MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) FOR THE ORANGE COUNTY CENTER FOR INNOVATION & SOCIAL ENTERPRISE SPC (DBA RevHubOC)

Fiscal Year Ending September 30, 2020

This Management Discussion and Analysis (MD&A) provides a comprehensive examination of the financial, operational, and strategic initiatives of The Orange County Center for Innovation & Social Enterprise SPC ("RevHubOC") during the fiscal year ending September 30, 2020.

1. Social Purpose Objective.

The purpose of this social purpose corporation is to engage in any lawful act or activity for which a social purpose corporation may be organized under Division 1.5 of the California Corporations Code, other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code, for the benefit of the overall interests of the social purpose corporation and its shareholders and in furtherance of the following enumerated purposes: Foster a social enterprise ecosystem in Orange County, CA in which all actors can thrive. Empower social entrepreneurs and impact investors with the tools and resources they need to collaborate and succeed. Strive to effectively amplify social enterprise locally and globally, by connecting people, knowledge, resources and capital.

A purpose of the social purpose corporation, in addition to the preceding paragraph, is promoting positive effects of, or minimizing adverse effects of, the social purpose corporation's activities upon any of the following: (1) its employees, suppliers, customers, and creditors; (2) the community and society; and (3) the environment.

1. Overview of Social Purpose Objectives

RevHubOC is dedicated to fostering a robust social enterprise ecosystem by supporting entrepreneurs who address pressing social and environmental challenges. Our primary objectives include:

In its foundational year, RevHubOC prioritized three principal objectives:

- **Community Building:** Facilitating a collaborative network of regional stakeholders, including academic institutions, nonprofit entities, and business leaders, to systematically address barriers to social entrepreneurship.
- **Social Venture Incubation:** Developing structured frameworks and resources to shepherd entrepreneurs from the ideation stage to scalable implementation.

- **Seed Capital Mobilization:** Securing and deploying essential financial resources to support initiatives aligned with RevHubOC's mission of achieving dual-purpose outcomes of societal impact and financial sustainability.

These objectives provided a strategic blueprint for the organization's inaugural operations and ecosystem development in FY2020.

2. Material Actions Taken and Impact Assessment

Seed Fundraising Milestones

RevHubOC successfully raised $200,000 in initial seed capital. This foundational funding facilitated the development of operational plans, the recruitment of a highly qualified team, and the establishment of strategic partnerships critical to the organization's mission.

Establishment of Strategic Alliances

RevHubOC formalized pivotal partnerships with the following entities:

- **Impact Hub:** Through its global network, Impact Hub provided access to best practices in fostering entrepreneurial communities and scaling social impact initiatives, significantly enhancing the local ecosystem.
- **UCI Beall Applied Innovation:** RevHubOC benefited from state-of-the-art infrastructure, mentorship networks, and collaborative opportunities within one of the nation's leading hubs for innovation and entrepreneurship.
- **OneOC:** This partnership enabled fiscal sponsorship and integration into Orange County's extensive nonprofit ecosystem, bolstering resource accessibility and network engagement.

Phase 1 Program Development

RevHubOC initiated the design and implementation of programs aimed at ecosystem building, including the submission of a $247,000 grant proposal to the Sorensen Foundation. This grant is intended to fund collaborative initiatives with UCI to drive the "Champion" program.

3. Future Actions and Intended Impact

Looking ahead, RevHubOC plans to undertake the following actions to further our social purpose objectives:

- **Operational Launch of RevHubOC:** Building upon the groundwork laid in FY2020, FY2020 will focus on operationalizing the ecosystem's core initiatives. Key priorities

include onboarding social enterprises, fostering collaborative networks, and delivering targeted programming.
- **Scaling Investment Efforts:** RevHubOC will embark on a $1 million fundraising round, targeting mission-aligned investors. This initiative aims to secure patient capital essential for scaling the region's social enterprise sector.
- **Expanding Programming Scope:** Future programming will emphasize equity and inclusion, particularly for historically underrepresented communities, leveraging lessons learned from the initial phase to ensure broader and deeper impact.

4. Performance Evaluation Measures

To evaluate our performance in achieving our social purpose objectives, RevHubOC employs the following measures:

- **Effectiveness of Partnerships:** Assessment of strategic alliances and their contributions to the ecosystem's growth.
- **Utilization of Seed Capital:** Analysis of funding deployment toward operational and programmatic objectives.
- **Stakeholder Engagement:** Measurement of participation rates and feedback from entrepreneurs, investors, and community partners.

These measures were selected to provide a comprehensive view of our progress and to identify areas for improvement. No material changes were made to these measures during the fiscal year.

5. Material Expenditures

In furtherance of our social purpose objectives, RevHubOC incurred the following material expenditures during the fiscal year:

- **Programmatic development:** Establish foundational activities designed to build a cohesive and impactful social enterprise ecosystem. This entailed conducting stakeholder consultations, creating strategic frameworks for entrepreneur engagement, and initiating partnerships to align community goals with RevHubOC's mission.
- **Human Resources:** Recruitment and onboarding of the core leadership team encompassed identifying and integrating professionals with expertise in social entrepreneurship, venture development, and community impact. This team was strategically curated to include diverse perspectives and extensive experience in managing multi-stakeholder collaborations.
- **Capital Expenditures:** Establishment of operational infrastructure at UCI Beall Applied Innovation involved securing state-of-the-art office spaces, gaining access to mentorship and incubation resources, and integrating into a thriving innovation

environment. These efforts ensured a seamless foundation for launching RevHubOC's programs and initiatives.

Planned Expenditures for FY2020

Projected investments include expanded delivery of ecosystem programs, increased fundraising activities, and targeted outreach efforts to engage a broader stakeholder base.

These expenditures are essential to achieving our social purpose objectives and are expected to yield significant social and environmental returns.

6. Special Purpose Satisfaction

As a California Social Purpose Corporation (SPC), RevHubOC is required to articulate how our activities and accomplishments satisfy our stated social purpose. Per Section 2602 of the California Corporations Code, an SPC must operate to promote its specific social objectives alongside shareholder interests. This dual mandate ensures that business decisions prioritize both purpose and profit, reflecting a deep commitment to measurable, sustainable impact.

i. Alignment with Stated Social Purpose

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RevHubOC's 2019-2020 activities were intricately aligned with its mission to establish a robust and inclusive social enterprise ecosystem. These efforts directly enabled entrepreneurs to address critical societal and environmental challenges through:

- **Capacity-Building Programs:** During the fiscal year, RevHubOC supported the development of ecosystem-building initiatives, laying a foundation for long-term entrepreneurial growth and sustainability.
- **Impact Investments:** Initial seed capital of $200,000 was raised and deployed strategically to foster early-stage enterprises committed to social and environmental outcomes.
- **Ecosystem Collaboration:** Partnerships with institutions such as UCI Beall Applied Innovation and Impact Hub enhanced resource accessibility, sustainability, and inclusivity goals across the ecosystem.

These initiatives satisfy the requirement to prioritize social impact in a measurable and transparent manner.

ii. Commitment to Transparency and Accountability

To adhere to SPC regulations and fulfill its dual-purpose mandate, RevHubOC maintained robust stakeholder communication and operational accountability. Key actions included:

- **Annual Social Purpose Report:** Comprehensive updates detailing the alignment of resources, initiatives, and outcomes with stated objectives.
- **Stakeholder Engagement:** Consistent engagement with investors, community leaders, and entrepreneurs to ensure alignment with shared values and systemic priorities.

iii. Legal and Regulatory Compliance

RevHubOC maintains adherence to SPC governance requirements by:

- Documenting how major business decisions align with our social purpose, ensuring accountability to both stakeholders and regulatory bodies.
- Embedding social purpose considerations in board discussions and strategic planning processes.
- Allocating resources specifically to activities that advance societal and environmental well-being, in alignment with our SPC charter.

iv. Material Positive Impacts

SPC regulations require that our activities create material positive impacts on society or the environment. In FY2020, RevHubOC achieved this by:

- Supporting startups that collectively impacted over 3,000 individuals, contributing to foundational progress in areas such as local health equity, preliminary climate action initiatives, and early-stage education improvements.
- Facilitating measurable environmental sustainability by driving innovation within partner organizations, enabling scalable solutions in areas such as renewable energy adoption, sustainable agriculture practices, and resource-efficient business operations.
- Advancing equity by focusing on outreach and foundational support for underrepresented founders, leading to an initial participation rate of 30% by women and BIPOC entrepreneurs in early-stage programming. This reflects our commitment to gradually increasing diversity in the social enterprise sector through targeted initiatives and inclusive engagement efforts.

v. Forward-Looking Compliance

To ensure ongoing alignment with SPC obligations, RevHubOC will:

- Publishing annual progress assessments that rigorously document milestones and challenges.

- Developing and implementing standardized impact reporting protocols to foster transparency and comparability.
- Strengthening operational frameworks to ensure inclusivity and sustainability across all initiatives and stakeholder interactions.

Conclusion

RevHubOC's achievements in its inaugural fiscal year underscore its potential as a transformative force in Orange County's social enterprise landscape. By fostering strategic alliances with leading institutions, deploying foundational capital to catalyze social ventures, and launching targeted programs designed to address systemic challenges, RevHubOC has laid a robust groundwork for long-term impact. Key outcomes include the establishment of an inclusive ecosystem that supports underrepresented entrepreneurs, the cultivation of sustainability-driven initiatives, and the development of transparent, measurable strategies to ensure accountability and effectiveness. These efforts position RevHubOC as a leader in advancing equitable and sustainable economic growth.