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

Fiscal Year Ending September 30, 2022

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, 2022.

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 FY2022, RevHubOC prioritized three principal objectives:

- **Social Venture Incubation**: Supporting 12 ventures across Cohorts 2, 3, and 4, focused on sectors like education, sustainability, and technology. Entrepreneurs reported growth in business skills, including HR, governance, and sales, with all ventures in Cohorts 2 and 3 achieving at least two measurable business improvements.

- **Resource Mobilization:** Securing $8.5 million in state funding for the North Orange County Social Entrepreneurship Collaborative (NOCSEC), aimed at building a robust ecosystem for under-resourced and underrepresented communities.
- **Ecosystem Collaboration:** Partnering with UCI's Merage School of Business, the Samueli Foundation, and other key stakeholders to plan initiatives such as the OC V!be wellness campus and neighborhood entrepreneurship hubs.

These objectives built upon the foundation laid in FY2021, emphasizing measurable impact and scalability.

2. Material Actions Taken and Impact Assessment

Incubation Program Highlights

- **Cohorts 2 and 3:** Nine ventures participated, with all reporting growth in key entrepreneurial skills. Four ventures, including PocketCFO and Aleria, completed deliverables to pitch to RevFund.
- **Cohort 4:** Launched with ventures like StoryBolt and Shoonya, focusing on impact modeling and social innovation. Two ventures transitioned from traditional business models to social enterprises.

Major Funding Achievements

- **NOCSEC:** Received $8.5 million in state funding to establish illuminated pathways to entrepreneurship in North Orange County. This initiative supports zero-barrier access for underrepresented communities.
- **Community Economic Resilience Fund (CERF):** Participation in Orange County's $5 million grant application to drive sustainable and inclusive economic planning.

Strategic Partnerships

- **UCI Merage School of Business:** Collaborated on co-funding opportunities and research projects for new venture creation.
- **OC V!be Collaborative:** Engaged in planning a wellness campus with urban agriculture and community services, including a neighborhood entrepreneurship hub.

3. Future Actions and Intended Impact

Scaling Incubation Programs

- Launch additional cohorts with tailored programming to address the evolving needs of ventures in diverse sectors.
- Enhance advisor relationships and mentorship networks to improve entrepreneurial outcomes.

Expanding Funding Efforts

- Build upon the success of NOCSEC to attract further public and private investments.
- Develop new proposals to support underrepresented entrepreneurs and drive systemic impact.

Deepening Community Engagement

- Organize summits and workshops addressing key systemic challenges like education and housing.
- Strengthen advocacy for social enterprise-friendly legislation at local and state levels.

4. Performance Evaluation Measures

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

- **Incubation Outcomes:** Ventures in Cohorts 2–4 demonstrated measurable success, with 75% reporting significant improvements in key areas such as sales strategies, governance structures, and operational efficiency. Additionally, four ventures, including PocketCFO and Aleria, completed the necessary deliverables to become investment-ready and were successfully pitched to RevFund for funding consideration.
- **Partnership Impact:** New collaborations with academic institutions like UCI's Merage School of Business and philanthropic entities such as the Samueli Foundation expanded the ecosystem's capacity. These partnerships provided ventures with access to advanced research opportunities, mentorship, and funding channels that were pivotal in scaling their social innovations.
- **Community Engagement:** Over 150 stakeholders participated in targeted summits, addressing systemic challenges in housing, education, and economic resilience. Advisory groups formed during these engagements have been instrumental in fostering long-term collaboration and ensuring the implementation of actionable solutions across diverse sectors.

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:

- **Human Resources:** Recruiting and supporting program staff and advisors included onboarding experienced professionals with expertise in social entrepreneurship, providing the leadership necessary to drive impactful program delivery.

- **Programmatic development:** Developing incubation frameworks and digital tools like the Spark XYZ platform focused on streamlining venture operations, enabling real-time data collection, and enhancing entrepreneur-advisor collaboration.
- **Capital Expenditures:** Hosting summits and workshops to foster collaboration addressed systemic challenges by bringing together over 150 stakeholders from diverse sectors to co-create actionable solutions and long-term strategies.

Planned Expenditures for FY2023

- **Scaling Programming**: Expand programming for new cohorts will incorporate expanded impact-driven workshops, enhanced mentorship opportunities, and specialized training tailored to address emerging sector needs.
- **Expanding Partnerships:** Partnerships will focus on building long-term collaborations with academic institutions, industry leaders, and community organizations to sustain and grow the ecosystem's resources and capacity.
- **Expand Social Enterprise Advocacy**: Advocate for social enterprise-friendly policies will include engaging policymakers, developing strategic legislative proposals, and aligning advocacy efforts with stakeholders to ensure systemic impact.

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

From 2021 to 2022, RevHubOC advanced its stated social purpose by:

- Supporting 12 ventures across Cohorts 2–4, RevHubOC facilitated the development of scalable social innovations addressing critical issues in education, technology, and sustainability. These ventures collectively impacted over 10,000 individuals, demonstrating measurable outcomes such as increased educational access, improved resource efficiency, and technology-driven solutions to systemic problems.
- Established partnerships with organizations like NOCSEC and UCI were pivotal in creating equitable pathways for entrepreneurship. Through targeted programming and accessible resources, these partnerships expanded opportunities for underrepresented communities, ensuring that diversity and inclusivity remained integral to ecosystem growth.
- Driving sustainability efforts by prioritizing sustainability through advocacy and stakeholder collaboration. Policy initiatives focused on creating frameworks for

resilient social enterprises, while community workshops fostered collective approaches to long-term environmental and economic challenges.

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:

- **Reporting and Governance:** Published comprehensive quarterly and annual reports that aligned activities with clearly defined social impact goals. These reports provided transparency on financial allocations, programmatic outcomes, and stakeholder engagement.
- **Governance Frameworks:** Established rigorous oversight mechanisms, including dedicated committees for financial audits and operational evaluations, ensuring compliance with both fiscal and programmatic responsibilities.

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. RevHubOC achieved this by:

- Ventures from Cohorts 2–4 demonstrated significant progress, collectively impacting over 10,000 individuals. Outcomes included scalable educational models, innovative tech solutions, and sustainability-focused projects that addressed community needs.
- Successfully secured $8.5 million in funding for NOCSEC, which is instrumental in driving social enterprise growth and fostering systemic economic development in under-resourced communities.
- Fostered impactful collaborations that influenced regional policy, expanded access to entrepreneurial resources, and strengthened the ecosystem's capacity to support sustainable innovation.

v. Forward-Looking Compliance

To ensure ongoing alignment with SPC obligations, RevHubOC will:

- Publishing detailed progress assessments to enhance accountability involved creating quarterly reports and annual reviews that documented achievements and challenges. These assessments highlighted key venture milestones and programmatic outcomes to ensure alignment with stated goals.
- Implement standardized impact reporting protocols included developing a framework to measure and communicate impact metrics across ventures. This framework ensured consistency and enabled meaningful comparisons to guide decision-making.
- Expanding partnerships ensured equitable and sustainable growth by fostering relationships with academic institutions, philanthropic organizations, and industry leaders, thereby amplifying resources and capacity to address systemic challenges.

Conclusion

RevHubOC's achievements during the 2021-2022 fiscal year demonstrate its pivotal role as a transformative leader in social enterprise development. By incubating 12 ventures across multiple cohorts, RevHubOC facilitated scalable solutions that addressed systemic challenges in education, technology, and sustainability, impacting over 10,000 individuals. Strategic partnerships, such as those with UCI Merage School of Business and the Samueli Foundation, expanded the ecosystem's capacity through mentorship, research, and funding channels. Additionally, the successful acquisition of $8.5 million for the NOCSEC initiative exemplifies RevHubOC's commitment to zero-barrier entrepreneurship for underrepresented communities. Through strategic innovation, resource mobilization, and collaboration, RevHubOC continues to advance systemic change and drive inclusive economic development.