



... a place to belong

2016 Annual Report

INTRODUCTION

This is the fourth 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.

We opened our Reentry Program this year with the hiring of our initial staff members and the opening of our Machine Shop Social Enterprise. A summary of the year's activities is provided in our Annual Newsletter attached as Enclosure 1.

GOVERNANCE

Vince Oliver stepped down from the board at the end of 2015 due to other time commitments. We welcomed Father Gil Gentile, SJ. on to our board. Father Gil is a Roman Catholic Jesuit Priest and a Licensed Clinical Social Worker. Father Gil brings a wealth of experience to the organization.

In July, the board resolved to extend all board terms by six months so that board terms will coincide with the end of our fiscal year. Thus, board terms now expire in December. Three of our officers and founding members' (president, vice-president and treasurer) terms expired in December. All three were reelected to second terms. However, the term lengths were staggered so that in the future their terms would not all expire in the same year.

Additionally, we have a fourteen-member Advisory Council.

Our Board of Directors and our Advisory Council members are listed in Enclosures 2 and 3 respectively.

STAFF

Our first paid staff member, Dustin Greeves, was hired in February as our Machine Shop Social Enterprise Shop Manager. Our shop is located in Santee and is discussed in more detail below.

Our second staff member, Emma Gallo, was hired in May and is the Office Manager of our office located in La Mesa.

SERVICES / ACTIVITIES

Reentry Program

RUI began its Reentry Program in March with the enrollment of our first member. A total of three members were enrolled into our 18-month program in 2016. The primary service which we provide is employment training and experience in our machine shop social enterprise. Additionally, our members are provided with a mentor, some outsourced case management services and tattoo removal services (if desired). Additional services will be provided as our program develops.

Tattoo Removal

RUI continued to provide tattoo removal services through May of 2016, serving 13 clients and providing a total of 20 treatments. Due to equipment failures, our services were suspended. In the meantime, we established a relationship with Change in Action, a nonprofit in Del Mar, that provides tattoo removal service. We are now able to refer our clients for treatment through this collaborative agreement.

Social Enterprises

Rise Up Industries Machine Shop

We opened our Machine Shop Social Enterprise in February, thanks in large part to Haas Automation Inc. who entrusted to us a Haas CNC TM-1P mill and provided a \$20,000 grant for our start-up. As mentioned earlier, we hired our machine shop manager in February and enrolled our first member in March. CNC Software donated to us four seats of MasterCam software, which is used to program CNC equipment. We completed our first three machine job orders in April, and enrolled our second member in May.

Our members are trained to be CNC (Computer Numeric Control) machine operators. This is a well paying trade that is in high demand. Our shop provides on-the-job training as our members are trained on contract work under the supervision of our machine shop manager.

This skill-training and employment experience is a key component of our Reentry Program. Thus, in order to be able to enroll more members into our Reentry Program, we developed plans for expanding our Machine Shop Social Enterprise. We presented the expansion project concept at our machine shop open house in May. The expansion project is described in enclosure 4.

Thanks to the initial funding response we received, we launched our 15-month expansion project in October. To date, we have expanded the square footage of our shop, purchased our second CNC mill (Haas Super Mini Mill) and enrolled our third member into the program. Completing the expansion project will be our focus for 2017. Once completed we will have the capacity to train 12 members at a time, graduating two every quarter and enrolling two new members every quarter.

In 2016, we completed 79 job orders for 11 customers and generated \$63,000 in revenue.

Other Social Enterprises

Our other three social enterprises, discussed below, do not currently employ any of our members. The intent with these enterprises is to develop our market and name recognition to the point where we will have viable employment opportunities for the members in our Reentry Program.

Rise Up Industries Coffee

We have continued to sell our coffee at two grocery stores: Major Market in Escondido, and Valley Farm Market in Spring Valley. We established an agreement with the Catholic Diocese of San Diego to provide coffee monthly for the Pastoral Center. We also met with Barons to negotiate the sale of our coffee at their stores. We expect a response by February 2017. Our gross revenue for 2016 was \$9,397.

Rise Up Industries Silk Screening and Embroidery

Our silk screening and embroidery social enterprise customer base continued to grow, however our overall sales were lower than in 2015. We had 22 orders, delivering more than 2,300 products and grossing over \$27,700.

Rise Up Industries Beef Jerky

This year we started a private labeled beef jerky enterprise. We provided a trial order to R.J Donovan State Correctional Facilities for sale in their commissaries. The intent was to help get our name out and to generate revenue for our program. Sales did not go as well as expected. We are reviewing other options.

FINANCIALS

Our 2016 year-end financials are attached as Enclosure 5. A copy of our 2015 Form 990 Tax Return is available upon request.

Our 2017 operating budget is attached as enclosure 6.



Joseph L. Gilbreath
President
Rise Up Industries

Enclosures

1. Rise Up Industries Annual Newsletter
2. Board of Directors
3. Advisory Council
4. Machine Shop Expansion
5. 2016 Financials
6. 2017 Budget

Newsletter

November, 2016

RISE UP[®]
INDUSTRIES

... a place to belong.

**Providing former
gang members hope,
kinship and
opportunities.**

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RISEUPINDUSTRIES.ORG



Pathway to a better future... www.riseupindustries.org

RISE UP[®] INDUSTRIES

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Officers & Directors

Joe Gilbreath - President
Ross Provenzano - Vice President
Gary Lynn - CFO
Steve Spooner - Secretary

Directors

Joshua Aguirre
Steve Boyle
Del Centanni
Joey Estrada Jr., Ph.D
Father Gil Gentile, SJ

Advisory Council

Dr. Ron Baza
Bishop Cornelius Bower
Dr. Derry Connolly
Dr. Kenneth G. Gross, M.D.
Mr. Phil Jelsma
Mr. Steve Kim
Mr. Barry LaForgia
Mr. Royden Marsh
Mr. Morad "Ronnie" Matingka
Ms. Lynn Sharpe-Underwood
Mr. Blaise Subbiondo
Mr. Raymond Uzeta
Deacon Jim Vargas
Deacon Jim Walsh

Introduction

This is our third annual Newsletter. We are very appreciative of all our supporters, donors, and volunteers. This Newsletter reports on the progress we have made this year thanks to your generous support.

Table of Contents

1. Introduction
2. Message from the Board
3. Machine Shop
4. Machine Shop - continued
5. Social Enterprise Updates
6. Grantors & Donors
7. Statistics and Ways You Can Help



Conceive ~ Believe ~ Achieve



Message From the Board



It's been a long road since our incorporation in May of 2013, but we are thrilled to report that this year we have enrolled our first members into our 18-month reentry program! We opened both our headquarters in La Mesa and our Machine Shop Social Enterprise in Santee.

Additionally, we have hired our first staff members: Emma Gallo, our Office Manager, and Dustin Greeves, our Machine Shop Manager. Last but not least, Father Gil Gentile joined our Board and Ronnie Matingka joined our Advisory Council. Below is a brief recap of our year and our projections for 2017.

2016

While we began serving individuals with our tattoo removal service in August 2013, it wasn't until we opened our Machine Shop Social Enterprise that we were able to enroll members into our 18-month reentry program.

Our headquarters opened in May and we hired our Office Manager. Emma wears many hats and is a great addition to the team. She is managing our silk screen and embroidery orders, is our HR person, was instrumental in helping to update and maintain our website, handles our social media, does our foundation research and the list goes on!

Dustin, our machine shop manager, joined the team the same day our CNC mill was delivered. He was responsible for setting up our shop, developing the training program, developing our customer base, bidding work, quality control, production and invoicing for the work. All of this on top of training our members and creating a very positive and supporting environment!

We have continued to build our silk screening, embroidery and coffee enterprises. Additionally, we opened our beef jerky social enterprise, providing our private labeled beef jerky to RJ Donovan.

2017 Projections

Our efforts in 2017 will primarily focus on the completion of the machine shop expansion which will give us the capacity to train twelve members at a time. We will increase our staff and will add case management, counseling, and spiritual programs to our services.

meet our
NEW HIRES

Emma Gallo



"I'm looking forward in helping this organization evolve into something amazing. I genuinely believe that everyone deserves a second chance."

Dustin Greeves



"For our members, there is no better sense of accomplishment than constructing something with their own two hands."

Machine Shop Social Enterprise

Interim employment in one of our social enterprises provides our members work experience and prepares them for full-time employment upon completion of the program. Our machine shop social enterprise trains our members to be Computer Numeric Control (CNC) machine operators. This is a well paying trade that is in high demand.

We opened our shop in February with a Haas TM-1P mill that was entrusted to us by Haas Automation Inc. Our grand opening was held on May 6th and was attended by over 80 of our supporters!

We were able to open our shop thanks to the generosity of many supporters:

- Haas Automation - Entrusted TM-1P mill
- Haas Foundation - \$20K grant for tooling
- Haas Factory Outlet - In-kind donation of simulators and tool holders
- CNC Software - In-kind donation of Mastercam Software
- Castrol - In-kind donation of coolant
- Acutus Medical - In-kind donation of precision inspection table and lathe

We enrolled our first member in March and our second member in May. They are excited about the machining trade that they are learning. We are very proud of their progress and they will be great role models for our new members whom we will soon be adding to the team!



We train our members on contract work. This provides them real world work experience and also generates revenue to help off-set operational costs, which includes their wages. With virtually no marketing except word of mouth, we have developed a customer base that is continuing to grow. Within our first seven months, we have served ten customers and delivered over 60 job orders. We would like to recognize our customers:

- | | |
|------------------|---------------------|
| Gondola Skate | Obalon Therapeutics |
| Countywide Metal | Vortex Engineering |
| KSJ Valve Co. | Lizatards |
| PRI | Dynamic Welding |
| La Jolla Pools | Southwest Antennas |

Due to the early success of our machine shop, we developed an expansion plan for our machine shop in order to increase our capacity to train more members. The expansion project is anticipated to take 15 months. It will increase the number of CNC machines from one to five. Most importantly it will give us the capacity to train 12 members at a time, graduating two and enrolling two new members every quarter. We launched our expansion project in October with the purchase of a Haas CNC Super Mini Mill. The mill is scheduled to be delivered in late November. The purchase was made possible by a \$50k grant from the David C. Copley Foundation and donations from our Machine Shop Social Enterprise Expansion Founding Members. Thus far we have two Platinum (\$25k), one Silver (\$5k) and six Titanium (\$1k) Founding Members. We have budgeted \$470,000 for the full expansion.



"We rise by lifting others" - Robert Ingersoll

Machine Shop Social Enterprise



Our first member, Shane Stewart at his graduation from the Lighthouse and successful completion of his parole!
Congratulations Shane!

Our second member, Danniell Magueflor in the machine shop! Danniell has been such a fast learner and is learning new things daily!
Way to go Danniell!



As one of our *Core Values* states:
Unity - We are a community of kinship focused on teamwork; we are on this journey together.



Want to help with our expansion project? Please refer to page 7!

Social Enterprises Updates

We are not currently employing members in the social enterprises described below. Our purpose here is to use these enterprises to help raise awareness of Rise Up Industries, generate revenue to grow our program and to increase our market share to the point where we can employ future members.

Coffee

Our three blends of coffee are still available at Major Market in Escondido, and Valley Farm Market in Spring Valley.

This year we also started providing coffee to the Catholic Diocese of San Diego for their Pastoral Center and functions.

If your church, company or association would like to support Rise Up Industries by serving our coffee, let us know and we will develop a plan to meet their coffee needs!



Silk Screening & Embroidery

Our customer base is growing!! If you need t-shirts, polos or other embroidery products... Contact us for a quote!

Our customers to date include: A1 Self Storage, All For God, Kairos Prison Ministry, Military Outreach Ministry, Survivors of Suicide Loss, Cursillo and, many many more!

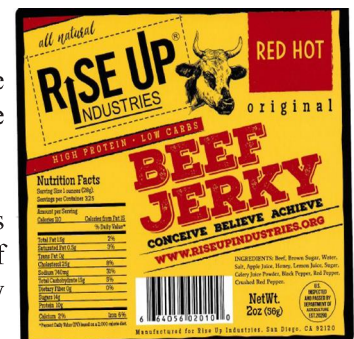
At Rise Up Industries, we believe in non-profits supporting other non-profits... Give us a call for a quote!



Beef Jerky

Who doesn't love beef jerky!! We began our beef jerky social enterprise this year. We are providing our private labeled beef jerky to RJ Donovan Correction Facility for sale in their canteens.

We are still in the test phase but, if successful, will be able to expand to other facilities across California. This enterprise has a two fold purpose - to help raise awareness of our reentry program to inmates preparing for release and to generate revenue to grow our program!



"When you wake up every day, you have two choices: You can either be positive or negative, an optimist or a pessimist. I choose to be an optimist. It's all a matter of perspective." - Harvey Mackay

Grantors & Donors

We are extremely grateful for the funding we have received to date from the following grantors & donors:

Individual Donors:

Cont.

\$10,000 or more

Mr. & Mrs. John Bowen
 Mr. & Mrs. Brian Caster
 Mr. & Mrs. Joe Gilbreath
 Mr. Joe Hynes
 Mr. & Mrs. Steve Spooner
 Mr. Bob Szalkiewicz

Ms. Jane Chambers
 Mr. & Mrs. James Chodzcho
 Mr. John Cooper
 Ms. Christina Coyazo
 Mr. Jac Crawford
 Mr. Tim Cusick
 Mr. & Mrs. John Del Zio, Jr.
 Mr. & Mrs. David G. Edgerton

\$1,000 to \$9,999

Pastor Charlie Boss
 Mr. & Mrs. Jim Call
 Mr. Robert Colgrove
 Mr. & Mrs. Daniel Conaty
 Mr. & Mrs. Steven H. Crabtree
 Mr. & Mrs. Brian Devine
 Ms. Kathleen Dunlay
 Mr. Dean Dwyer
 Mr. & Mrs. Bob Hogan
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 Mrs. Bethany Jubenville
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 Mr. Joseph P. Rainey
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 Deacon & Mrs. James Walsh
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Mr. Justin Ganz
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 Mr. Mike Hays
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 Dr. Michael Joly
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 Mr. Barry LaForgia
 Mr. & Mrs. Joseph LaRussa
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 Mr. Gary Mac Isaac
 Mr. Mark Mahoney
 Mr. George McCalla
 Mr. Malcolm Mitchell
 Mr. & Mrs. Michael Moore
 Mr. Vince Oliver
 Sister Francisca Olvera
 Ms. Jaime Parks

\$500 to \$999

Mr. & Mrs. Mario Battaglia
 Mr. & Mrs. Mike Bendix
 Mr. & Mrs. Joseph Carton
 Mr. & Mrs. David Davey
 Mr. & Mrs. Richard Hynes
 Mr. & Mrs. Mitchel Karp
 Deacon & Mrs. Lane Litke
 Mr. & Mrs. Doug Livingston
 Mr. & Mrs. Al Paton
 Mr. & Mrs. Jeff Penta
 Mr. & Mrs. Jerry Proventure
 Mr. & Mrs. Vincent Provenzano
 Mr. & Mrs. Gary Rapp
 Ms. Cynthia Ruiz
 Mr. & Mrs. Tom Schlosser
 Ms. Catherine Stevens
 Mr. & Mrs. John Wynne

Mr. & Mrs. Daniel Perwich
 Mr. Sam Patella
 Ms. Sheila Price
 Mr. & Mrs. William E. Quirk
 Mr. Ed Reichert
 Mr. & Mrs. Gerardo Samaniego
 Mr. Stephen Toner
 Mr. & Mrs. Joe Trechter
 Ms. Lisa Marie Trevino
 Mr. & Mrs. Tom Underwood
 Ms. Marcile Vadell-Strickland
 Mr. Michael Van Antwerp
 Mr. Tim Walsh

Up to \$499

Mr. Dennis Aumack
 Mr. & Mrs. Dean Blankartz
 Mr. & Mrs. Steve Boyle
 Mr. William Brennan
 Ms. Courtney Harker Brown
 Ms. Margie Carroll

Corporate and Foundation Grants

Caster Family Foundation
 David C. Copley Foundation
 The Gene Haas Foundation
 The Parker Foundation
 Sacred Heart Ministry of Charity
 Sundt Foundation
 US Bank
 WD-40 Company Foundation
 Wells Fargo Foundation
 Zable Foundation

Stay Up To Date....!



We've made headlines!!

A very special thank you to Live Well San Diego for featuring Rise Up Industries in their July public safety segment! Our very own Shane was featured in their article!
Thank you, Live Well San Diego!

HOME | NEWS | JULY 2016
LOCAL ORGANIZATION RISES TO HELP FORMER GANG MEMBERS BELONG

NEWS & SUCCESS STORIES



NEWS // JUNE 29, 2016
LOCAL ORGANIZATION RISES TO HELP FORMER GANG MEMBERS BELONG



LIVE WELL
SAN DIEGO

Current Gang Activity

Rise Up Industries' mission is to minimize street gang involvement in San Diego County. At a National level, gangs are reported to be responsible for almost half of the violent crime in most jurisdictions. In San Diego, there are a reported 158 different gangs with approximately 7,500 documented gang members. In 2015, the City of San Diego had 911 gang related crimes including: 6 homicides, 13 attempted homicides and 200 assaults with a deadly weapon. The entire county is negatively impacted in terms of unsafe neighborhoods, increase in drug and human trafficking, devaluation of property, gang graffiti and increased costs in law enforcement, judicial and correctional systems.



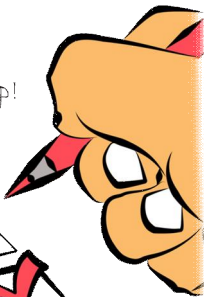
Become a Machine Shop Social Enterprise Expansion Founding Member:

| | |
|----------|----------|
| Diamond | \$50,000 |
| Platinum | \$25,000 |
| Gold | \$10,000 |
| Silver | \$5,000 |
| Titanium | \$1,000 |



Other ways you can help!

Donations through PayPal
Donate your auto through CARS!
Sign up for Amazon Smile!
VOLUNTEER!



Donation of appreciated investments - full tax deduction and avoid capital gains tax

Make sure to like us on Facebook & Twitter to stay up to date on everything going on at Rise Up Industries!



we ♥
VOLUNTEERS!

DONATE!

From Everyone at Rise Up Industries....

THANKS

.....Best wishes for a safe & healthy 2017!



Officers and Board of Directors

Joseph L. Gilbreath
President

Retired Army Corps of Engineers Colonel

Ross V. Provenzano
Vice President

Founder / President of Provenzano Resources, Inc.

Gary D. Lynn
Chief Financial Officer

Retired Navy Supply Corps Captain

Steve Spooner
Secretary

Founder / President Spooner's Woodworks Inc.

Joshua Aguirre

Independent Contractor for Project A.W.A.R.E.

Steve Boyle

Retired School Administrator with the Cajon Valley Union
School District

Delfina Centanni

Development Specialist, All for God

Joey Nunez Estrada Jr., Ph.D.

Assistant Professor, Department of Counseling and School
Psychology, San Diego State University

Gilbert J. Gentile, SJ, LCSW

Roman Catholic Jesuit Priest, Licensed Clinical Social Worker



Advisory Council

Dr. Ron Baza

Professor, University of San Diego and Southwestern College

Bishop Cornelius Bowser

Charity Apostolic Church

Dr. Derry Connolly

Founder and President, John Paul the Great Catholic University

Dr. Kenneth G. Gross M.D.

Skin Surgery Medical Group Inc.

Mr. Phillip Jelsma

Crosbie, Guner, Schiffman, Southard, Swanson

Mr. Steve Kim

University of Southern California

Mr. Barry LaForgia

Founder and Executive Director, International Relief Teams

Mr. Royden Marsh

District Employee Assistance Program Clinician, Megellan Health Services

Mr. Morad "Ronnie" Matingka

Branch Manager, US Bank Scripps Poway Parkway Branch

Ms. Lynn Sharpe-Underwood

Adjunct Professor, Criminal Justice Systems Department, Alliance International University

Mr. Blaise J. Subbiondo

Founder, E-Tap, Inc

Mr. Raymond Uzeta

President and Chief Executive Officer, Chicano Federation of San Diego County

Deacon Jim Vargas

President and Chief Executive Officer, Father Joe's Villages

Deacon Jim Walsh

Assistant Director, Office of Social Ministry, The Roman Catholic Diocese of San Diego

Rise Up Industries

Machine Shop Social Enterprise

Rise Up Industries (RUI) Machine Shop Social Enterprise is a key component of our Reentry Program. Successful reentry and departure from gang life requires employment. Our Machine Shop Social Enterprise both trains and employs our members as Computer Numeric Control (CNC) machine operators. This is a well paying trade that is in high demand. The skill gap in this industry is projected to increase significantly over the next decade.

Our machine shop not only provides specific job skill training but additionally provides employment experience, work ethic development and customer satisfaction training. Our members are provided on-the-job training on contract work for local customers. In order to provide our members with real work environment experiences, where quality control, time management and customer satisfaction are high priorities, it is important that the shop is not over-staffed. Therefore, in order for us to increase our training capacity, we need to expand our machine shop and customer base. Our expansion project is projected to take 15 months and was launched in October 2016.

Original Program

Our original machine shop was in a 500 square foot facility, had one CNC machine (Haas TM-1P CNC Mill), one full-time staff member and two trainees.

Expansion Project

Purpose: Increase capacity to train more reentry members in our 18-month program.

Goal: Capacity to train 12 members at a time, graduating two members every quarter and to enrolling two new members every quarter

Elements of Expansion:

- * Facility: increase from 500 square foot to a 3,200 square foot facility
- * Equipment: increase from one CNC mill to three CNC mills and two CNC lathes:
 - allows a broader training experience for our members
 - provides a greater range of production capability
- * Staff: increase from one full-time staff member to two
- * Members: increase from two to twelve members
- * Shifts: increase from one to two shifts (doubles capacity with no increase in facility or equipment costs)

Budget: \$470,000

- * The budget includes
 - increase in lease and utilities
 - tenant improvements / moving
 - equipment costs
 - wages for additional staff member
- * Based on projected contract work, program will achieve a positive cash flow by 4th quarter 2017

Schedule:

- * Start date: Oct 1, 2016
- * Duration: 15 months

Rise Up Industries

December 2016 Financials

| | Pages |
|--|-------|
| Statement of Financial Position as of December 31, 2016 vs December 31, 2015 | 1 - 2 |
| Current vs Cumulative Statement of Activities December 2016 vs Year-to-Date | 3 - 6 |

Rise Up Industries
Statement of Financial Position
As of December 31, 2016 vs December 31, 2015

| | <u>Dec 31, 16</u> | <u>Dec 31, 15</u> | <u>\$ Change</u> |
|--|--------------------------|--------------------------|--------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Checking/Savings | | | |
| 1000 · Cash | | | |
| 1020 · Checking Account - CB&T | 217,158.32 | 449,209.58 | -232,051.26 |
| 1025 · CB&T Savings | 200,047.19 | 0.00 | 200,047.19 |
| Total 1000 · Cash | <u>417,205.51</u> | <u>449,209.58</u> | <u>-32,004.07</u> |
| Total Checking/Savings | 417,205.51 | 449,209.58 | -32,004.07 |
| Accounts Receivable | | | |
| 1100 · Accounts Receivable | | | |
| 1110 · Accounts Receivable - General | 3,820.00 | 0.00 | 3,820.00 |
| 1120 · Accounts Receivable from Sales | 9,394.29 | 20.00 | 9,374.29 |
| 1100 · Accounts Receivable - Other | 0.00 | 6,974.84 | -6,974.84 |
| Total 1100 · Accounts Receivable | <u>13,214.29</u> | <u>6,994.84</u> | <u>6,219.45</u> |
| 1200 · Contributions Receivable | | | |
| 1210 · Pledges Receivable | 50,000.00 | 1,850.00 | 48,150.00 |
| Total 1200 · Contributions Receivable | <u>50,000.00</u> | <u>1,850.00</u> | <u>48,150.00</u> |
| Total Accounts Receivable | 63,214.29 | 8,844.84 | 54,369.45 |
| Other Current Assets | | | |
| 1300 · Undeposited Funds | 298.83 | 0.00 | 298.83 |
| Total Other Current Assets | <u>298.83</u> | <u>0.00</u> | <u>298.83</u> |
| Total Current Assets | 480,718.63 | 458,054.42 | 22,664.21 |
| Fixed Assets | | | |
| 1600 · Fixed Assets | | | |
| 1640 · Furniture, Fixtures & Equipment | 83,429.86 | 0.00 | 83,429.86 |
| Total 1600 · Fixed Assets | <u>83,429.86</u> | <u>0.00</u> | <u>83,429.86</u> |
| 1700 · Accumulated Depreciation | | | |
| 1745 · Acc Dep - Furn, Fixt, Equip | -121.75 | 0.00 | -121.75 |
| Total 1700 · Accumulated Depreciation | <u>-121.75</u> | <u>0.00</u> | <u>-121.75</u> |
| Total Fixed Assets | 83,308.11 | 0.00 | 83,308.11 |
| Other Assets | | | |
| 1400 · Other Assets | | | |
| 1410 · Inventories For Sale | 401.95 | 622.70 | -220.75 |
| 1420 · Inventories For Use | 261.40 | 0.00 | 261.40 |
| 1440 · Deposits | 898.00 | 0.00 | 898.00 |
| 1450 · Prepaid Expenses | 2,981.93 | 2,081.08 | 900.85 |
| Total 1400 · Other Assets | <u>4,543.28</u> | <u>2,703.78</u> | <u>1,839.50</u> |
| Total Other Assets | 4,543.28 | 2,703.78 | 1,839.50 |
| TOTAL ASSETS | <u><u>568,570.02</u></u> | <u><u>460,758.20</u></u> | <u><u>107,811.82</u></u> |

Rise Up Industries
Statement of Financial Position
As of December 31, 2016 vs December 31, 2015

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 · Payables

| | | | |
|-------------------------|----------|----------|-----------|
| 2010 · Accounts Payable | 2,072.57 | 5,756.92 | -3,684.35 |
|-------------------------|----------|----------|-----------|

| | | | |
|-----------------------|----------|----------|-----------|
| Total 2000 · Payables | 2,072.57 | 5,756.92 | -3,684.35 |
|-----------------------|----------|----------|-----------|

2100 · Accrued Liabilities

| | | | |
|-----------------------------|----------|------|----------|
| 2110 · Unused Paid Vacation | 1,710.18 | 0.00 | 1,710.18 |
|-----------------------------|----------|------|----------|

| | | | |
|-------------------------------|----------|------|----------|
| 2120 · Unused Paid Sick Leave | 1,343.91 | 0.00 | 1,343.91 |
|-------------------------------|----------|------|----------|

| | | | |
|----------------------------------|----------|------|----------|
| Total 2100 · Accrued Liabilities | 3,054.09 | 0.00 | 3,054.09 |
|----------------------------------|----------|------|----------|

| | | | |
|------------------------|----------|----------|---------|
| Total Accounts Payable | 5,126.66 | 5,756.92 | -630.26 |
|------------------------|----------|----------|---------|

Other Current Liabilities

2400 · Payroll Liabilities

| | | | |
|---------------------------------|----------|------|----------|
| 2410 · Unpaid Payroll Liability | 6,231.70 | 0.00 | 6,231.70 |
|---------------------------------|----------|------|----------|

2420 · Employer Payroll Tax Liability

| | | | |
|-------------------------------------|--------|------|--------|
| 2421 · Employer Social Security Tax | 467.44 | 0.00 | 467.44 |
|-------------------------------------|--------|------|--------|

| | | | |
|------------------------------|--------|------|--------|
| 2422 · Employer Medicare Tax | 109.32 | 0.00 | 109.32 |
|------------------------------|--------|------|--------|

| | | | |
|-----------------------------------|------|------|------|
| 2423 · CA Employment Training Tax | 7.54 | 0.00 | 7.54 |
|-----------------------------------|------|------|------|

| | | | |
|--------------------------------------|--------|------|--------|
| 2424 · State Unemployment Tax (SUTA) | 256.34 | 0.00 | 256.34 |
|--------------------------------------|--------|------|--------|

| | | | |
|---|--------|------|--------|
| Total 2420 · Employer Payroll Tax Liability | 840.64 | 0.00 | 840.64 |
|---|--------|------|--------|

2430 · Payroll Taxes Withheld

| | | | |
|--------------------------------------|--------|------|--------|
| 2431 · Federal Tax Withheld from EEs | 521.97 | 0.00 | 521.97 |
|--------------------------------------|--------|------|--------|

| | | | |
|------------------------------|--------|------|--------|
| 2432 · EEs FICA Tax Withheld | 576.76 | 0.00 | 576.76 |
|------------------------------|--------|------|--------|

| | | | |
|---------------------------------|--------|------|--------|
| 2433 · CA Tax Withheld from EEs | 141.02 | 0.00 | 141.02 |
|---------------------------------|--------|------|--------|

| | | | |
|----------------------------|-------|------|-------|
| 2434 · CA SDI Tax Withheld | 67.85 | 0.00 | 67.85 |
|----------------------------|-------|------|-------|

| | | | |
|-------------------------------------|----------|------|----------|
| Total 2430 · Payroll Taxes Withheld | 1,307.60 | 0.00 | 1,307.60 |
|-------------------------------------|----------|------|----------|

| | | | |
|----------------------------------|----------|------|----------|
| Total 2400 · Payroll Liabilities | 8,379.94 | 0.00 | 8,379.94 |
|----------------------------------|----------|------|----------|

| | | | |
|--------------------------|----------|--------|----------|
| 2500 · Sales Tax Payable | 3,419.00 | 515.54 | 2,903.46 |
|--------------------------|----------|--------|----------|

| | | | |
|---------------------------------|-----------|--------|-----------|
| Total Other Current Liabilities | 11,798.94 | 515.54 | 11,283.40 |
|---------------------------------|-----------|--------|-----------|

| | | | |
|---------------------------|-----------|----------|-----------|
| Total Current Liabilities | 16,925.60 | 6,272.46 | 10,653.14 |
|---------------------------|-----------|----------|-----------|

| | | | |
|-------------------|-----------|----------|-----------|
| Total Liabilities | 16,925.60 | 6,272.46 | 10,653.14 |
|-------------------|-----------|----------|-----------|

Equity

| | | | |
|--------------------------------|------------|------------|------|
| 3000 · Unrestricted Net Assets | 386,413.36 | 386,413.36 | 0.00 |
|--------------------------------|------------|------------|------|

3100 · Temp Restricted Net Assets

| | | | |
|----------------------------------|-----------|-----------|------|
| 3110 · Use Restricted Net Assets | 65,500.00 | 65,500.00 | 0.00 |
|----------------------------------|-----------|-----------|------|

| | | | |
|---|-----------|-----------|------|
| Total 3100 · Temp Restricted Net Assets | 65,500.00 | 65,500.00 | 0.00 |
|---|-----------|-----------|------|

| | | | |
|---------------------------|----------|------|----------|
| 32000 · Retained Earnings | 2,572.38 | 0.00 | 2,572.38 |
|---------------------------|----------|------|----------|

| | | | |
|------------|-----------|----------|-----------|
| Net Income | 97,158.68 | 2,572.38 | 94,586.30 |
|------------|-----------|----------|-----------|

| | | | |
|--------------|------------|------------|-----------|
| Total Equity | 551,644.42 | 454,485.74 | 97,158.68 |
|--------------|------------|------------|-----------|

| | | | |
|----------------------------|------------|------------|------------|
| TOTAL LIABILITIES & EQUITY | 568,570.02 | 460,758.20 | 107,811.82 |
|----------------------------|------------|------------|------------|

Rise Up Industries
Current vs Cumulative Statement of Activities
 December 2016 Year-to-Date

| | <u>Dec 16</u> | <u>Jan - Dec 16</u> |
|---|-------------------|---------------------|
| Ordinary Income/Expense | | |
| Income | | |
| 4000 · Direct Contributions Revenue | | |
| 4010 · Donations by Individuals | 153,345.00 | 220,147.47 |
| Total 4000 · Direct Contributions Revenue | <u>153,345.00</u> | <u>220,147.47</u> |
| 4100 · Donated Goods & Services | | |
| 4110 · Donated Professional Services | 5,000.00 | 5,000.00 |
| 4130 · Donated Use of Facilities | 0.00 | 716.00 |
| 4140 · Donated In-kind Goods | 4,190.00 | 67,440.00 |
| Total 4100 · Donated Goods & Services | <u>9,190.00</u> | <u>73,156.00</u> |
| 4200 · Non-Government Grants | | |
| 4210 · Corporate Grants | 10,000.00 | 61,500.00 |
| Total 4200 · Non-Government Grants | <u>10,000.00</u> | <u>61,500.00</u> |
| 4300 · Fundraising | | |
| 4320 · Charity Mania | | |
| 4321 · Charity Mania Ticket Sales | 0.00 | 3,340.00 |
| 4322 · Charity Mania Winnings | 100.00 | 1,200.00 |
| Total 4320 · Charity Mania | <u>100.00</u> | <u>4,540.00</u> |
| Total 4300 · Fundraising | <u>100.00</u> | <u>4,540.00</u> |
| 4600 · Other Types of Income | | |
| 4610 · Miscellaneous Revenue | 14.22 | 14.22 |
| Total 4600 · Other Types of Income | <u>14.22</u> | <u>14.22</u> |
| 5300 · Income from Investments/Savings | | |
| 5310 · Interest-Savings, Short-term CD | 11.51 | 47.19 |
| Total 5300 · Income from Investments/Savings | <u>11.51</u> | <u>47.19</u> |
| 5400 · Revenue from RUI Operations | | |
| 5410 · Revenue from Social Enterprises | 9,032.41 | 99,673.78 |
| 5420 · RUI Merchandise Sales | 13.89 | 106.48 |
| 5430 · Tattoo Removal Services | 0.00 | 1,140.00 |
| Total 5400 · Revenue from RUI Operations | <u>9,046.30</u> | <u>100,920.26</u> |
| Total Income | <u>181,707.03</u> | <u>460,325.14</u> |
| Cost of Goods Sold | | |
| 5900 · Cost of Goods Sold | 5,249.85 | 54,987.65 |
| Total COGS | <u>5,249.85</u> | <u>54,987.65</u> |
| Gross Profit | <u>176,457.18</u> | <u>405,337.49</u> |

Rise Up Industries
Current vs Cumulative Statement of Activities
 December 2016 Year-to-Date

| Expense | Dec 16 | Jan - Dec 16 |
|--|------------------|------------------|
| 6000 · Business Expenses | | |
| 6010 · Business Permits & Fees | 0.00 | 113.00 |
| 6030 · Bank Fees | 5.60 | 5.90 |
| 6040 · Credit Card Transaction Fees | 63.02 | 700.38 |
| 6050 · Online Processing Fees | 87.10 | 386.60 |
| 6060 · Other Processing Fee | 0.00 | 35.00 |
| 6070 · Financing Fees - Interest | 5.52 | 16.56 |
| Total 6000 · Business Expenses | 161.24 | 1,257.44 |
| 6100 · Contract Services | | |
| 6130 · Payroll Service Fees | 73.05 | 768.95 |
| 6140 · Tattoo Removal Services | 0.00 | 980.00 |
| 6150 · Computer Software Services | 133.00 | 1,400.63 |
| 6160 · Drug Screening Services | 34.19 | 205.14 |
| Total 6100 · Contract Services | 240.24 | 3,354.72 |
| 6200 · Facilities and Equipment | | |
| 6210 · Rent of Space & Facilities | 1,000.00 | 10,500.00 |
| 6220 · Utilities | 248.83 | 1,885.26 |
| 6230 · Janitorial/Cleaning | 0.00 | 306.97 |
| 6260 · Equipt. & Furnishings Purchased | 0.00 | 9,851.68 |
| 6270 · Building Maintenance | 10,700.00 | 11,276.57 |
| 6280 · Depreciation Expense | 40.59 | 121.75 |
| 6290 · Trash Removal | 34.08 | 197.68 |
| Total 6200 · Facilities and Equipment | 12,023.50 | 34,139.91 |
| 6300 · Insurance | | |
| 6310 · General Liability Insurance | 129.01 | 1,507.05 |
| 6320 · Director & Officers Insurance | 174.11 | 1,999.70 |
| 6330 · Property Insurance | 42.98 | 519.39 |
| 6340 · Workers' Compensation Insurance | 810.91 | 8,396.87 |
| 6300 · Insurance - Other | 0.00 | 66.63 |
| Total 6300 · Insurance | 1,157.01 | 12,489.64 |

Rise Up Industries
Current vs Cumulative Statement of Activities
 December 2016 Year-to-Date

| | <u>Dec 16</u> | <u>Jan - Dec 16</u> |
|---|------------------|---------------------|
| 6400 · Direct Operating Expenses | | |
| 6410 · Books, Subscriptions, Reference | 0.00 | 443.45 |
| 6420 · Postage, Mailing Service | 92.95 | 259.65 |
| 6430 · Printing and Copying | 25.27 | 2,315.43 |
| 6440 · Supplies | 1,437.90 | 12,912.23 |
| 6445 · Uniforms and RUI Apparel | 40.75 | 82.75 |
| 6450 · Telephone, Telecommunications | 258.62 | 2,296.38 |
| 6460 · Shipping Expenses | 150.00 | 3,183.43 |
| 6470 · Parking Expense | 0.00 | 2.00 |
| 6480 · Mileage Reimbursement Expense | 0.00 | 86.00 |
| 6490 · Website Development/Maintenance | 177.50 | 3,917.48 |
| 6400 · Direct Operating Expenses - Other | 0.00 | 7.59 |
| Total 6400 · Direct Operating Expenses | <u>2,182.99</u> | <u>25,506.39</u> |
| 6500 · Other Expenses | | |
| 6510 · Uncollectible Donor Pledges | 0.00 | 600.00 |
| 6520 · Other Miscellaneous Expenses | 73.73 | 1,215.03 |
| 6530 · Sales Tax Expense | 0.00 | 5,621.21 |
| 6540 · Signage | 0.00 | 75.00 |
| 6550 · Storage | 81.67 | 395.03 |
| 6560 · Employee Recognition | 207.25 | 207.25 |
| Total 6500 · Other Expenses | <u>362.65</u> | <u>8,113.52</u> |
| 6600 · Payroll Expenses | | |
| 6610 · Staff Salaries & Wages | 14,835.51 | 105,607.71 |
| 6620 · Member Wages | 5,397.00 | 23,959.50 |
| 6630 · Staff Vacation Benefit Expense | -60.76 | 1,643.55 |
| 6640 · EE Sick Leave Expense | | |
| 6641 · Staff Sick Leave Expense | -159.57 | 941.06 |
| 6642 · Member Sick Leave Expense | 96.70 | 299.00 |
| 6640 · EE Sick Leave Expense - Other | 0.00 | 103.85 |
| Total 6640 · EE Sick Leave Expense | <u>-62.87</u> | <u>1,343.91</u> |
| 6650 · Payroll Taxes | | |
| 6651 · Payroll Taxes for RUI Staff | 1,134.92 | 8,085.23 |
| 6652 · Payroll Taxes for RUI Members | 412.86 | 1,832.90 |
| Total 6650 · Payroll Taxes | <u>1,547.78</u> | <u>9,918.13</u> |
| 6660 · State Unemployment Taxes (SUTA) | | |
| 6661 · State Unemployment Tax - Staff | 177.08 | 926.08 |
| 6662 · State Unemployment Tax-Members | 108.16 | 324.37 |
| Total 6660 · State Unemployment Taxes (SUTA) | <u>285.24</u> | <u>1,250.45</u> |
| Total 6600 · Payroll Expenses | <u>21,941.90</u> | <u>143,723.25</u> |

Rise Up Industries
Current vs Cumulative Statement of Activities
 December 2016 Year-to-Date

| | <u>Dec 16</u> | <u>Jan - Dec 16</u> |
|--|--------------------------|-------------------------|
| 6700 · Fundraising Expenses | | |
| 6710 · Charity Mania Fees and Supplies | 0.00 | 948.90 |
| 6720 · Payout to Charity Mania Winners | 100.00 | 1,200.00 |
| Total 6700 · Fundraising Expenses | <u>100.00</u> | <u>2,148.90</u> |
| 6800 · Travel and Meetings | | |
| 6810 · Conference, Convention, Meeting | 0.00 | 45.00 |
| 6830 · Meals/Food | 0.00 | 892.46 |
| 6850 · Training | 449.00 | 1,436.67 |
| Total 6800 · Travel and Meetings | <u>449.00</u> | <u>2,374.13</u> |
| 6900 · Marketing Expenses | | |
| 6910 · Misc. Marketing Expenses | 0.00 | 296.25 |
| 6920 · Advertising - Design and Layout | 0.00 | 405.00 |
| 6930 · Marketing Events | 0.00 | 1,096.51 |
| 6940 · Goodwill/Gifts | 14.61 | 117.15 |
| Total 6900 · Marketing Expenses | <u>14.61</u> | <u>1,914.91</u> |
| 7000 · In-Kind Donations | | |
| 7010 · Donated Professional Services | 5,000.00 | 5,000.00 |
| 7030 · Donated Facilities | 0.00 | 716.00 |
| 7040 · Donated In-kind Goods | 4,190.00 | 67,440.00 |
| Total 7000 · In-Kind Donations | <u>9,190.00</u> | <u>73,156.00</u> |
| Total Expense | <u>47,823.14</u> | <u>308,178.81</u> |
| Net Ordinary Income | <u>128,634.04</u> | <u>97,158.68</u> |
| Net Income | <u><u>128,634.04</u></u> | <u><u>97,158.68</u></u> |

Rise Up Industries
2017 Operating Budget
(\$ 000's)

| | Budget Year 2017 |
|--|---------------------|
| Revenue | |
| Donations: | \$ 200.1 |
| Individuals | \$ 150.1 |
| Corporations | \$ 50.0 |
| Events | \$ 30.0 |
| Ticket Sales to Event | \$ 30.0 |
| Grants: | \$ 350.0 |
| Foundations | \$ 350.0 |
| Social Enterprise Sales: | \$ 527.5 |
| Machine Shop | \$ 480.0 |
| Coffee | \$ 13.0 |
| Silkscreening/Embroidery | \$ 34.5 |
| Other | \$ 15.4 |
| Total Revenue | \$ 1,123.0 |
| Expenses | |
| Staff Personnel Costs: | \$ 340.8 |
| Salaries/Wages (Staff) | \$ 277.9 |
| Benefits (Staff) @ 9.0% | \$ 25.0 |
| Payroll Taxes (Staff) @ 7.65% | \$ 21.3 |
| Workers Comp Insurance (Staff) | \$ 16.7 |
| Member Personnel Costs: | \$ 184.1 |
| Salaries/Wages (Members) | \$ 157.9 |
| Unemployment Tax (SUTA) | \$ 1.5 |
| Payroll Taxes (Members) @ 7.65% | \$ 12.1 |
| Workers Comp Insurance (Members) | \$ 12.6 |
| Contracted Services: | \$ 0.8 |
| Human Resources/Payroll Services | \$ 0.8 |
| Insurance | \$ 8.1 |
| General Liability Insurance | \$ 6.0 |
| D&O Insurance | \$ 2.1 |
| Credit Card / Bank Fees | \$ 1.6 |
| Marketing Expenses: | \$ 7.5 |
| Fundraising Events | \$ 0.5 |
| Social Enterprise Operating Expenses: | \$ 254.9 |
| Machine Shop | \$ 210.0 |
| Coffee | \$ 8.5 |
| Silk Screening | \$ 31.1 |
| Facilities Expenses: | \$ 59.4 |
| Rent/Lease | \$ 36.0 |
| Utilities-Gas/Electric | \$ 23.0 |
| Internet Service / Phone | \$ 0.4 |
| Administrative Expenses: | \$ 3.6 |
| Membership/Dues/Subscriptions | \$ 0.2 |
| Permits & Licenses Fees | \$ 0.3 |
| Office/Operating Supplies | \$ 1.0 |
| Copying/Duplication | \$ 0.9 |
| Printing | \$ 1.2 |
| Mail/Postage/Shipping | \$ 0.2 |
| Computer Expenses: | \$ 1.7 |
| Professional Fees | \$ 1.0 |
| Transportation: | \$ 0.5 |
| Equipment: | \$ 2.7 |
| One-time Start Up Costs | \$ 298.0 |
| Three CNC machines | \$ 280.0 |
| Relocation costs | \$ 8.0 |
| Tenant Improvements | \$ 10.0 |
| Total Expenses | \$ 1,165.3 |
| Net Revenue in Excess of Expenses | \$ (42.3) |