<u>2,665,370</u>
Total program services	4,030,119	-	4,030,119
Supporting activities:			
General and administrative	452,638	-	452,638
Fundraising	<u>151,129</u>	<u>-</u>	<u>151,129</u>
Total expenses	<u>4,633,886</u>	<u>-</u>	<u>4,633,886</u>
CHANGE IN NET ASSETS	(200,214)	(298,751)	(498,965)
NET ASSETS, beginning of year	<u>21,880,786</u>	<u>356,687</u>	<u>22,237,473</u>
NET ASSETS, end of year	<u>\$ 21,680,572</u>	<u>\$ 57,936</u>	<u>\$ 21,738,508</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**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<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	1,218,898	-	1,218,898
Property tax refund	58,267	-	58,267
Interest income	<u>562,644</u>	<u>-</u>	<u>562,644</u>
Subtotal	3,167,348	420,000	3,587,348
Net assets released from restrictions	<u>822,668</u>	<u>(822,668)</u>	<u>-</u>
Total revenues and other support	<u>3,990,016</u>	<u>(402,668)</u>	<u>3,587,348</u>
<u>Expenses</u>			
Program services:			
Advising and education	1,604,086	-	1,604,086
Affordable industrial space	<u>2,997,789</u>	<u>-</u>	<u>2,997,789</u>
Total program services	4,601,875	-	4,601,875
Supporting activities:			
General and administrative	282,870	-	282,870
Fundraising	<u>79,742</u>	<u>-</u>	<u>79,742</u>
Total expenses	<u>4,964,487</u>	<u>-</u>	<u>4,964,487</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>\$ 21,880,786</u>	<u>\$ 356,687</u>	<u>\$ 22,237,473</u>

See independent auditors' report and accompanying notes.

**SFMADE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services			Supporting Activities		Total
	Advising and Education	Affordable Industrial Space	Total Program Services	General and Administrative	Fundraising	
Personnel costs						
Salaries	\$ 908,357	\$ 46,146	\$ 954,503	\$ 188,560	\$ 108,713	\$ 1,251,776
Payroll taxes and benefits	<u>201,672</u>	<u>9,289</u>	<u>210,961</u>	<u>40,461</u>	<u>23,395</u>	<u>274,817</u>
Total personnel costs	<u>1,110,029</u>	<u>55,435</u>	<u>1,165,464</u>	<u>229,021</u>	<u>132,108</u>	<u>1,526,593</u>
Non-personnel costs						
Interest	-	1,029,029	1,029,029	29,567	-	1,058,596
Bad debt expenses	-	536,973	536,973	-	-	536,973
Depreciation and amortization	-	459,584	459,584	7,510	-	467,094
Property management expenses	-	376,277	376,277	-	-	376,277
Consultants and contractors	171,890	-	171,890	1,250	-	173,140
Reimbursement of SFCIF expenses	-	128,500	128,500	-	-	128,500
Accounting and auditing	11,669	-	11,669	81,409	-	93,078
Legal	8,969	25,153	34,122	28,675	-	62,797
Insurance	3,088	39,561	42,649	8,481	-	51,130
Information technology	1,595	5,933	7,528	39,851	1,924	49,303
Marketing	30,908	-	30,908	13,578	1,575	46,061
Events	20,718	-	20,718	-	14,707	35,425
Leasing commission	-	7,144	7,144	-	-	7,144
Occupancy	-	-	-	6,379	-	6,379
Travel	4,457	-	4,457	435	775	5,667
Office expenses	923	-	923	3,201	-	4,124
Other expenses	98	-	98	3,206	40	3,344
Property tax	-	1,781	1,781	-	-	1,781
Board and staff development	<u>405</u>	<u>-</u>	<u>405</u>	<u>75</u>	<u>-</u>	<u>480</u>
Total non-personnel costs	<u>254,720</u>	<u>2,609,935</u>	<u>2,864,655</u>	<u>223,617</u>	<u>19,021</u>	<u>3,107,293</u>
Total expenses	<u>\$ 1,364,749</u>	<u>\$ 2,665,370</u>	<u>\$ 4,030,119</u>	<u>\$ 452,638</u>	<u>\$ 151,129</u>	<u>\$ 4,633,886</u>

See independent auditors' report and accompanying notes.



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

	Program Services			Supporting Activities		Total
	Advising and Education	Affordable Industrial Space	Total Program Services	General and Administrative	Fundraising	
Personnel costs						
Salaries	\$ 1,064,606	\$ 161,950	\$ 1,226,556	\$ 75,509	\$ 53,900	\$ 1,355,965
Payroll taxes and benefits	<u>236,319</u>	<u>5,654</u>	<u>241,973</u>	<u>36,191</u>	<u>12,582</u>	<u>290,746</u>
Total personnel costs	<u>1,300,925</u>	<u>167,604</u>	<u>1,468,529</u>	<u>111,700</u>	<u>66,482</u>	<u>1,646,711</u>
Non-personnel costs						
Interest	-	1,037,306	1,037,306	-	-	1,037,306
Bad debt expenses	-	495,368	495,368	22,682	-	518,050
Depreciation and amortization	-	503,915	503,915	10,537	-	514,452
Property management expenses	-	469,778	469,778	-	-	469,778
Consultants and contractors	205,448	-	205,448	2,000	1,881	209,329
Reimbursement of SFCIF expenses	-	128,000	128,000	-	-	128,000
Legal	31,178	49,647	80,825	1,610	-	82,435
Marketing	17,582	-	17,582	37,947	6,258	61,787
Leasing commission	-	54,112	54,112	-	-	54,112
Insurance	9,465	42,330	51,795	2,059	-	53,854
Information technology	2,341	4,571	6,912	39,541	2,160	48,613
Accounting and auditing	21,900	-	21,900	25,060	-	46,960
Security	-	34,961	34,961	-	-	34,961
Other expenses	1,163	-	1,163	24,880	-	26,043
Property tax	-	10,065	10,065	621	-	10,686
Travel	4,370	132	4,502	1,180	2,344	8,026
Events	6,069	-	6,069	135	530	6,734
Office expenses	2,404	-	2,404	2,313	12	4,729
Recruiting	<u>1,241</u>	<u>-</u>	<u>1,241</u>	<u>605</u>	<u>75</u>	<u>1,921</u>
Total non-personnel costs	<u>303,161</u>	<u>2,830,185</u>	<u>3,133,346</u>	<u>171,170</u>	<u>13,260</u>	<u>3,317,776</u>
Total expenses	<u>\$ 1,604,086</u>	<u>\$ 2,997,789</u>	<u>\$ 4,601,875</u>	<u>\$ 282,870</u>	<u>\$ 79,742</u>	<u>\$ 4,964,487</u>

See independent auditors' report and accompanying notes.

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

	2023	2022
<u>Cash flows from operating activities</u>		
Change in net assets	\$ <u>(498,965)</u>	\$ <u>(1,377,139)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	446,844	494,201
Amortization of loan issuance costs	20,250	20,251
Decrease (increase) in:		
Accounts receivable	82,933	1,048,099
Contributions receivable	(194,046)	64,825
Prepaid expenses and other assets	1,002	9,002
Deferred rent	(257,783)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(19,830)	(108,209)
Accrued interest	(119,854)	(69,617)
Advance rent	(10,493)	35,974
Tenant security deposits	<u>(180,462)</u>	<u>120,777</u>
Total adjustments	<u>(231,439)</u>	<u>1,615,303</u>
Net cash provided by (used in) operating activities	<u>(730,404)</u>	<u>238,164</u>
 <u>Cash flows from investing activities</u>		
Purchases of property and equipment	(18,358)	(7,834)
Proceeds from sale of property and equipment	<u>-</u>	<u>901</u>
Net cash used in investing activities	<u>(18,358)</u>	<u>(6,933)</u>
 <u>Cash flows from financing activities</u>		
Payments on loan payable	(149,785)	(153,847)
Proceeds from notes payable	<u>-</u>	<u>350,000</u>
Net cash provided by (used) in financing activities	<u>(149,785)</u>	<u>196,153</u>
 Net increase (decrease) in cash and cash equivalents and restricted cash	(898,547)	427,384
 Cash and cash equivalents and restricted cash, beginning of year	<u>3,089,377</u>	<u>2,661,993</u>
 Cash and cash equivalents and restricted cash, end of year	<u>\$ 2,190,830</u>	<u>\$ 3,089,377</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 1,158,200	\$ 1,106,923
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH CONSISTED OF THE FOLLOWING:		
Cash and cash equivalents	\$ 1,893,093	\$ 2,750,252
Restricted cash	<u>297,737</u>	<u>339,125</u>
	<u>\$ 2,190,830</u>	<u>\$ 3,089,377</u>

See independent auditors' report and accompanying notes.

**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note A**  
**Nature of Organization**

**Nature of Business:**

SFMade, Inc. was established in 2010 as an independent nonprofit organization to support local manufacturers so they can thrive, innovate, and create good jobs for a more diverse and sustainable Bay Area. 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, SFMade 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, therefore, 150 Hooper has been consolidated with SFMade, Inc. 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, 2023 AND 2022**

**Note A - Nature of Organization (Continued)**

**Program Activities:**

*Advising and education* - SFMade provides local manufacturers in the San Francisco Bay Area with business advising, education, and resources so that they can remain in the Bay Area, grow, and create employment opportunities for low-income individuals, with a focus on people of color, immigrants, and women. SFMade also works directly with manufacturers to help them to prepare for and hire from the local workforce. The workforce programs serve both adults with significant barriers to employment and low-income youth by placing them directly into training, paid internships, and full-time employment. The regional policy/practice programs engages key stakeholders across all 9 bay area counties - including local government, community organizations, and higher education -to create a robust regional manufacturing sector by fostering regional collaboration and coordinating the covid crisis response from city governments to make sure manufacturing is a front and center priority and strategy to build a more inclusive and equitable economy.

*Affordable industrial space* - In 2013, SFMade launched a non-profit industrial development organization called PlaceMade to enable both public and private sector projects. PlaceMade taps into subsidies and other benefits to ensure that the Bay Area has adequate, quality industrial space to support a vibrant and growing manufacturing sector. The 150 Hooper building comprises four floors and has over 50,000ft<sup>2</sup> of multi-tenant, manufacturing space. The main purpose of this building is to sustain and grow manufacturing jobs for urban residents by creating functional, accessible, and affordable real estate for manufacturing businesses.

**Note B**  
**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 SFMade are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. SFMade 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 SFMade. These net assets may be used at the discretion of SFMade'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.

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.

Cash and Cash Equivalents:

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

Restricted Cash:

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

**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

Accounts Receivable:

Accounts receivable consists primarily of receivables from program contributors and are stated at the amount management expects to collect from outstanding balances. SFMade uses the allowance method to determine uncollectible, unconditional receivables. The allowance is based on prior years' experience and management's analysis of specific promises to give. Management has determined that no allowance was necessary at December 31, 2023 and 2022.

Accounts receivables related to rental income are valued at the amount SFMade 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. SFMade 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. SFMade has determined that an allowance of \$989,654 and \$495,368 is adequate as of December 31, 2023 and 2022, respectively.

Revenue Recognition:

Manufacturing sector services and affordable industrial space revenue consists of fees for educational workshops. 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.

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 \$491,260 and \$837,661 of which no amounts had been received in advance, that have not been recognized at December 31, 2023, because qualifying expenditures have not yet been incurred.

**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

Donated Goods and Services:

Donated goods are recognized when received at their estimated fair value.

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. During the year ended December 31, 2023, SFMade received approximately \$10,000 worth of tote bags which were donated to be given away at an event hosted by SFMade. The estimated fair value of these bags was recorded in revenue and expensed as event supplies.

All donated services and assets were utilized by SFMade's program and supporting activities. There were no donor-imposed restrictions associated with the donated services and assets.

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. 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. The estimated useful lives used to calculate depreciation are as follows:

Category	Useful Life
Buildings	50 years
Leasehold improvements	15 years
Office furniture	5 years
Computers & office equipment	3 years

**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

Tenant Security Deposits:

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

Advertising:

Advertising costs are expensed as incurred and paid. For the years ended December 31, 2023 and 2022 advertising expense totaled \$46,061 and \$61,787, respectively.

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 activities 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.

Tax Exempt Status:

SFMAde 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). The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; and to determine its filing and tax obligations. The Organization has no unrelated business income and management has analyzed tax positions taken and has concluded that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. The Organization is no longer subject to income tax examinations for tax years up to and including 2020.

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.



**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

Recently Adopted Accounting Guidance:

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), or CECL, which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year of adoption.

SFMade adopted the CECL standard effective January 1, 2023, using the required modified retrospective approach. The impact of the adoption was not considered material to the financial statements.

**Note C**  
**Concentration of Credit Risk**

SFMade maintains cash balances at two commercial banks, these balances can exceed the FDIC insured deposit of \$250,000. As of December 31, 2023, SFMade entered into a cash sweep provision with the Community Bank of The Bay for balances in excess of the FDIC insured deposit of \$250,000. At December 31, 2023, there were no uninsured cash balances. At December 31, 2022, SFMade's cash balances held at the commercial banks exceeded FDIC limits by \$2,007,719. To date, SFMade 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, 2023 AND 2022**

**Note D**  
**Liquidity and Availability of Resources**

SFMade'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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Current financial assets, at year end:		
Cash and cash equivalents	\$ 1,893,093	\$ 2,750,252
Restricted cash	297,737	339,125
Accounts receivable	99,609	182,542
Contribution receivables	<u>522,949</u>	<u>328,903</u>
Total current financial assets	<u>2,813,388</u>	<u>3,600,822</u>
Amounts not available to be used within one year due to:		
Net assets with donor restrictions	(57,936)	(356,687)
Contractual imposed restrictions:		
Restricted cash accounts under the New Market Tax Credit Agreements	(297,737)	(339,125)
Tenant security deposits	<u>(90,684)</u>	<u>(271,146)</u>
Total financial assets not available to be used within one year	<u>(446,357)</u>	<u>(966,958)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,367,031</u>	<u>\$ 2,633,864</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 G).

**Note E**  
**Property and Equipment**

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

	<u>2023</u>	<u>2022</u>
Land	\$ 13,471,100	\$ 13,471,100
Building and improvements	23,491,389	23,477,798
Furniture and equipment	<u>135,750</u>	<u>130,983</u>
Subtotals	37,098,239	37,079,881
Less: accumulated depreciation	<u>(2,632,427)</u>	<u>(2,185,583)</u>
Totals	<u>\$ 34,465,812</u>	<u>\$ 34,894,298</u>

**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note E**  
**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 H. 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, 2023 and 2022, totaled \$446,844 and \$494,201, respectively. Property and equipment are collateral for the debt agreements.

**Note F**  
**Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following as of December 31, 2023:

	Beginning Balance	Contributions and Income	Released from Restrictions	Ending Balance
San Jose region	\$ 240,419	\$ 145,000	\$ (376,919)	\$ 8,500
San Francisco region	78,018	142,500	(171,082)	49,436
San Francisco Bay Area	<u>38,250</u>	<u>50,000</u>	<u>(88,250)</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 356,687</u>	<u>\$ 337,500</u>	<u>\$ (636,251)</u>	<u>\$ 57,936</u>

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>

**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note G**

**Line of Credit**

SFMade, Inc. entered into a line of credit of \$300,000 with Community Bank of the Bay 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, 2023 and 2022, 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, 2023 and 2022.

**Note H**

**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 I) 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 bears 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, 2023 and 2022, of approximately \$298,000 and \$339,000, 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, 2023 AND 2022**

**Note I**  
**Loans Payable**

Loans payable is comprised the following at December 31:

	2023	2022
<p>On March 28, 2018, PlaceMade entered into a loan agreement with Community Vision Capital &amp; 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.</p>		
<p>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, 2023 and 2022, 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 H.</p>	\$ 8,200,608	\$ 8,353,548
<p>In March 2018, 150 Hooper received sub-loans from CDEs consisting of loans for \$1,000,000 and \$22,698,000 with fixed interest rates of 2.3930% and 3.3679%, respectively. The maturity dates for all loans are in March 2058 with no payments due until that time.</p>	23,698,000	23,698,000

**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note I**

**Loans Payable (Continued)**

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.

	<u>480,888</u>	<u>477,733</u>
Total loans payable	32,379,496	32,529,281
Less current portion of loans payable	(186,801)	(179,353)
Less unamortized debt issuance costs	<u>(25,313)</u>	<u>(45,563)</u>
Total loans payable, net of current portion	<u>\$ 32,167,382</u>	<u>\$ 32,304,365</u>

The future schedule of principal payments as of December 31, 2023, is summarized as follows:

<u>Year Ending December 31,</u>	<u>CVCC</u>	<u>CDEs</u>	<u>EIDL</u>	<u>Total</u>
2024	\$ 160,389	\$ -	\$ 26,412	\$ 186,801
2025	8,040,219	-	26,412	8,066,631
2026	-	-	26,412	26,412
2027	-	-	26,412	26,412
2028	-	-	26,412	26,412
Thereafter	<u>-</u>	<u>23,698,000</u>	<u>348,828</u>	<u>24,046,828</u>
	<u>\$ 8,200,608</u>	<u>\$ 23,698,000</u>	<u>\$ 480,888</u>	<u>\$ 32,379,496</u>

**Note J**

**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, 2023 and 2022.

**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note K**  
**Rental Income**

SFMade receives rental income from tenants under non-cancelable operating leases through August 31, 2028. Approximate minimum annual rentals under operating leases in affect at December 31, 2023, 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>
2024	\$ 693,256
2025	432,419
2026	141,861
2027	57,338
2028	<u>38,226</u>
	<u>\$ 1,363,100</u>

Rental income under these agreements totaled \$1,749,326 and \$777,530, respectively, for the years ended December 31, 2023 and 2022. These amounts include \$54,000 annually of intercompany rental income which was eliminated in the consolidation of the financial statements for December 31, 2023 and 2022.

**Note L**  
**Related Party Transactions**

For the years ended December 31, 2023 and 2022, contributions from members of the Board of Directors and the corporations by whom they are employed totaled approximately \$55,000 and \$41,000, respectively. No amounts were outstanding in accounts receivable related to these contributions at December 31, 2023 and 2022.

**Note M**  
**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 \$37,633 and \$33,936, respectively, for the years ended December 31, 2023 and 2022.

**SFMADE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**Note N**

**Subsequent Events**

Management considered all events through July 29, 2024, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. In December 2022, 150 Hooper Inc. filed an unlawful detainer against one of its tenants due to non-payment of rent and is seeking eviction and collection of unpaid rents. The tenant filed a countersuit against 150 Hooper Inc., PlaceMade and SFMade Inc. for economic torts. The litigation is currently ongoing and management believes SFMade Inc. and its subsidiaries do not have any significant claims pending which will result in a material financial impact on SFMade Inc when the ultimate resolution is decided. Aside from this matter, SFMade is not aware of any significant events that occurred subsequent to December 31, 2023, 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, 2023**

<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	\$ 1,525,487	\$ 162,451	\$ 205,155	\$ -	\$ 1,893,093
Accounts receivable	-	-	99,609	-	99,609
Contribution receivables	522,949	-	-	-	522,949
Prepaid expenses and other assets	<u>26,078</u>	<u>1,660</u>	<u>2,177</u>	-	<u>29,915</u>
Total current assets	2,074,514	164,111	306,941	-	2,545,566
<u>Restricted cash</u>	-	-	297,737	-	297,737
<u>Loans receivable, net</u>	-	16,706,080	-	-	16,706,080
<u>Deferred rent</u>	-	-	257,783	-	257,783
<u>Property and equipment, net</u>	<u>6,602</u>	<u>-</u>	<u>34,459,210</u>	<u>-</u>	<u>34,465,812</u>
TOTAL ASSETS	<u>\$ 2,081,116</u>	<u>\$ 16,870,191</u>	<u>\$ 35,321,671</u>	<u>\$ -</u>	<u>\$ 54,272,978</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>Current liabilities</u>					
Accounts payable and accrued expenses	\$ 34,428	\$ -	\$ 19,706	\$ -	\$ 54,134
Accrued interest, current portion	-	9,988	-	-	9,988
Current portion of loans payable	26,412	160,389	-	-	186,801
Advanced rent	<u>-</u>	<u>-</u>	<u>25,481</u>	<u>-</u>	<u>25,481</u>
Total current liabilities	<u>60,840</u>	<u>170,377</u>	<u>45,187</u>	<u>-</u>	<u>276,404</u>
<u>Long-term liabilities</u>					
Loans payable, net of current portion	454,476	8,014,906	23,698,000	-	32,167,382
Tenant security deposits	<u>-</u>	<u>-</u>	<u>90,684</u>	<u>-</u>	<u>90,684</u>
Total long-term liabilities	<u>454,476</u>	<u>8,014,906</u>	<u>23,788,684</u>	<u>-</u>	<u>32,258,066</u>
Total liabilities	<u>515,316</u>	<u>8,185,283</u>	<u>23,833,871</u>	<u>-</u>	<u>32,534,470</u>
<u>Net assets</u>					
Without donor restrictions	1,507,864	8,684,908	11,487,800	-	21,680,572
With donor restrictions	<u>57,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,936</u>
Total net assets	<u>1,565,800</u>	<u>8,684,908</u>	<u>11,487,800</u>	<u>-</u>	<u>21,738,508</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,081,116</u>	<u>\$ 16,870,191</u>	<u>\$ 35,321,671</u>	<u>\$ -</u>	<u>\$ 54,272,978</u>

See independent auditors' report and accompanying notes.

**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 Receivable	-	-	182,542	-	182,542
Contribution receivables	328,903	-	-	-	328,903
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>-</u>	<u>34,894,298</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 2,183,445</u></u></b>	<b><u><u>\$ 17,113,983</u></u></b>	<b><u><u>\$ 35,934,689</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ 55,232,117</u></u></b>
 <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	-	-	35,974	-	35,974
Total current liabilities	<u>35,522</u>	<u>282,805</u>	<u>100,806</u>	<u>-</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>-</u>	<u>271,146</u>
Total long-term liabilities	<u>451,321</u>	<u>8,155,044</u>	<u>23,969,146</u>	<u>-</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>-</u>	<u>356,687</u>
Total net assets	<u>1,696,602</u>	<u>8,676,134</u>	<u>11,864,737</u>	<u>-</u>	<u>22,237,473</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 2,183,445</u></u></b>	<b><u><u>\$ 17,113,983</u></u></b>	<b><u><u>\$ 35,934,689</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ 55,232,117</u></u></b>

See independent auditors' report and accompanying notes.

**SFMADE, INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2023**

	<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	\$ 709,011	\$ -	\$ 150,000	\$ (150,000)	\$ 709,011
Government grants	1,028,282	-	-	-	1,028,282
Program revenue:					
Manufacturing sector services	104,600	-	-	-	104,600
Affordable industrial space development	-	90,000	1,864	(90,000)	1,864
Rental income	-	-	1,749,326	(54,000)	1,695,326
Interest income	<u>23,194</u>	<u>572,644</u>	<u>-</u>	<u>-</u>	<u>595,838</u>
Total support and revenue	<u>1,865,087</u>	<u>662,644</u>	<u>1,901,190</u>	<u>(294,000)</u>	<u>4,134,921</u>
<u>Expenses</u>					
Program services					
Advising and education	1,409,958	-	-	(45,209)	1,364,749
Affordable industrial space	<u>-</u>	<u>490,502</u>	<u>2,264,868</u>	<u>(90,000)</u>	<u>2,665,370</u>
Total program services	1,409,958	490,502	2,264,868	(135,209)	4,030,119
Supporting activities					
General and administrative	434,802	163,368	13,259	(158,791)	452,638
Fundraising	<u>151,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,129</u>
Total expenses	<u>1,995,889</u>	<u>653,870</u>	<u>2,278,127</u>	<u>(294,000)</u>	<u>4,633,886</u>
CHANGE IN NET ASSETS	(130,802)	8,774	(376,937)	-	(498,965)
NET ASSETS, beginning of year	<u>1,696,602</u>	<u>8,676,134</u>	<u>11,864,737</u>	<u>-</u>	<u>22,237,473</u>
NET ASSETS, at end of year	<u>\$ 1,565,800</u>	<u>\$ 8,684,908</u>	<u>\$ 11,487,800</u>	<u>\$ -</u>	<u>\$ 21,738,508</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	-	-	1,272,898	(54,000)	1,218,898
Property tax refund	-	-	58,267	-	58,267
Interest income	-	562,644	-	-	562,644
	<u>1,747,539</u>	<u>742,644</u>	<u>1,331,165</u>	<u>(234,000)</u>	<u>3,587,348</u>
<u>Expenses</u>					
Program services					
Advising and education	1,652,694	-	-	(48,608)	1,604,086
Affordable industrial space	-	620,439	2,550,628	(173,278)	2,997,789
Total program services	1,652,694	620,439	2,550,628	(221,886)	4,601,875
Supporting activities					
General and administrative	223,469	11,500	57,728	(9,827)	282,870
Fundraising	82,029	-	-	(2,287)	79,742
Total expenses	<u>1,958,192</u>	<u>631,939</u>	<u>2,608,356</u>	<u>(234,000)</u>	<u>4,964,487</u>
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>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>

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