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

Fiscal Year Ending September 30, 2023

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, 2023.

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 FY2023, RevHubOC prioritized three principal objectives:

- **Social Venture Incubation:** Expanded programming to support 12 ventures, focusing on sectors such as climate tech, health equity, and education. Ventures collectively reported over 10,000 individuals impacted through scalable solutions.
- **Resource Mobilization:** Successfully completed the second capital call, bringing total contributions to $975,000 out of $1.3 million committed. Secured $8.5 million in state funding for NorthSTAR OC and participated in additional public-private funding initiatives.

- **Ecosystem Collaboration:** Partnered with institutions like UC Irvine, the Samueli Foundation, and Sustain SoCal to advance innovative programming, including Climate Action Business Incubation and workforce development initiatives.

These objectives built upon the foundation laid in FY2022, emphasizing measurable impact and scalability.

2. Material Actions Taken and Impact Assessment

Incubation Program Highlights

- **Venture Development:** Supported ventures such as Aleria and Shoonya in transitioning to scalable business models and reaching investment readiness. Over 111 companies applied for support, with 14 advancing to diligence, and six approved for investment.
- **Climate Action Initiatives:** Partnered with UCI and Sustain SoCal to launch climate-focused programs, seeding community-based innovation and enterprise solutions.

Funding Achievements

- **NorthSTAR OC:** Leveraged a $8.5 million state budget appropriation to implement a "no wrong door" approach, ensuring equitable access to entrepreneurial resources.
- **RevFund:** Approved investments in six companies, including four in health equity and two in climate tech. Diversity metrics include 33% BIPOC and 17% female founders among funded ventures.

Community Engagement

- Conducted 32 workshops across Orange County, reaching over 1,200 participants through targeted programming. Events included Women Founders Bootcamps, Justice-Involved Founder Training, and "Hustle and Hang" Webinars.
- Launched NorthSTAR OC EcoMap, an online platform consolidating entrepreneurial resources.

3. Future Actions and Intended Impact

Scaling Programs and Ventures

- Expand climate-focused incubation tracks and deepen partnerships with Sustain SoCal and UCI.
- Increase venture support through advanced training modules and specialized mentorship for scaling impact.

Enhancing Ecosystem Accessibility

- Develop new ideation tracks tailored to aspiring entrepreneurs from marginalized communities.
- Strengthen outreach initiatives to ensure equitable access to resources and programming.

Advancing Policy Advocacy

- Collaborate with local and state policymakers to secure additional funding and legislative support for social enterprises.
- Advocate for sustainable economic frameworks that empower under-resourced communities.

4. Performance Evaluation Measures

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

- **Venture Impact:** Approved ventures collectively impacted over 10,000 individuals by addressing systemic issues such as education access, health equity, and climate resilience. Metrics included a 40% increase in governance efficiency, a 30% rise in sales across ventures, and over $1.2 million in funding collectively secured by the incubated companies.
- **Partnership Success:** RevHubOC formed collaborations with 13 additional organizations, including Chapman University, SCORE, and the Orange County Hispanic Chamber of Commerce, to enhance mentorship, funding opportunities, and entrepreneurial training. These partnerships directly contributed to expanding programming reach and increasing accessibility for underrepresented founders.
- **Community Engagement:** Programming reached over 1,600 individuals in ideation and incubation phases, with 59% identifying as female and 56% as non-white. Workshops such as Women Founders Bootcamps and Justice-Involved Founder Training saw a 20% increase in attendance compared to the previous year, showcasing enhanced outreach and engagement efforts.

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:** Expanding programming infrastructure by enhancing tools like the NorthSTAR OC EcoMap, which now includes over 200 resources for entrepreneurs, providing streamlined access to funding, mentorship, and training opportunities.
- **Human Resources:** Recruiting team members with specialized expertise in incubation, acceleration, and fund development, resulting in the addition of five new staff members who contributed to increased venture success and ecosystem capacity.
- **Capital Expenditures:** Hosting over 35 community-focused events that engaged over 1,500 participants, including industry-specific workshops and networking sessions aimed at driving deeper entrepreneurial engagement and awareness.

Planned Expenditures for FY2024

- **Scaling Programming**: Launching new ideation tracks tailored to underserved entrepreneurs, integrating climate action themes and solutions to encourage innovation in sustainable ventures.
- **Expanding Outreach:** Building on outreach and engagement by hosting regional summits and introducing digital platforms to expand access and ensure ecosystem inclusivity.
- **Securing Catalytic Capital:** Securing an additional $2 million in catalytic capital to support expanded programming, venture readiness initiatives, and long-term ecosystem growth.

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 2022 to 2023, RevHubOC advanced its stated social purpose by:

- **Supporting Ventures:** Supported 12 ventures addressing systemic challenges in climate action, education, and health equity. These ventures collectively impacted over 10,000 individuals by implementing scalable solutions that improved access to education, promoted sustainable practices, and enhanced community well-being.
- **Promoting Inclusivity:** Designed programs and workshops that prioritized underrepresented entrepreneurs, with 59% of participants identifying as female and

56% as non-white. Initiatives such as the Justice-Involved Founder Training and Women Founders Bootcamps directly supported marginalized groups in overcoming barriers to entrepreneurship.

- **Driving Sustainability Efforts**: Fostered innovation through collaborations with Sustain SoCal, UCI, and the Climate Action Business Incubator (CABI), advancing climate action initiatives and policy advocacy. These efforts resulted in measurable progress toward creating resilient, sustainable social enterprises, particularly by supporting ventures focused on renewable energy and resource-efficient technologies.

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:

- **Published Reports:** Delivered comprehensive quarterly and annual reports aligned with clearly defined social impact goals. These reports included metrics on venture outcomes, program attendance, and funding utilization to maintain transparency.
- **Governance Frameworks:** Implemented rigorous oversight mechanisms, including financial audits and program evaluations, ensuring operational transparency and fiscal accountability. These frameworks were pivotal in maintaining stakeholder trust and meeting SPC requirements.

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:

- **Venture Impact:** Ventures collectively impacted over 10,000 individuals, addressing critical challenges in education, health, and sustainability. Metrics included a 40% increase in operational efficiency and a 30% growth in sales across ventures.

- **Ecosystem Growth:** Secured $8.5 million in funding for the NorthSTAR OC initiative, significantly strengthening the entrepreneurial ecosystem. Collaborations with 13 new organizations expanded programming and increased accessibility for underrepresented groups.
- **Policy Advocacy:** Laid the groundwork for systemic change through active engagement with policymakers and community leaders. These efforts promoted the adoption of inclusive economic frameworks to support sustainable social enterprise growth.

v. Forward-Looking Compliance

To ensure ongoing alignment with SPC obligations, RevHubOC will:

- **Annual Impact Assessments:** Publishing detailed annual reports that evaluate program effectiveness, venture outcomes, and ecosystem development.
- **Policy Standardization:** Developing and implementing standardized frameworks for impact measurement and reporting to ensure consistency and accountability across all initiatives.
- **Partnership Expansion:** Actively pursuing collaborations with stakeholders who share a commitment to advancing inclusive and sustainable development, particularly in climate action and health equity.
- **Strategic Advocacy:** Strengthening engagement with policymakers to secure additional funding and legislative support for social enterprises, ensuring systemic barriers to entrepreneurship are addressed.

Conclusion

RevHubOC's accomplishments during the fiscal year underscore its vital role as a catalyst for social enterprise development. By successfully incubating 12 ventures addressing systemic challenges in education, health equity, and climate resilience, the organization impacted over 10,000 individuals through innovative solutions. Through strategic partnerships, such as those with UCI and Sustain SoCal, RevHubOC expanded ecosystem capacity and delivered meaningful change. Looking ahead, RevHubOC is committed to scaling its impact by deepening community engagement, advancing equitable access to entrepreneurial resources, and advocating for policies that support sustainable economic growth. These efforts will ensure that RevHubOC remains at the forefront of fostering systemic change and empowering underrepresented communities throughout Orange County.