



... a place to belong.

2022 Annual Report

INTRODUCTION

This is the tenth annual report of Rise Up Industries (RUI) which incorporated in the State of California as a public benefit non-profit corporation on May 13, 2013. RUI's fiscal year ends on December 31st.

This was our sixth full year of operation of our Reentry Program which opened in March of 2016. In November of this year we closed escrow on the 40,400 square foot facility located in Valencia Park. We had signed a Letter of Intent to purchase in October of 2021, but it took us over a year to secure the funding. Details are provided below.

A summary of the year's activities is provided in the Annual Newsletter attached as Enclosure 1.

GOVERNANCE

At the Board of Directors Meeting # 46, the Board elected to increase the board capacity to 21 members.

Three board members, Steve Boyle, Father Gentile, and Tim Meissner began their renewed three-year terms in January 2022.

Three new members joined the board this year: Ben Varghese, Steve Avalos and George Chappell. Four new members were elected in December to begin their terms in January 2023: Alan Colton, Nadine Goddard, Nancy Vaughan, and Emilie Proteau Mastro.

In December, two board members submitted their resignations: Ray Salem and Mike Macie.

Four board members, Joey Estrada, Jackie Bendix, Keegan McNamara and Joe Gilbreath, were reelected to serve another three-year term beginning January 2023.

Our Board of Directors list (effective 1.1.23) is attached as Enclosure 2.

STAFF

We added three new staff members in 2022. Wendy Davis joined as our Case Manager in March. Kenny Ciuchta joined as our Quality Control Manager and Trainer in July, replacing Sam Sayegh, who resigned as our QA/QC Manager on May 3rd. Bryan VanDrimmelen started as our part-time instructor in November, and submitted his resignation in December.

SERVICES / ACTIVITIES

Reentry Program

RUI's Reentry Program began its seventh year of operation. We graduated seven members in 2022, all of whom received employment with local firms upon graduation. We have had a total of 17 graduates to date. We enrolled nine members into our program in 2022. We are scheduled to graduate our next member in February and enroll eight new members in 2023.

We had 31 speaking engagements in 2022. The engagements involved staff, graduates and current members. The majority of the presentations were made by current members.

Counseling

Our EMDR therapy, one-on-one counseling services, AA/NA meetings, and biweekly Addiction Recovery and Relapse Prevention program have continued.

Tattoo Removal

Tattoo removal services through the DA's office program continued.

Social Enterprises

Rise Up Industries' Machine Shop Social Enterprise (MSSE)

Our machine shop had its most productive year to date. We added eight new customers to our customer base and our gross revenue from our contract work exceeded \$500,000. Our gross revenue since inception reached \$1,643,676!

In 2022 we continued to receive government reimbursement for training in our MSSE. Total funding received was \$121,130.37. The three programs providing funding are:

- a. San Diego Workforce Partnership (SDWP) On the Job Training (OJT) program.
- b. San Diego Workforce Partnership (SDWP) Employer Training Panel List (ETPL) program.
- c. California Manufacturing and Technology Association (CMTA) Employment Training Panel (ETP)

Other Social Enterprises

Our other two social enterprises, discussed below, do not employ any of our members. The intent with these enterprises is to develop name recognition and our market share to the point where we will have viable employment opportunities for the members in our future Prevention Program. They are also an additional source of revenue.

Rise Up Industries Coffee

We have continued to sell our coffee at Barons Market's seven locations, Major Market in Escondido, and Valley Farm Market in Spring Valley. We also continued to provide coffee monthly to the Catholic Diocese of San Diego for their Pastoral Center and the San Diego County Board General Office. Our gross revenue for 2022 was \$9,977.92.

Rise Up Industries Silk Screening and Embroidery

Our silk screening and embroidery social enterprise had its best year since inception. Our gross sales totaled \$26,836.63.

FINANCIALS

Audit. We elected to have our 2022 financials audited. We contracted with Sonnenberg & Company, CPAs to conduct the audit and prepare our Federal and State tax returns. The audited 2022 Financials were approved by the Audit Committee and are attached as Enclosure 3.

Loans. We paid off our two zero interest loans with Mission Driven Finance. The loans were required to be paid off in order for us to secure a loan for the purchase of our new facility. We received a new ten-year loan, 6% interest only, for the purchase of our new facility. Principal can be paid at any time with no pre-payment penalties.

Fundraising. Our annual Big Night Out fundraiser was held at the Westin San Diego Gaslamp Quarter. It was our largest event to date with over 300 guests and raised \$258,554 in gross revenue. We were selected as the benefiting charity for Catholic Night at Petco Park for the second year in a row and received \$7,800. Our Giving Tuesday – Year End Match Campaign raised \$311,985 to support our Machine Shop Expansion Campaign.

Grants. We were awarded 29 grants in 2022 totaling \$1,986,078.00. This includes our first three multi-year state grants: California Community Reinvestment Grant (\$450,000), the California Violence Intervention Program (\$400,000), and AB 628 Breaking Barriers (\$300,000).

2022 Form 990. Our Federal Form 990, and Form 990-T Tax Returns are posted on our website.

2023 Operating Budget. The Operating Budget for 2023 was approved by the Board of Directors at the December 2022 Board Meeting and is attached as Enclosure 4.

Business Plan. Our business plan was updated 11.2.22 and is attached as Enclosure 5.

FACILITY

In August we created a Limited Liability Company (RUI-Market St LLC) with Rise Up Industries as the sole manager. In November, the LLC closed escrow on a 40,400 SF facility (Bryco Business Park, 5275 Market Street). The LLC is a co-owner with a tenant in common agreement with LAN LLC. The facility will allow us to double our enrollment capacity from 12 members to 24 members at a time. At the expanded enrollment we will have 16 graduates per year. Construction of tenant improvements are scheduled to begin in October with a projected move in date of early 2024.



Joseph L. Gilbreath

President

Rise Up Industries

Enclosures

1. Rise Up Industries 2022 Annual Newsletter
2. Board of Directors Roster
3. 2022 Financials
4. 2023 Operating Budget
5. Business Plan



...a place to belong.

ANNUAL NEWSLETTER

2022



WE CLOSED ESCROW!

5275 Market St, Southeast San Diego

After a four-year facility search, we can finally move forward in fulfilling Rise Up's Five-Year Vision to double our Reentry Program's enrollment capacity.

...a place to belong.



Oscar Mayorga, Reentry Program member, passed away on June 11, 2022. Oscar will always hold a dear place in the Rise Up family.



EXECUTIVE DIRECTOR LETTER



Rise Up has been blessed this year with the purchase of a new facility that will allow us to proceed with our Five-Year Vision of doubling the enrollment capacity of our Reentry Program to 24 members. We closed escrow in November and are proceeding with planning for tenant improvements.

The sad part of the year was the loss of our member Oscar Mayorga. Oscar suffered a severe stroke and went home to our Lord on June 11th, just five months before his graduation. Oscar was doing very well in the program, had been involved in a number of speaking engagements, and was actively involved with his parish - he positively touched many lives. Oscar was a positive role model and is greatly missed.

We are pleased to report that Rise Up had six graduates this year - our highest annual graduation rate to date! A seventh member is on track to graduate in December. All of Rise Up's graduates to date have been offered and accepted employment immediately upon graduation.

Since our last Annual Newsletter, Rise Up has added three new staff members and three directors to our Board. The organization continues to grow! We will be hiring a full-time instructor for our Machine Shop Social Enterprise in January. Additionally, Rise Up has received grant funding to plan and prepare for the startup of our Prevention Program. This has been a long time in coming and we are excited to launch this phase of our mission, which will serve at-risk youth and assist them in avoiding gang involvement. Many of Rise Up's Reentry Program members and alumni are interested in working with these youth to help them reach their full potential.

Our annual Big Night Out was a big success - our largest gala to date. Father Greg Boyle, Founder of Homeboy Industries, and our inspiration for starting Rise Up Industries, was our keynote speaker. Over 300 guests enjoyed the evening and raised over \$257,000. Our thanks to our Development Director, Nicole Wriedt; our event Chair, Jackie Bendix; our supporters and volunteers; and all who made this possible!

It has been a great year with much growth, and the journey continues. The social problem that we are addressing is huge, and our impact thus far has been small in comparison. However, the results to date indicate that the approach is working. The foundation is in place, and there is reason to continue the expansion and build our momentum. As the old saying goes, "Rome wasn't built in a day!"

A handwritten signature in black ink that reads "Joe Gilbreath".

Joe Gilbreath
Founder & Executive Director
Rise Up Industries



ACCOMPLISHMENTS

*Accomplishments cover Jan - Oct 2022



REENTRY PROGRAM GROWTH:

7 GRADS

Six members graduated this year and a seventh is scheduled for December. 100% began full-time manufacturing careers

SOCIAL ENTERPRISE GROWTH:

\$1.5 M

Machine shop surpassed \$1.5M in lifetime revenue this year

REENTRY PROGRAM ENHANCEMENT:

- Started bi-weekly member-led relapse prevention group
- Added first full-time case manager
- Formalized first contract with a school (Monarch) for Reentry Program member speaking engagements. Five of Rise Up members' 25 speaking engagements this year were with youth at Monarch

MENTAL HEALTH:

109

Counseling sessions with licensed therapists

CASE MANAGEMENT:

226

Case management sessions



ALUMNUS SPOTLIGHT: JOHN VILLA

Machinist in Southern California
2019 Alumnus

John is Rise Up's third graduate. He was 43 years old when he returned home from incarceration in 2018 after receiving a life sentence. After successfully completing Rise Up's Reentry Program, John started a career in manufacturing and paved a meaningful way forward for himself.

Reflecting on his journey in machining, John shared, "I started off as as CNC Machine Operator and have since become a Machinist. I've worked the majority of my time in the aerospace industry, and now I'm in the commercial industry. In every shop I've worked in, there's been at least one other ex-con. I think they approach me when they see my tattoos."

When asked about his future plans, John said that he tends to stay focused on enjoying the present. "Most lifers have a survivor's guilt, so it's hard for me to think about plans for the future. I value making memories. Money comes and goes, but the memories last."

John spends his time outside of work investing in his relationship with his girlfriend and his family. "We like to go out and enjoy a good dinner. We have a favorite restaurant that we go to on Saturday and another on Sunday!"

You can find more of John's story in *Writing After Life*, a book he co-authored with three other lifers in 2019.

HIGHLIGHTS



Desmond & Angel graduated from the Reentry Program



Jimmy graduated from the Reentry Program



John & Joseph graduated from the Reentry Program

JANUARY

MARCH

JUNE

JULY

SEPTEMBER



Frank graduated from the Reentry Program

NOVEMBER

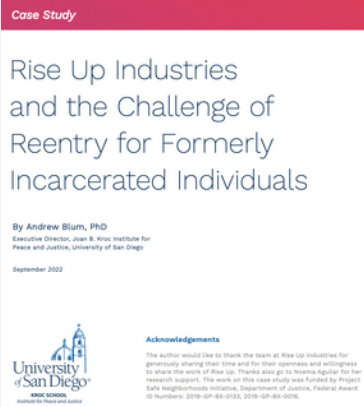


The US Department of Labor officially recognized Rise Up's CNC Machine Operator Training Program as a registered apprenticeship program



Rise Up featured as benefiting charity for Catholic Night at Petco Park. John, Reentry Program member, rang the ceremonial mission bell

Sign up to receive our quarterly e-newsletter and stay in the loop



US Dept of Justice case study reveals that Rise Up's Reentry Program shows promising evidence of success



Escrow closed on 5275 Market St

MEDIA EXPOSURE



ABC 10 awarded Joe Gilbreath, Executive Director, their April Leadership Award and featured Rise Up Industries in a news segment and article posted on April 6, 2022.



Practical Machinist released five episodes of 'Breaking the Cycle,' a six-part series featuring Rise Up Industries' members and graduates, in June through November of 2022.



REDF featured Mike Lucero, Reentry Program member, in a blog post on October 6, 2022.



Alliance Healthcare Foundation featured Rise Up Industries in their *Transforming Our Community* newsletter on January 25, 2022.



San Diego Social Venture Partners featured Rise Up Industries in a blog post on March 17, 2022.



The Catholic Mobilizing Network interviewed Ernie Garcia, Rise Up Industries' alumnus, for an episode on their *Encounters with Dignity* podcast that aired on March 28, 2022.



Catholic Answers Focus released a podcast interview with Joe Gilbreath, Executive Director, and Mike Lucero, Reentry Program member, on June 30, 2022.



Grossmont College's Justice Scholars Program released a video interview with Reentry Program member Mike Lucero on June 4, 2022.



*For links to these articles and videos, visit <https://riseupindustries.org/press>

BIG NIGHT OUT



Big Night Out, Rise Up Industries' fifth annual fundraising event, took place at The Westin San Diego Gaslamp Quarter on Saturday, October 8th, 2022. Over 300 guests gathered and raised over \$257,000 gross revenue (over \$190,000 net) for the organization. This net revenue is a 20% increase from last year's event. It will provide integral support in 2023 as Rise Up moves into a new facility, begins expanding our Reentry Program, and prepares to launch our gang prevention program for youth.

Our gratitude to all who participated!



"We are all invited into this exquisite mutuality where there is no us and them.

Once we know that we are unshakably good and that we belong to each other, we can roll up our sleeves and create anew this place of love and belonging that God would recognize."

-Fr Greg Boyle

SPONSORS

PATRON SPONSOR

John & Judy Bowen

FRIEND SPONSORS

Michael & Sharon Blasi

Gary & Ginny Jackson

Spalding Foundation



WINE, Greg & Danielle Livengood

BEER, Anheuser-Busch

FLOWERS, Tim & Mary Meissner

PARTIAL AV, Annie Korn

LIVE MUSIC, Frannie La Russa

HISTORY OF EXPANSION

1 CNC machine
500 sq ft facility
2 member service capacity



**MARCH
2016**

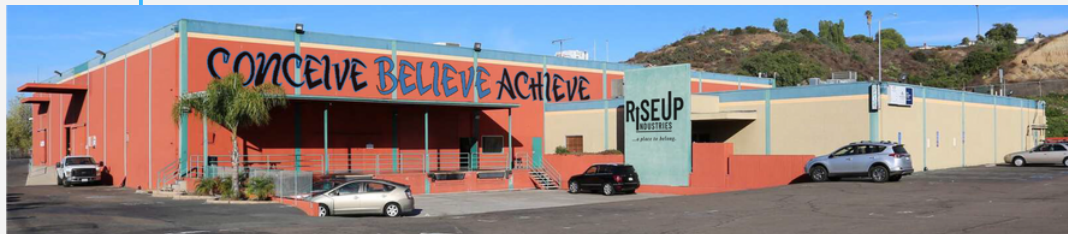


**NOVEMBER
2017**

5 CNC machines
3,200 sq ft facility
12 member service capacity

**NOVEMBER
2022**

14 CNC machines*
20,000 sq ft facility
24 member service capacity



**Rise Up's Business Plan projects gradually increasing the number of CNC machines between 2023 and 2025. We project owning 14 CNC machines by the end of 2025.*

Based on our experience since 2016; the demand for reentry services; the demand for trained CNC machine operators; and our expanding Machine Shop Social Enterprise customer base, we updated our Five-Year Vision in 2021 to project doubling the enrollment capacity of our Reentry Program from 12 members to 24 members by 2025. At the expanded capacity, we would have 16 graduates per year.

On November 2nd, 2022, we closed escrow on 5275 Market Street in Southeast San Diego. This is a 40,400 square foot industrial facility. Rise Up Industries will occupy half the facility, meeting the space requirements laid out in our Five-Year Vision. We anticipate expanding into the other half in the future, enabling us to grow beyond our Five-Year Vision.

Our projected move in date to the new facility is Quarter 4 of 2023.

GOAL

Increase the capacity of our Reentry Program to 24 members by 2025.

BENEFITS

- Doubles the number of members served and helps reduce the rate of recidivism and gang involvement
- Increases social enterprise revenue, which helps offset operating costs and leads to becoming more self-sustaining
- Increases capacity to meet local manufacturing needs for machining services
- Provides more graduates who serve as credible messengers for at-risk youth

**GIVING
TUESDAY**

RISE UP INDUSTRIES'
YEAR-END MATCH
CAMPAIGN IS HERE!

DOUBLE THE IMPACT OF YOUR DECEMBER DONATION

LARGER FACILITY + EXPANDED REENTRY PROGRAM = DECREASED GANG
INVOLVEMENT + SAFER COMMUNITIES

An anonymous donor has pledged to match dollar for dollar all donations received between Giving Tuesday, November 29th, and December 31st, up to \$125,000.

All funds raised will support our Machine Shop Expansion Campaign.

The goal of this campaign is to move Rise Up Industries into our new facility by the end of 2023. The project budget as detailed in our Business Plan is \$600,000. Some of the required Tenant Improvements include:

- Demolishing dividing walls
- Installing new restrooms and a kitchen
- Building out the machine shop and administrative offices
- Running power drops for all equipment
- Purchasing and installing an air compressor for the CNC machines

A total budget breakdown is listed below.

TOTAL BUDGET: \$600,000

\$300,000 tenant improvements
\$200,000 new equipment
\$50,000 moving expenses
\$50,000 contingency

**BE A FOUNDING MEMBER OF RISE
UP'S SECOND MAJOR EXPANSION**

- Diamond: \$50,000
- Platinum: \$25,000
- Gold: \$10,000
- Silver: \$5,000
- Bronze: \$1,000

Two easy ways to give:

- Mail a check to Rise Up Industries at 8530 Roland Acres Dr, Santee, CA 92071
- Give online at bit.ly/RiseUpGivingTuesday



ADDITIONS TO THE TEAM

STAFF



MELINDA VARGAS | ACCOUNTING MANAGER

Melinda joined us last December. After working in the machining industry for 26 years in shop management, Melinda considers it an amazing opportunity to use that experience to work for an organization that does so much to better other people's lives.



WENDY DAVIS | CASE MANAGER

Wendy joined us in May. Being a mother of a currently incarcerated son shaped in Wendy a passion to work with the system-impacted community and make sure people have help reintegrating into society. Wendy shared, "The miracles I have witnessed here at Rise Up Industries are priceless!"



KENNY CIUCHTA | QUALITY CONTROL MANAGER

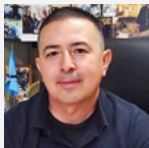
Kenny joined us in July. He grew up in El Cajon and has worked in manufacturing for fifteen years in quality control and manufacturing engineering. Kenny is eager to contribute to Rise Up's impact in his hometown by sharing his machine shop experience in the CNC Machining Training Program and Quality Department.

BOARD OF DIRECTORS



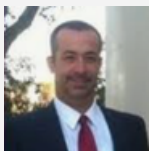
BEN VARGHESE

Ben joined us in January. Ben is a Director of Project Management at Magic Leap, an Augmented Reality company. He was previously a Mechanical Engineer and Machinist at the same organization, with a focus on quick-turn CNC machine shop operations. Ben is dedicated to helping people in underserved communities start careers in machining.



STEVE AVALOS

Steve joined us in April. Steve became gang-involved at a young age, growing up in a family where this was the norm. After serving over a decade in prison, Steve successfully redirected his life, graduated from Homeboy Industries' reentry program, and went on to join Homeboy's staff where he serves on the executive leadership team today.



GEORGE CHAPPELL

George joined us in July. George founded and operates Restoring Citizens, an organization that assists formerly incarcerated and other justice-impacted individuals with housing needs. George brings both non-profit and for-profit leadership experience to the Board. He is also able to provide unique insight into our mission as he was formerly incarcerated and previously gang-involved.

Joe Gilbreath
Executive Director
Jonathan Yackley
Deputy Executive Director
Nicole Wriedt
Development Director
Melinda Vargas
Accounting Manager
Nieves Arlettaz
Office Manager
Wendy Davis
Case Manager
Dustin Greeves
Machine Shop Manager
Darren Stotts
Machine Shop Supervisor
Kenny Ciuchta
Quality Control Manager
Andy Nelson
Machine Shop Foreman

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Board Chair
Steve Boyle
Vice Chair
Gary Lynn
Treasurer
Steve Spooner
Secretary
Steve Avalos
Jackie Bendix
George Chappell
Joey Nunez Estrada Jr., Ph.D.
Gilbert Gentile, SJ, LCSW
Joseph Gilbreath
Annie Korn
Michael Macie, JD
Keegan McNamara
Tim Meissner
Ben Varghese
Robert Wiley

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*Donors from Nov 2021 - Oct 2022

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Inez Corona	Robert Lee Hawthorne, Jr.	Rose Masters	John & Kimberli Scully	Jonathan & Jeni Yackley
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Michael Croll		David & Shannon McCracken		
		James McGinty		

GRANTORS

*Grantors since inception

Able-Disabled Advocacy, Inc.
Alliance Healthcare Foundation
AmazonSmile
Anheuser-Busch
Art Pratt Foundation
Barona Band of Mission Indians
Bexen Press
Boeing
Brady Charitable Fund
Brutten Family Foundation
Burnham Foundation
C3 Risk & Insurance Services
California Bank & Trust
California Governor's Office of Business & Economic Development
California Manufacturers & Technology Association
California Sheet Metal
Caster Family Trust
Catholic Campaign for Human Development
Catholic Community Foundation
Catholic Diocese of San Diego
Charles & Alicia Foster Foundation
County of San Diego
David C. Copley Foundation
Dr. Bronner's
Duncan-Fredericks Family Foundation
EastLake Church
Facebook
FHLBank San Francisco
Gene Haas Foundation
George & Eva Jo Spalding Foundation

John Joseph Sigstein Foundation
Knights of Columbus Council # 12749
Las Patronas
Lizatars
Menard Family Foundation
Modern Woodmen Fraternal Financial
MUG Union Bank
MV Properties, Inc
Navarra Foundation
Nordson Foundation
Our Lady of Perpetual Help
Pacific Western Bank
Pala Band of Mission Indians
Parker Foundation
Price Philanthropies Foundation
Pathway NPI
REDF
Qualcomm
Robert J. Shvodian Revocable Trust
Rock Church Prison Ministry
Roman Catholic Diocese of San Diego
S&S Carbide Tool Inc
Sacred Heart Catholic Church
Sacred Heart Ministry of Charity
San Diego Downtown Breakfast Rotary
San Diego Foundation
San Diego Lions Welfare Foundation
San Diego Padres LP
San Diego Workforce Partnership
Schlessman Family Foundation
Scott A & Elizabeth V Christensen Foundation
SDG&E

Second Chance
Sempra Energy
Shop Floor Automations, Inc
Sisters of Saint Joseph in California
Skipper Intelligence, LLC
St Didacus Catholic Church
Stephen L Tadlock Foundation
St James - St Leo Catholic Community
St Rose of Lima Prison Ministry Team
Sundt Foundation
SW Engineering LLC
Sycuan Band of the Kumeyaay Nation
TechSoup Global
Teller Street Investors
The Charitable Foundation
The Children's Initiative
The Conrad Prebys Foundation
The Country Friends
The Doyle Foundation
The Immaculata
The Murray Charitable Gift Fund
The Saint Augustine Foundation
Tivoli Enterprises, Inc
T Rowe Price Charitable Giving
Union Bank Foundation
US Bank
VOTA Consulting Corporation
Walter J. & Betty C. Zable Foundation
WD-40
Wells Fargo Foundation
West Coast General
Western Alliance Bank



...a place to belong.

Rise Up Industries

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(619) 457-0790

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<https://riseupindustries.org>



Mission

Minimize gang involvement by providing integrated gang prevention, gang intervention, and post-detention reentry services.

Rise Up Industries is committed to maintaining the highest standards in our work, including our commitment to financial integrity. Rise Up Industries is recognized by Candid (formerly known as GuideStar) for our commitment to financial responsibility, accountability, and transparency. You may view our financial statements at <https://riseupindustries.org/about/reports>.





...a place to belong.

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Financial Statements

December 2022

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5.2.23 (Audited V-1)
12.31.22

Rise Up Industries
Statement of Financial Position
As of December 31, 2022

	Dec 31, 22	Dec 31, 21	\$ Change	% Change
ASSETS				
Current Assets				
1000 · Cash	974,192	1,066,476	-92,284	-8.65%
Accounts Receivable				
1100 · Accounts Receivable	120,486	150,194	-29,709	-19.78%
1200 · Contributions Receivable	45,934	30,805	15,129	49.11%
Total Accounts Receivable	166,420	181,000	-14,579	-8.06%
Other Current Assets (Inventory)	111,110	57,615	53,496	92.85%
Total Current Assets	1,251,722	1,305,091	-53,368	-4.09%
Fixed Assets				
1600 · Fixed Assets	684,589	611,972	72,617	11.87%
1700 · Accumulated Depreciation	-260,156	-233,190	-26,966	-11.56%
Total Fixed Assets	424,433	378,782	45,651	12.05%
Other Assets				
1400 · Other Assets (Less Security Deposit & Investments)	21,538	46,473	-24,935	-53.66%
1465 · Security Deposit	2,719	2,719	0	0.0%
1800 · Investment in LLC	333,296	0	333,296	100.0%
Total Other Assets	357,553	49,192	308,361	626.85%
TOTAL ASSETS	2,033,708	1,733,065	300,643	17.35%
LIABILITIES & EQUITY				
Current Liabilities				
Accounts Payable	8,352	18,102	-9,750	-53.86%
Credit Cards	11,890	17,326	-5,436	-31.37%
Other Current Liabilities				
2400 · Payroll Liabilities	3,183	5,622	-2,439	-43.39%
2500 · Sales Tax Payable	989	1,096	-107	-9.76%
2550 · Accrued Expenses	19,470	17,037	2,432	14.28%
2610 · Mission Driven Finance Loan1	0	75,000	-75,000	-100.0%
2611 · Discount on MDF Loan1	0	-2,213	2,213	100.0%
2615 · Mission Driven Finance Loan2	0	177,778	-177,778	-100.0%
2616 · Discount on MDF Loan2	0	-7,574	7,574	100.0%
Total Other Current Liabilities	23,641	266,745	-243,104	-91.14%
Total Liabilities	43,883	302,173	-258,290	-85.48%
Equity				
3000 · Unrestricted Net Assets	1,050,675	597,306	453,370	75.9%
3100 · Restricted Net Assets	380,217	218,880	161,337	73.71%
9999 · Prior Period Adjustment	14,801	0	14,801	100.0%
Net Income	544,131	614,706	-70,575	-11.48%
Total Equity	1,989,825	1,430,892	558,933	39.06%
TOTAL LIABILITIES & EQUITY	2,033,708	1,733,065	300,643	17.35%

Rise Up Industries Statement of Activities by Month January through December 2022

	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	TOTAL
Ordinary Income/Expense													
Income													
4600 - Other Types of Income		270	379	185	91	5,048	715	192	4,691	4,058	1,213	256	1,245
4400 - Revenue from Operations		0	100	0	0	0	0	62	0	0	26	0	37
4415 - Retail Items from Machine Shop		53	117	19	28	0	95	0	17	34	74	182	216
4416 - Sale of RUI Merch		0	0	216	0	0	1,203	17	0	94	50	0	1,581
4418 - Shipping		842	546	341	0	515	0	0	478	0	0	0	2,721
4417 - Machine Shop Recycling		209	721	1,463	1,278	300	681	727	422	587	946	721	1,703
4412 - RUI Coffee		0	370	805	1,651	5,420	5,132	490	450	3,206	4,587	0	1,665
4411 - Silkscreening / Embroidery		24,944	58,987	60,306	27,880	57,003	50,067	14,664	44,357	80,697	19,564	30,587	71,104
4413 - Machine Shop		26,048	60,840	63,149	30,838	63,239	57,178	15,961	45,724	84,619	25,246	31,490	74,725
Total 4400 - Revenue from Operations		0	0	0	0	10,824	0	10,250	2,886	500	11,370	3,065	46,870
40000 - Donation & Grants		0	0	0	0	0	0	18,744	29,371	32,631	170,543	6,765	85,765
4100 - Donated Goods & Services		0	0	0	0	0	0	18,744	29,371	32,631	170,543	6,765	85,765
4300 - Fundraising		26,258	72,475	-18,855	21,483	8,988	4,678	35,809	21,848	21,357	21,844	39,367	258,554
4250 - Government Funded Grants		27,000	0	23,000	20,000	10,000	1,500	10,000	25,000	10,000	225,000	37,600	276,089
4200 - Non-Government Funded Grants		17,065	53,399	7,390	17,578	4,686	1,811	9,606	13,426	4,535	4,832	52,120	52,700
4000 - Donations		70,323	125,874	11,535	59,061	34,498	7,989	84,409	92,531	69,024	433,589	138,917	295,160
Total 40000 - Donation & Grants		96,640	187,093	74,869	89,990	102,784	65,882	100,562	142,945	157,701	460,048	170,662	492,037
Total Income		0	0	0	0	0	0	10,250	2,886	-13,136	0	0	0
Cost of Goods Sold		1,148	589	980	1,000	1,329	777	305	397	410	455	440	246
5600 - Donated Items Sold or Auctioned		1,386	848	1,633	2,235	2,054	2,766	3,130	1,386	3,161	4,301	383	2,303
5960 - Mach Shop Payroll Burden		13,886	12,728	18,311	13,304	15,574	6,217	3,989	5,187	4,882	5,952	5,748	2,303
5800 - Other Soc Ent Direct Costs		7,342	18,102	53,304	-29,161	10,546	-25,810	9,214	62,179	18,352	5,543	55,552	101,261
5950 - Mach Shop Labor		23,763	32,268	74,228	-12,622	29,503	-16,050	26,889	72,035	13,668	16,252	62,123	20,223
5900 - Mach Shop Direct Costs		72,878	154,826	641	102,612	73,282	81,932	73,672	70,910	144,032	443,796	108,540	471,814
Total Cost of Goods Sold		601	601	601	601	601	601	601	601	608	682	1,209	1,209
Gross Profit		4,088	1,842	1,812	5,400	1,001	9,815	3,590	2,497	1,702	1,264	741	2,862
Expense		3,854	4,190	4,288	4,450	4,143	3,967	5,544	4,890	3,794	3,995	3,912	3,803
6300 - Insurance		4,201	4,137	4,153	4,153	4,236	4,277	4,331	4,277	4,258	4,107	4,107	5,319
7000 - In-Kind Donations		0	0	0	0	0	0	0	0	4,600	55,285	314	0
6100 - Contract Services		12,677	6,870	17,405	12,519	10,603	10,213	4,607	13,040	3,949	10,596	15,967	-4,145
6200 - Facilities		74,382	65,245	89,659	75,094	77,816	52,514	68,942	78,842	74,198	66,106	82,781	64,378
8000 - Depreciation Expense		99,802	82,885	117,918	102,217	98,399	86,386	88,115	104,147	112,070	151,404	109,030	73,427
6400 - Other Operating Expenses		-26,924	71,941	-117,277	395	-25,117	-4,455	-14,442	-33,236	31,963	292,392	-491	398,387
6600 - Payroll Expenses		0	0	0	0	0	0	0	0	0	0	0	0
Total Expense		0	0	0	0	839	0	0	0	0	0	0	-29,004
Net Ordinary Income		0	0	0	0	839	0	0	0	0	0	0	-29,004
Other Income/Expense		0	0	0	0	839	0	0	0	0	0	0	-29,004
9200 - LLC Revenue		0	0	0	0	839	0	0	0	0	0	0	-29,004
9600 - Employee Retention Tax Credit		0	0	0	0	839	0	0	0	0	0	0	-29,004
Total Other Income		0	0	0	0	839	0	0	0	0	0	0	-29,004
Net Income		-26,924	71,941	-117,277	395	-24,278	-4,455	-14,442	-33,236	31,963	292,392	-491	368,543
													544,131

Rise Up Industries
Budget vs. Actual
January through December 2022

	Jan - Dec 22	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
40000 · Donation & Grants				
4000 · Donations	481,608	515,000	-33,392	93.52%
4100 · Donated Goods & Services	85,765	0	85,765	100.0%
4200 · Non-Government Funded Grants	441,800	270,000	171,800	163.63%
4250 · Government Funded Grants	276,089	250,000	26,089	110.44%
4300 · Fundraising	258,554	300,000	-41,446	86.19%
Total Donation & Grants	1,543,817	1,335,000	208,817	115.64%
4400 · Revenue from Operations				
4411 · Silkscreening / Embroidery	23,776	12,000	11,776	198.14%
4412 · RUI Coffee	9,759	12,000	-2,241	81.33%
4413 · Machine Shop	540,159	560,000	-19,841	96.46%
4414 · RUI Beef Jerky	0	0	0	0.0%
4415 · Retail Items from Machine Shop	225	0	225	100.0%
4416 · Sale of RUI Merch	834	2,000	-1,166	41.69%
4417 · Machine Shop Recycling	2,721	0	2,721	100.0%
4418 · Shipping	1,581	0	1,581	100.0%
Total Revenue from Operations	579,056	586,000	-6,944	98.82%
4600 · Other Types of Income	18,341	3,400	14,941	539.44%
Total Income	2,141,214	1,924,400	216,814	111.27%
50000 · Cost of Goods Sold	342,279	299,700	42,579	114.21%
Gross Profit	1,798,934	1,624,700	174,234	110.72%
Expense				
6100 · Contract Services	36,613	49,100	-12,487	74.57%
6200 · Facilities	50,827	48,120	2,707	105.63%
6300 · Insurance	8,516	7,300	1,216	116.66%
6400 · Other Operating Expenses	114,303	131,250	-16,947	87.09%
6600 · Payroll Expenses	869,956	1,099,180	-229,224	79.15%
6700 · Fundraising Events	60,198	108,000	-47,802	55.74%
7000 · In-Kind Donations	33,830	0	33,830	100.0%
8000 · Depreciation Expense	51,555	51,000	555	101.09%
Total Expense	1,225,799	1,493,950	-268,151	82.05%
Net Ordinary Income	573,135	130,750	442,385	438.34%
Other Income/Expense				
9200 · LLC Revenue	-29,004			
Net Income	544,131	130,750	413,381	416.16%

Rise Up Industries
Statement of Cash Flows
January through December 2022

	Jan - Dec 22
OPERATING ACTIVITIES	
Net Income	544,131
Adjustments to reconcile Net Income	
to net cash provided by operations:	
1110 · Accounts Receivable - General	49,378
1120 · Accounts Receivable from Sales	-19,669
1240 · Grants Receivable	-15,129
1500 · Inventory - Machine Shop	-41,724
1510 · Raw Material Inventory	-10,478
1550 · Inventory - Other	706
2010 · Accounts Payable	-9,750
2209 · Cap One Visa-2072	11,997
2210 · CB&T Visa Credit Card - 2458	-17,432
2410 · Unpaid Payroll Liability	-2,536
2441 · Court Ordered Withholdings	104
2445 · EE Insurance W/H	-1,443
2490 · Accrued Vacation	1,436
2500 · Sales Tax Payable	-107
2550 · Accrued Expenses	2,432
2605 · PPP2 Loan	-147,222
2660 · Current portion offset	147,222
2610 · Mission Driven Finance Loan1	-75,000
2611 · Discount on MDF Loan1	2,213
2615 · Mission Driven Finance Loan2	-177,778
2616 · Discount on MDF Loan2	7,574
Net cash provided by Operating Activities	248,925
INVESTING ACTIVITIES	
1610 · Furniture, Fixtures & Equipment	-72,617
1710 · Acc. Dep. - Furn, Fixt, Equip	26,966
1005 · Gift Cards	40
1050 · UST Reserve Account	-7,444
1410 · Inventories For Sale	-2,000
1450 · Prepaid Insurance	-5,055
1460 · Prepaid Expenses	-411
1470 · Accrued Reimbursements	37,805
1840 · Investment in LLC	-333,296
Net cash provided by Investing Activities	-356,011
FINANCING ACTIVITIES	
3010 · Unrestricted Net Assets-General	453,370
3100 · Restricted Net Assets	161,337
32000 · Retained Earnings	-614,706
9999 · Prior Period Adjustment	14,801
Net cash provided by Financing Activities	14,802
Net cash increase for period	-92,284
Cash at beginning of period	1,066,476
Cash at end of period	974,192

Rise Up Industries 2023 Operating Budget

Revenue		
Donations		521,820
Grants		957,858
Corporate / Private Foundations Grants	449,108	
Government Grants	508,750	
Fundraising Event		300,000
Social Enterprise Revenue		534,840
Silkscreening / Embroidery	23,450	
RUI Coffee	10,500	
Machine Shop	500,000	
RUI MS & Non-MS Merch	890	
Other Revenue		8,790
TOTAL REVENUE		2,323,308
Cost of Goods Sold (excludes labor & burden)		224,738
GROSS PROFIT		2,098,570
Expenses		
Payroll Expenses		1,424,907
Staff Salaries & Wages	920,350	
Member Wages	349,960	
Vacation Leave	11,500	
Payroll Taxes for RUI Staff	70,410	
Payroll Taxes for RUI Members	26,772	
Employee Benefits	14,400	
Workers' Compensation	29,515	
Unemployment Net Expenses	2,000	
Facilities		52,650
Occupancy (Rent & Facilities Maintenance)	37,200	
Utilities, Telephone, Internet	15,450	
Contract Services		23,690
Auditing/Tax Service	9,500	
Payroll Service Fees	3,700	
IT/Website Development/Maint.	3,400	
Drug Screening Services	490	
Counseling	3,500	
Marketing	3,100	
Insurance		8,073
General Liability	2,796	
Director & Officers	2,304	
Property Insurance-Commercial Prop.	1,521	
Property Insurance-Boiler & Machinery	1,452	
Other Operating Expenses		94,875
Shipping/Mailing Expenses	3,750	
Printing and Copying	2,025	
Equipment / Tooling	50,500	
Computer Software Purchased / Maintenance	10,800	
Supplies	10,500	
RUI Uniforms for Members	1,550	
Other Business Expenses	7,900	
Meetings & Conferences	850	
Other Miscellaneous Expenses	7,000	
Fund Raising Event Expenses		70,000
Depreciation		50,380
Contingency (for possible move)		15,000
Total Expense		1,739,575
Net Income		358,995



**Rise Up Industries
Machine Shop Social Enterprise**

Business Plan

11.02.22

Enclosure 5

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1. Executive Summary

Background: Rise Up Industries is a 501(c)(3) nonprofit organization founded in 2013. Our mission is to minimize gang involvement by providing integrated gang prevention, gang intervention, and post-detention reentry services. We began this three-pronged approach with an 18-month Reentry Program in response to San Diego's need for reentry services.

A key component of the Reentry Program is the Machine Shop Social Enterprise (MSSE), where we prepare formerly incarcerated, previously gang involved individuals for careers as CNC (Computer Numeric Control) machine operators. Members receive additional wraparound support services, such as counseling, case management, financial literacy, work ethic development, mentoring, education assistance, tattoo removal and relapse prevention. RUI pays members full-time wages as they work their way through the 18-month program.

Our Reentry Program and MSSE have a six-year history that demonstrates our approach to reentry with an emphasis on career development is working. 100% of our graduates have been hired immediately by local manufacturing companies. Only 7% of our graduates have returned to incarceration, compared to the national recidivism average of 68% within 3 years of release.

Purpose: The purpose of this business plan is to solicit the capital required to expand operations and ultimately scale the impact of the Reentry Program. In November 2022, we entered escrow on a 40,400 ft² facility. We have a tenant-in-common agreement that allows us to occupy half the facility, meeting the minimum facility requirements laid out in our Five-Year Vision and 2021 Business Plan. Our goal is to raise \$600,000 to cover the cost of tenant improvements, additional machining equipment, moving expenses, and contingency.

Service: The MSSE is a social enterprise. The enterprise or business aspect of the MSSE is a CNC job shop. We manufacture metal parts that are essential components of other business' product lines. As such, we are primarily a B2B enterprise. The social component of the MSSE addresses a critical social need for reentry services that reduce the rate of recidivism and gang involvement by preparing members for sustainable careers as CNC machine operators. Members are trained on contracted machining jobs. This provides them real world work experience and at the same time helps to meet the local demand for machining services and generates revenue to sustain the program. Additionally, the training provided also helps to fill a skill gap in the manufacturing industry by providing trained CNC machine operators for hire.

Management: Joe Gilbreath, co-founder and Executive Director, is a retired U.S Army Corps of Engineers Colonel. He is an established leader with experience overseeing large operations and numerous personnel. Jonathan Yackley, Deputy Executive Director, brings a decade of international business and development experience. Jonathan previously founded and operated a successful social enterprise that employed at-risk populations from an informal settlement in India. Dustin Greeves, Machine Shop Manager, oversees day to day MSSE operations. He has 27 years of experience in the tool and die/mold making industry. The majority of his career has been in the medical device industry. Joe, Jonathan, and Dustin are supported by seven additional full-time staff members.

Financial Summary: As a nonprofit our primary sources of revenue are grants and donations. These funding sources have increased over the last nine years as public awareness of our program increased and program results were demonstrated. Our MSSE was opened in March 2016. Gross revenue from the MSSE has averaged approximately 20% of our total revenue. In 2021, the MSSE had its best year, grossing nearly \$500,000, surpassing our 2021 Business Plan projections. Our total projected gross revenue by 2025 is \$4,329,871, close to half of which is projected to come from the MSSE.

Growth Plans: Based on our experience since 2016; the demand for reentry services; the demand for trained CNC machine operators; and our expanding MSSE customer base, we updated our Five-Year Vision in 2021 to project doubling the enrollment capacity of our Reentry Program from 12 members to 24 members by 2025. At the expanded capacity we would have 16 graduates per year. We are still pursuing this goal and are on track to meeting our timeline.

Based on the training curriculum in our Department of Labor-approved apprenticeship program, we have calculated the amount of equipment needed for the above-mentioned expansion. Shop floor and office space requirements are projected to be about 20,000 ft². Our new facility is 40,400 ft², though we will only occupy 20,000 ft². We project the following expenses related to this expansion: \$300,000 for tenant improvements, \$200,000 for new equipment (2 additional CNC machines and miscellaneous equipment such as an air compressor), \$50,000 for moving expenses, and \$50,000 for contingency.

Once in our new facility we would increase our enrollment gradually so as not to jeopardize program quality and to maintain a balanced level of experience of our members with a third of the population in each of the three six-month phases of the program.

Benefits of Facility Investment:

1. Doubles the number of members served and helps reduce the rate of recidivism and gang involvement.
2. Saves California taxpayers a calculated \$4.5 million per year at our expanded capacity of 24 members due to reduction in recidivism resulting from our program (see Appendix B).
3. Increases social enterprise revenue, which helps offset operating costs and leads to becoming more self-sustaining.
4. Increases capacity to meet local manufacturing needs for machining services.
5. Allows for a fixed occupancy cost for Rise Up Industries going forward.
6. Helps fill a manufacturing skill gap by increasing the number of trained CNC machine operators for hire by local manufacturing companies.
7. Provides more credible messengers for at-risk youth resulting from more Reentry Program graduates.

2. Machine Shop Social Enterprise Description

Rise Up Industries' Machine Shop Social Enterprise (MSSE) fills a unique niche as both a traditional CNC job shop & social enterprise. The MSSE is in its seventh year of operation. It provides formerly incarcerated, previously gang involved individuals both classroom instruction and on-the-job-training (OJT) in a federally approved apprenticeship program. The OJT work is done on contracted machine work that offers real-world work experience.

The MSSE has had 60+ customers to date. We have 6 Haas CNC machines (2 CNC lathes and 4 CNC mills) as well as other manual and inspection equipment in our 3,200 ft² facility. For most of the past 2 years, demand for contract work has exceeded our capacity. Projected demand further confirms the need to expand to a larger facility with more CNC machines and office space for additional staffing.

One standard for a CNC job shop is to charge \$60 per hour of CNC runtime plus the cost of material and outside processing. Given our members' level of experience, we focus on contract work that is easier for beginners. Therefore, we conservatively estimated charging an average of \$30/hour per machine in 2021, and gradually increase that rate over time (as shown in the table below). The increase occurs for several reasons:

- 1) Long-term, repeat contract work is a large percent of our total work. This type of work is more efficient as we can buy specialized tooling for specific jobs to optimize production.
- 2) Our runtimes on several major parts are projected to decrease. A standard industry practice is to project a 30% decrease in runtime between the first and third production cycle of a repeat order. This is another advantage of long-term, repeat work.
- 3) The cost of material decreases as it is purchased in bulk. Eventually, we would like to purchase most of our material for the year at one time.
- 4) As our reputation grows through years of delivering accurate parts on time, demand for our services will continue to increase, allowing us to gradually increase our pricing.

Table: Projected Revenue from MSSE

Note: the table below was created for our 2021 Business Plan and has been updated. Our actual revenue from 2021 exceeded the projections shown below.

Year	# of Machines	\$/Machine/Hour	Hours/Year ¹	Time Running % ²	Net Revenue ³	Direct Costs	Gross Revenue
2021	6	\$30	2,080	75%	\$280,800	\$79,200	\$360,000
2022	6	\$35	2,080	75%	\$327,600	\$92,400	\$420,000
2023	8	\$40	2,080	75%	\$499,200	\$140,800	\$640,000
2024	11	\$45	2,600	75%	\$965,250	\$272,250	\$1,237,500
2025	14	\$50	3,120	75%	\$1,638,000	\$462,000	\$2,100,000

¹ We currently work 40 hours/week (2,080 hours/year). We project going to a split shift to work 50 hours/week in 2024 and 60 hours/week by 2025.

² This accounts for time loading and unloading parts into the CNC as well as downtime for repairs/maintenance.

³ Revenue minus the cost of material and outside processing (e.g., anodizing). This does not include in-house labor.

3. Market Analysis

Overview: CNC machine shops are part of the manufacturing industry and primarily serve the following sectors: aerospace, defense, medical, oil & gas, and commercial. There are thousands of CNC shops in the US and over one hundred in San Diego County. The MSSE primarily serves commercial businesses. Below, is a brief analysis of market trends and MSSE customers.

Trends: COVID-19 negatively impacted many CNC machine shops, especially those dependent on aerospace work. In spite of the pandemic, the global CNC machine tools market continues to grow, according to Fortune Business Insight.¹ This indicates corresponding growth for CNC shops.

Another indication of market demand for CNC machine shops is the high demand for CNC machine operators. A 2019 Centers of Excellence study concluded that machining and CNC occupations in San Diego have a supply gap, pay at or above living wages, have a high number of annual job openings, and a low number of institutions that provide training.² The study also found that median hourly earnings of machining and CNC occupations exceed the Self-Sufficiency Standard for a single adult in San Diego County.

Saturating the local job market with CNC machine operators is not a risk. The report stated, “Machining and CNC Occupations in San Diego County have a labor market demand of 769 annual job openings. Comparatively, the average occupation in San Diego County has a labor market demand of 277 annual job openings.” Even after we reach our capacity of 24 members at a time with 16 graduates per year, CNC-related annual job openings will still be significantly higher than job openings for the average occupation in San Diego County.

Customer Analysis: The MSSE has been most successful with customers in the commercial industry. While we have had 60+ customers to date, the majority of MSSE revenue currently comes from three primary customers: Brian Crower, Inc., INOVATIV, and Cardinal Precision Metals.

In addition to the above customers, a large, publicly traded company, nVent, has repeatedly asked the MSSE to manufacture some of their products. We have had to turn away their work because we were already at capacity with our current customers. When we expand, we would like to take on nVent as a fourth primary customer.

¹ Fortune Business Insights, *Market Research Report*, Oct 2020, <https://www.fortunebusinessinsights.com/industry-reports/computer-numerical-controls-cnc-machine-tools-market-101707>

² Centers of Excellence, “Machining and CNC Occupations Labor Market Analysis: San Diego County,” May 2019.

4. Marketing and Sales

Marketing

The Deputy Executive Director leads our marketing efforts, including our Marketing Committee. There are two primary ways customers hear about the MSSE: web presence and publications:

- *Web Presence:* Web presence is a typical weak point for small and medium-sized CNC shops and a strength for Rise Up Industries. The MSSE ranks well on CNC-related Google searches and customers have an easy time finding us. We enhanced our SEO in 2020 and have better ratings/reviews than any CNC shop in San Diego County. We also receive the Google Ad grant for nonprofits, giving us up to \$10,000 in free advertising per month.
- *Publications:* Publications, especially trade magazines, are another source of marketing for CNC shops. Like web presence, the MSSE outperforms peers in this area. We have been featured in *Modern Machine Shop* (a nationwide trade magazine), *Word Among Us* (an international publication), and numerous local publications like the San Diego Union-Tribune. One of our three primary customers, INOVATIV, reached out to us after reading an article about us in *Modern Machine Shop*.

Due to the fact that there has been more demand for our services than we can meet, we are not in a position that requires additional investment in marketing. We will maintain a strong web presence and pursue PR opportunities in publications, though these do not cost anything other than time. If we require more work at our expanded capacity than our current customer base supplies, we can pursue paid marketing efforts through trade magazines. We may also pursue other methods of customer acquisition like attending trade shows and bidding on government contracts.

Sales

The Machine Shop Manager converts leads that come in through word-of-mouth and marketing. The MSSE does not have an in-house sales representative. In the past, we have signed a contract with a machine tool salesperson to bring in work and charge a percentage of purchase orders coming from their referrals. If we need additional sales in the future, we can re-engage this salesperson or another like him.

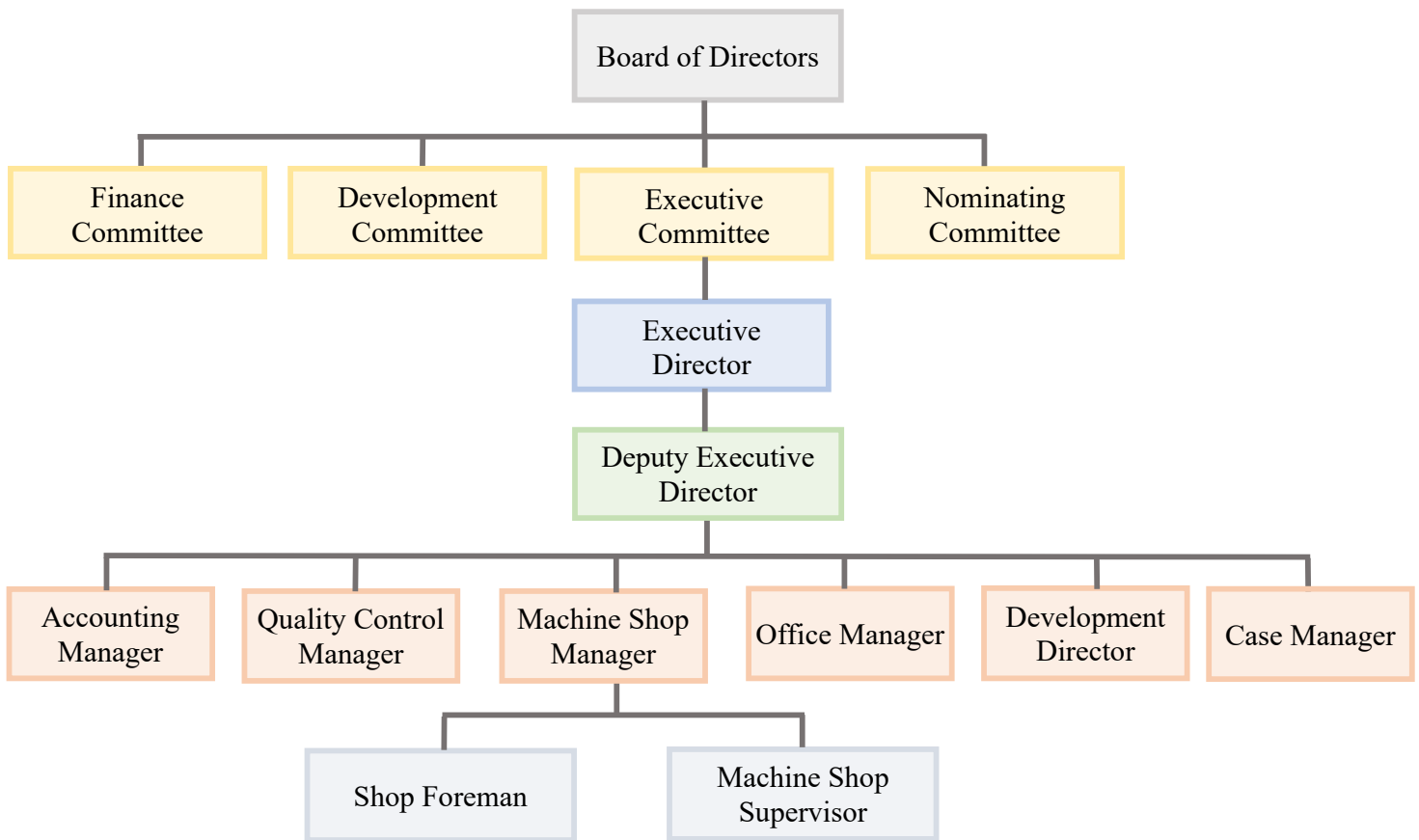
5. Organization & Management

Joe Gilbreath, Executive Director, retired as a Corps of Engineers Army Colonel in 2000. Throughout his 26-year career in the Army, he served in numerous leadership positions. After retiring, Joe used his leadership experience in service of multiple nonprofits, including Habitat for Humanity and Kairos Prison Ministry at RJ Donovan. Joe co-founded Rise Up Industries where he has served as Executive Director since 2013.

Jonathan Yackley, Deputy Executive Director, collaborates with Joe for overall organizational leadership. Jonathan brings ten years of international business and development experience. He previously founded and operated a successful social enterprise serving at-risk populations. Jonathan has served as Deputy Executive Director at Rise Up Industries since January 2020.

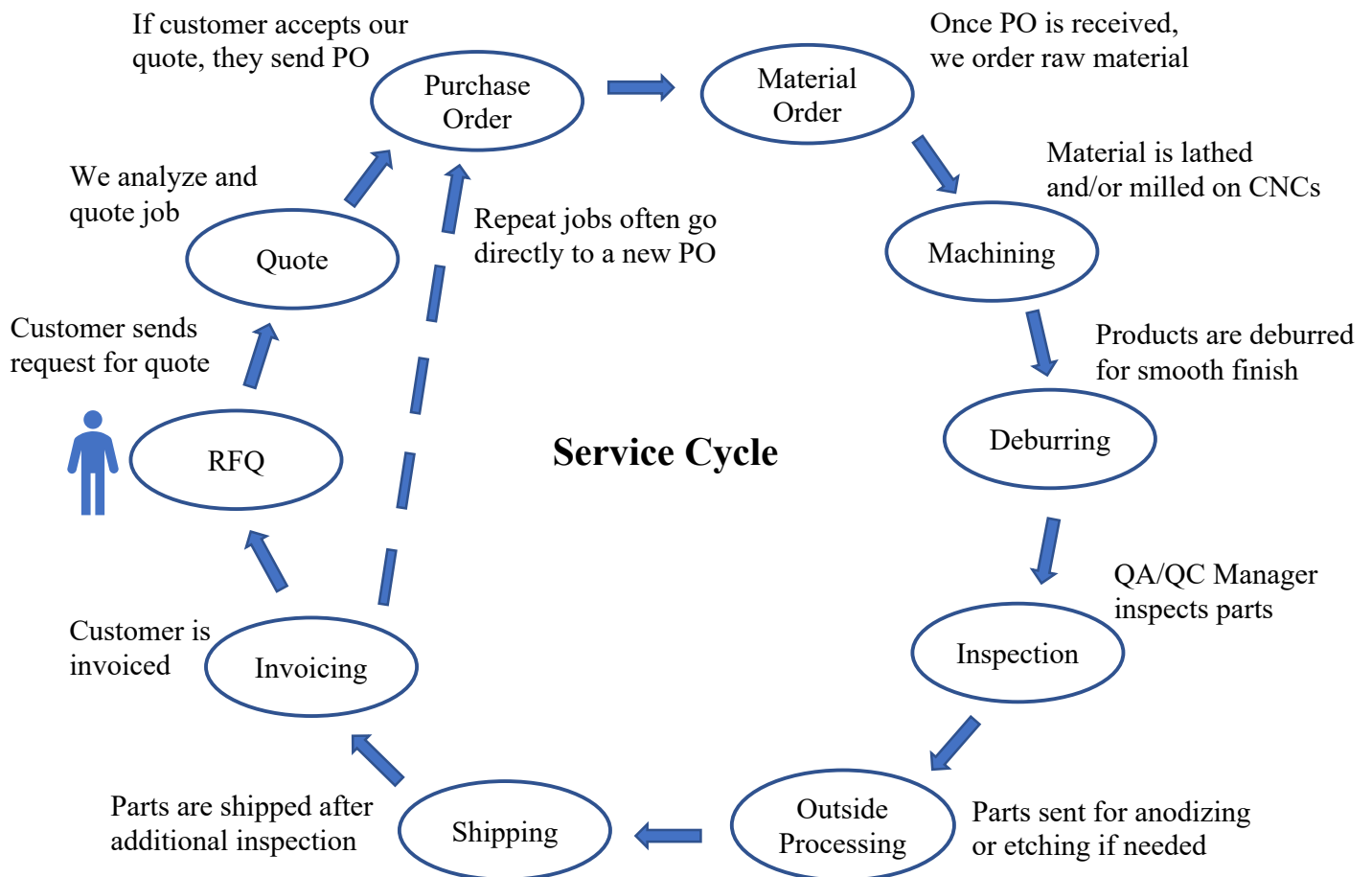
Dustin Greeves, Machine Shop Manager, directs training and daily operations at the MSSE. He also interfaces with customers, receives RFQs and quotes jobs. He has 27 years of experience in the tool and die/mold making industry and has served at Rise Up Industries since February 2016.

The chart below shows current staff members. Four additional MSSE staff will be hired in order to serve 24 members at a time.



6. Service

The MSSE provides machining services primarily to other businesses. This service was described in Section 2. The diagram below shows the service cycle in more detail. For specific CNC machining capabilities, see Appendix A: Capability Statement. The Capability Statement is a standard document for CNC machine shops.



7. Financial Projections

The table below shows financial projections for our Reentry Program through 2025. It has been updated in 2022 to show how 2021 actuals compared to projections.

Year	2021 - Projected ¹	2021 - Actuals ²	2022	2023	2024	2025
Revenue						
Grants/Donations ³	\$1,069,600	\$1,415,677	\$1,597,677	\$1,779,677	\$1,961,677	\$2,143,677
Secured Funding			\$519,611	\$398,333	\$373,333	\$191,667
MSSE Revenue	\$360,000	\$489,736	\$420,000	\$640,000	\$1,237,500	\$2,100,000
Rental Income ⁴				\$88,240	\$92,652	\$97,285
Gross Revenue	\$1,429,600	\$1,905,414	\$2,017,677	\$2,507,917	\$3,291,829	\$4,340,962
Costs						
COGS ⁵	\$79,200	\$256,589	\$92,400	\$140,800	\$272,250	\$462,000
Wages						
Permanent Staff ⁶	\$592,700		\$652,700	\$775,200	\$820,200	\$900,200
Members ⁷	\$349,440		\$280,800	\$446,160	\$658,320	\$927,680
Utilities	\$13,650		\$16,380	\$19,656	\$23,587	\$28,305
Tooling & Maint. ⁸	\$42,000		\$56,000	\$70,000	\$84,000	\$98,000
Mortgage				\$114,150	\$114,150	\$114,150
Property Mgmt. ⁹				\$151,087	\$158,641	\$166,573
Other G&A ¹⁰	\$245,000		\$294,000	\$352,800	\$423,360	\$508,032
Contingency ¹¹	\$66,100		\$69,614	\$106,851	\$131,120	\$163,680
Total Costs	\$1,388,090	\$1,446,230	\$1,461,894	\$2,173,346	\$2,682,234	\$3,365,187
Net Revenue	\$41,511	\$459,184	\$555,783	\$334,572	\$609,595	\$975,775

¹ Projected in June 2021 Business Plan

² Actuals from 2021. Our financials have different categories than the business plan, so Total Costs = COGS + Total expenses from 2021 audited financials. COGS include member wages.

³ Grants/Donations increased an average of \$182,000/year since 2014. This growth is forecasted to continue at a linear rate. Additionally, some funding has already been secured, such as CalCRG: \$450,000 (June 2022 - May 2025), CalVIP: \$400,000 (July 2022 – June 2025), Alliance Healthcare: \$75,000 (2021-2023), and an individual donor: \$250,000 (2022 - 2026).

⁴ Rental income of unoccupied portion of building, assuming 5% increase per year.

⁵ 22% of total MSSE revenue. COGS includes material and outside processing, but not labor. Labor is included under wages for members. The exception is 2021 Actuals, in which member wages were included in COGS in RUI financials.

⁶ The following positions will be added: Production Manager (2023), Machine Shop Assistant Manager (2023), Instructor (2024), Quality Assurance Manager (2025).

⁷ Factors # of members, scheduled minimum wage increases, and raises.

⁸ Tooling & Maintenance is projected at \$7,000 per CNC machine per year.

⁹ Assuming 5% increase cost per year

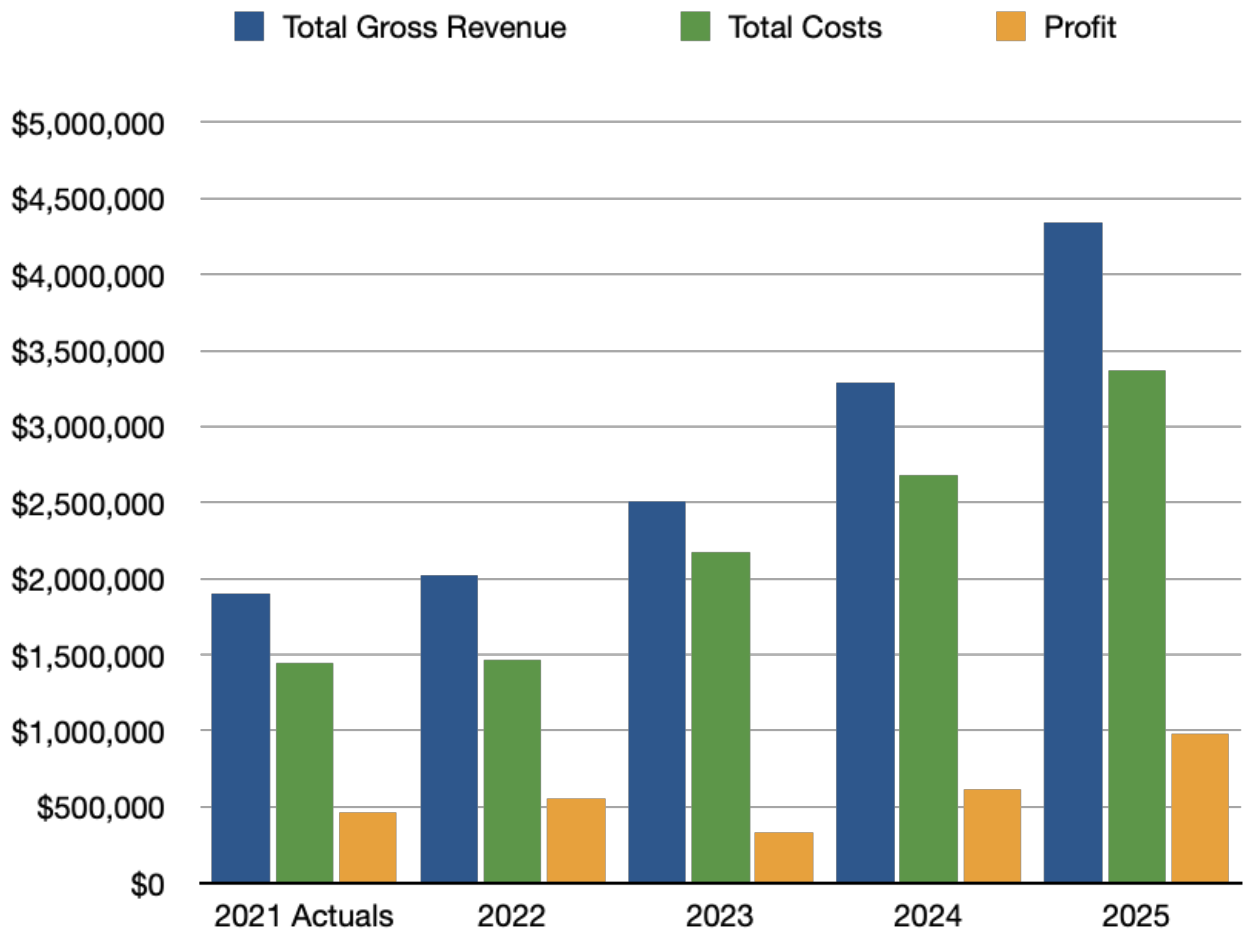
¹⁰ Other G&A (General & Administrative) includes insurance, office supplies, payroll tax, etc. It is projected to increase 20% per year.

¹¹ Contingency is 5% of total other costs.

Interpreting Financial Projections

Financial projections indicate that as the Machine Shop Social Enterprise (MSSE) grows, earned revenue will become an increasingly large percentage of our budget. Assuming we raise the capital needed to expand, MSSE revenue will be our largest source of income by 2025. These projections are based on five years of historical data, current POs, and sales forecasts from existing customers.

For information on our 2021 financials, see Appendix C.



8. Funding Request

The purpose of this business plan is to raise \$600,000 to relocate to our new facility and expand operations. This includes tenant improvements required to operate our MSSE. As demonstrated above, expanding operations to a facility of this size allows the MSSE to be the Reentry Program's largest revenue source. These projections are based on 5 years of operating history and projections from existing customers.

Angel Ramirez graduated the Reentry Program a few years ago. He served 42 years in prison and returned to society without savings or career capital. After graduating the Reentry Program, Angel was quickly promoted to a supervisor position with \$35/hour in wages. Not only this, but Angel got custody of his grandchildren, breaking the cycle of gang involvement that had led Angel, Angel's father, and Angel's son to incarceration. Angel is an example of the real lives that have benefited from their training in the MSSE and the impact on their family networks.

We want to serve more previously incarcerated individuals like Angel and need your help to get there. Your one-time contribution in this facility will give those in need of a second chance hope and practical solutions for years to come.



...a place to belong.

Capability Statement

8530 Roland Acres Drive
Santee, CA 92071

Contact: Dustin Greeves

619-300-1314
d.greeves@riseupindustries.org

NAICS:

332710
332721

Cage Code:
6ZHZ6

DUNS:
079122445

RUI Machine Shop



Products



BUSINESS SUMMARY:

Rise Up Industries (RUI) Machine Shop, which is a social enterprise, provides on-the-job-training to prepare individuals for careers as Computer Numeric Control (CNC) machine operators. Our hands-on training is done on contracted machining work, under the close supervision of our professional staff.

CAPABILITIES:

Three and four axis CNC milling up to 20 inches in width by 50 inches in length
Three axis CNC turning up to 12 inches in diameter
Uses latest version of Master-Cam cad/cam software
ISO Compliant Quality System

EQUIPMENT:

Haas TM-1P Mill	Haas Super Mini-Mill	Haas VF-2SS Mill
Haas VF-4SS Mill	Haas ST-15Y Lathe	TRAK K3 Knee Mill
Manual lathes	Fowler Optical Comparator	Haas ST-20 Lathe

EXPERTISE:

Machine Shop Manager	Dustin Greeves AS Tool Die and Mold Making, Alexandria Technical College Over 25 years experience in machining, tool & die industries
Quality Control Manager	Kenneth Ciuchta BS in Manufacturing Technology 10 years experience in quality control, engineering & mgmt
Machine Shop Supervisor	Darren Stotts Over 20 years experience in machining industry Peacock Tool & Engineering Lenco Racing Transmissions

CUSTOMERS:

Gondola Skate	Countywide Metal	Vortex Engineering
Obalon Therapeutics	Southwest Antennas	TM Engineering
Mil-Spec Metallics	California WaterJet Inc.	Cardinal Precision Metal
Computer Integrated Machining	SeeScan	KIC
GKN Aerospace Engine Systems	INOVATIV	Brian Crower, Inc.

DIFFERENTIATORS:

We provide high quality machining services and trained CNC machine operators for hire upon completion of our 18-month training program. In addition, your business supports the following benefits to our community.

- Trained CNC machine operators to fill a critical shortage in the manufacturing industry
- Successful reentry and reduction in the rate of recidivism and incarceration costs
- Reduction in street gangs leading to safer communities
- Program graduates who are role models and mentors for our at-risk youth

SUMMARY:

We are a 501(c)(3) nonprofit addressing the street gang situation in San Diego through our Reentry Program for former gang-involved individuals upon their release from incarceration.

RUI's mission is to minimize street gang activity in San Diego by providing integrated gang prevention, gang intervention and post-detention reentry services. We have begun with our Reentry Program, a key component of which is our Machine Shop Social Enterprise.

Taxpayer Savings from Reduced Recidivism

At our expanded enrollment capacity, the calculated annual savings for CA state taxpayers is \$4.5 million. Here's how that is calculated:

The cost of incarceration in California is \$106,000 per year per inmate¹ and the average sentence is 5.3 years.² This means that the average cost of incarceration is \$561,800 (\$106,000 x 5.3) per person. Using a conservative figure, at least 50% of the formerly incarcerated return to incarceration within 3 years of release.³

If we are able to expand to a larger facility our enrollment capacity will increase to 24 members at a time with 16 graduates per year. Without a successful reentry program, statistically 50%, or 8 of the 16, would be re-incarcerated. This represents an annual taxpayer savings of \$4,494,400 (8 x \$561,800).

¹ California Legislative Analyst's Office, *California's Annual Costs to Incarcerate an Inmate in Prison 2021-22*, January 2022.

² California Department of Corrections and Rehabilitation, *Offender Data Points for the 24-Month Period Ending in June 2018*, January 2019.

³ <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-health/interventions-resources/incarceration#34>



...a place to belong.

Financial Statements

December 31, 2021

Reports Included:	Page
Statement of Financial Position.....	1
Statement of Activities & Budget to Actual Report.....	2
Statement of Cash Flows.....	3

Rise Up Industries
Statement of Financial Position
As of December 31, 2021 & 2020

	Current Year	Prior Year	\$ Change
<u>Assets</u>			
Current Assets			
Cash	\$ 1,061,697	\$ 608,797	\$ 452,900
Accounts Receivable	162,359	19,061	143,298
Accrued Revenue	37,805	11,463	26,342
Deposits & Prepaid Expenses	7,087	6,916	171
Inventory	87,735	31,423	56,312
Total Current Assets	1,356,683	677,660	679,023
Fixed Assets			
Equipment	591,751	563,968	27,783
Leasehold Improvements	20,222	20,222	-
Less Accumulated Depreciation	(208,601)	(155,387)	(53,214)
Total Fixed Assets	403,372	428,803	(25,431)
Total Assets	\$ 1,760,055	\$ 1,106,463	\$ 653,592
<u>Liabilities</u>			
Current Liabilities			
Accounts Payable	\$ 18,102	\$ 25,199	\$ (7,097)
Payroll Liabilities	7,151	2,418	4,733
Credit Card Payable	17,326	6,288	11,038
Sales Tax Payable	1,097	901	196
Accrued Expenses	101	4,446	(4,345)
CNC Associates Loan	-	49,163	(49,163)
Discount on CNC Associates Loan	-	(1,039)	1,039
Current portion of MDF Loan1	58,333	25,000	33,333
Current portion of MDF Loan2	111,111	-	111,111
Payroll Protection Loan	-	105,400	(105,400)
Other Current Liabilities	-	-	-
Total Current Liabilities	213,221	217,776	(4,555)
Long-term Liabilities			
Mission Driven Finance Loan1	16,667	75,000	(58,333)
Discount on MDF Loan1	(2,213)	(5,922)	3,709
Mission Driven Finance Loan2	66,667	-	66,667
Discount on MDF Loan2	(7,574)	-	(7,574)
Total Long-Term Liabilities	73,547	69,078	4,469
Total Liabilities	286,768	286,854	(86)
<u>Net Assets</u>			
Without Donor Restrictions	1,248,110	651,427	596,683
With Donor Restrictions	225,177	168,182	56,995
Total Net Assets	1,473,287	819,609	653,678
Total Liabilities & Net Assets	\$ 1,760,055	\$ 1,106,463	\$ 653,592

Rise Up Industries
Statement of Activities & Budget to Actual Report
For the year ended December 31, 2021

	Budget to Actual Report					
	Current Month			Year to Date		
	Actual	Budget*	Variance	Actual	Budget*	Variance
Donations & Grants						
Donations	\$ 203,597	\$ 319,100	\$ (115,503)	\$ 517,534	\$ 365,000	\$ 152,534
Grants	40,000	25,000	15,000	254,984	300,000	(45,016)
Government Funding	9,912	17,474	(7,562)	303,549	147,700	155,849
Fundraising Event	-	-	-	190,717	170,000	20,717
Donations In-kind	3,600	-	3,600	15,029	-	15,029
Total Donations & Grants	257,109	361,574	(104,465)	1,281,813	982,700	299,113
Social Enterprise Revenue						
Machine Shop	59,901	20,900	39,001	489,061	250,000	239,061
CGS - Machine Shop	(15,268)	(24,688)	9,420	(356,918)	(246,278)	(110,640)
Gross Profit Machine Shop	44,633	(3,788)	48,421	132,143	3,722	128,421
Merchandise Sales	4,072	4,305	(233)	34,076	51,700	(17,624)
CGS - Merchandise Sales	(4,328)	(2,725)	(1,603)	(21,542)	(32,700)	11,158
Gross Profit Merchandise Sales	(256)	1,580	(1,836)	12,534	19,000	(6,466)
Total Social Enterprise	44,377	(2,208)	46,585	144,677	22,722	121,955
Other Revenue	607	60	547	10,362	800	9,562
Total Revenue	302,093	359,426	(57,333)	1,436,852	1,006,222	430,630
Expenses						
Contract Services	4,209	3,015	1,194	27,557	36,150	(8,593)
Facilities & Equipment	4,079	3,860	219	47,291	46,290	1,001
Insurance	598	610	(12)	7,093	7,170	(77)
Other Operating Expenses	16,683	7,955	8,728	129,708	95,370	34,338
Payroll Expenses	52,208	70,408	(18,200)	733,741	810,722	(76,981)
Fundraising Event Expense	-	-	-	36,095	12,500	23,595
Depreciation Expense	4,200	4,325	(125)	53,213	51,900	1,313
Total Expenses	81,977	90,173	(8,196)	1,034,698	1,060,102	(25,404)
Change in Net Assets from Operating Activities	220,116	269,253	(49,137)	402,154	(53,880)	456,034
Non-operating Activities						
Net Gain (Loss) on Stock Sales	-	-	-	(1,121)	-	(1,121)
Employee Retention Tax Credit	50,595	-	50,595	50,595	-	50,595
PPP Loan Forgiveness	-	-	-	202,050	105,400	96,650
Change in Net Assets	\$ 270,711	\$ 269,253	\$ 1,458	\$ 653,678	\$ 51,520	\$ 602,158

*YTD Budget aligns with RUI's 2021 Annual Budget, with one exception: Payroll expenses associated with CGS were moved from Payroll Expenses to CGS - Machine Shop.

Rise Up Industries
Statement of Cash Flows by Month
For the year ended December 31, 2021

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2021
Cash Flows From Operating Activities													
Change in net assets	\$ 49,714	\$ (12,569)	\$ 71,857	\$ (17,942)	\$ (31,814)	\$ (29,410)	\$ (44,412)	\$ 114,140	\$ 122,956	\$ 155,725	\$ 4,722	\$ 270,711	\$ 653,678
Adjustment to reconcile change in net assets to net cash from operating activities:													
Depreciation expense	4,659	4,659	4,827	4,793	4,710	4,710	3,914	4,122	4,215	4,202	4,202	4,200	53,213
Change in operating assets and liabilities:													
Receivables	(23,104)	(25,075)	24,474	(5,912)	(3,099)	(74,133)	66,740	(52,801)	(111,087)	46,076	44,472	(29,849)	(143,298)
Inventory	2,273	(9,467)	(13,381)	(14,514)	(19,282)	22,239	(29,844)	(10,833)	28,483	13,412	(13,415)	(11,983)	(56,312)
Accrued Revenue	(4,428)	9,023	(2,063)	(4,908)	(1,049)	14,888	(6,211)	(7,283)	(10,614)	(1,461)	(8,129)	(4,107)	(26,342)
Deposits & prepaid expenses	795	(3,003)	1,471	(707)	764	848	(1,777)	(3,275)	4,477	(1,852)	1,047	1,041	(171)
Accounts payable	(17,096)	8,866	(3,230)	(10,477)	4,718	24,803	(18,881)	7,268	(5,345)	(6,194)	5,295	3,176	(7,097)
Payroll liabilities	1,711	284	1,635	32,776	4,427	(25,717)	(7,202)	(1,607)	1,003	121	751	(3,448)	4,734
Credit card payable	1,253	(4,388)	2,657	7,180	(10,532)	7,795	(3,396)	(6,856)	20,981	(8,397)	59	4,683	11,039
Sales tax payable	(1,067)	83	89	1	134	78	(68)	134	60	105	304	344	197
Accrued expenses	10,748	3,048	6,712	(22,873)	(510)	8,695	7,461	7,672	6,334	5,061	10,317	(47,010)	(4,345)
Loan discount	-	-	-	-	(12,822)	-	-	-	-	-	-	-	(12,822)
Amortization of loan discounts	505	492	478	455	1,100	1,078	1,059	1,038	1,017	972	927	876	9,997
Net cash provided by operating activities	25,963	(28,047)	95,526	(32,128)	(63,255)	(36,552)	(27,919)	64,123	37,804	207,770	50,552	188,634	482,471
Cash Flows from Investing Activities													
Purchase of equipment	-	(1,896)	(8,574)	-	-	(5,666)	(51)	(9,908)	(1,688)	-	-	-	(27,783)
Net cash used in investing activities	-	(1,896)	(8,574)	-	-	(5,666)	(51)	(9,908)	(1,688)	-	-	-	(27,783)
Cash Flows from Financing Activities													
Proceeds from PPP2 loan	-	96,650	-	-	-	-	-	-	-	-	-	-	96,650
Proceeds from MDF2 loan	-	-	-	-	200,000	-	-	-	-	-	-	-	200,000
Forgiveness of PPP loans	-	-	(105,400)	-	-	-	-	(96,650)	-	-	-	-	(202,050)
Repayments of CNC Associates loan	(4,469)	(4,470)	(4,469)	(4,469)	(4,469)	(4,470)	(4,470)	(4,469)	(4,469)	(4,470)	(4,469)	-	(49,163)
Repayments of MDF loan	-	-	(2,778)	(2,778)	(2,778)	(2,777)	(2,778)	(2,778)	(2,778)	(10,186)	(10,186)	(10,186)	(47,225)
Net cash provided by financing activities	(4,469)	92,180	(109,869)	(7,247)	192,753	(7,247)	(7,248)	(103,897)	(7,247)	(14,656)	(14,655)	(10,186)	(1,788)
Change in cash and cash equivalents	21,494	62,237	(22,917)	(39,375)	129,498	(49,465)	(35,218)	(49,682)	28,869	193,114	35,897	178,448	452,900
Cash at beginning of the period	608,797	630,291	692,528	669,611	630,236	759,734	710,269	675,051	625,369	654,238	847,352	883,249	608,797
Cash at the end of the period	\$ 630,291	\$ 692,528	\$ 669,611	\$ 630,236	\$ 759,734	\$ 710,269	\$ 675,051	\$ 625,369	\$ 654,238	\$ 847,352	\$ 883,249	\$ 1,061,697	\$ 1,061,697
Cash Less Non-PPP Loans & Building Funds													
Total Cash	630,291	692,528	669,611	630,236	759,734	710,269	675,051	625,369	654,238	847,352	883,249	1,061,697	1,061,697
Loans Due to MDF	(100,000)	(100,000)	(100,000)	(97,222)	(294,444)	(291,667)	(288,889)	(286,111)	(283,333)	(273,149)	(262,962)	(252,778)	(252,778)
Loan Due to CNC Associates	(44,694)	(40,224)	(35,755)	(31,286)	(26,816)	(22,347)	(17,877)	(13,408)	(8,939)	(4,469)	-	-	-
Restricted Funds for Building Purchase	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(200,100)	(200,100)	(200,100)	(200,100)
Cash Less Non-PPP Loans & Building Funds	\$ 385,597	\$ 452,304	\$ 433,856	\$ 401,728	\$ 338,473	\$ 296,255	\$ 268,285	\$ 225,850	\$ 261,967	\$ 369,634	\$ 420,187	\$ 608,819	\$ 608,819