

1871 FINANCIAL REPORT

FISCAL YEAR 2016

The Chicagoland Entrepreneurial Center and 1871 are pleased to share our 2015-2016 results for the fiscal year that ended June 30, 2016.

This year, we are going a step further than most non-profits, and releasing our audited financial information for the fiscal year directly. We believe transparency is key and that by presenting these numbers, our community will have a fuller, more accurate picture of 1871's finances.

We welcome our members, stakeholders and community to review the information presented below.

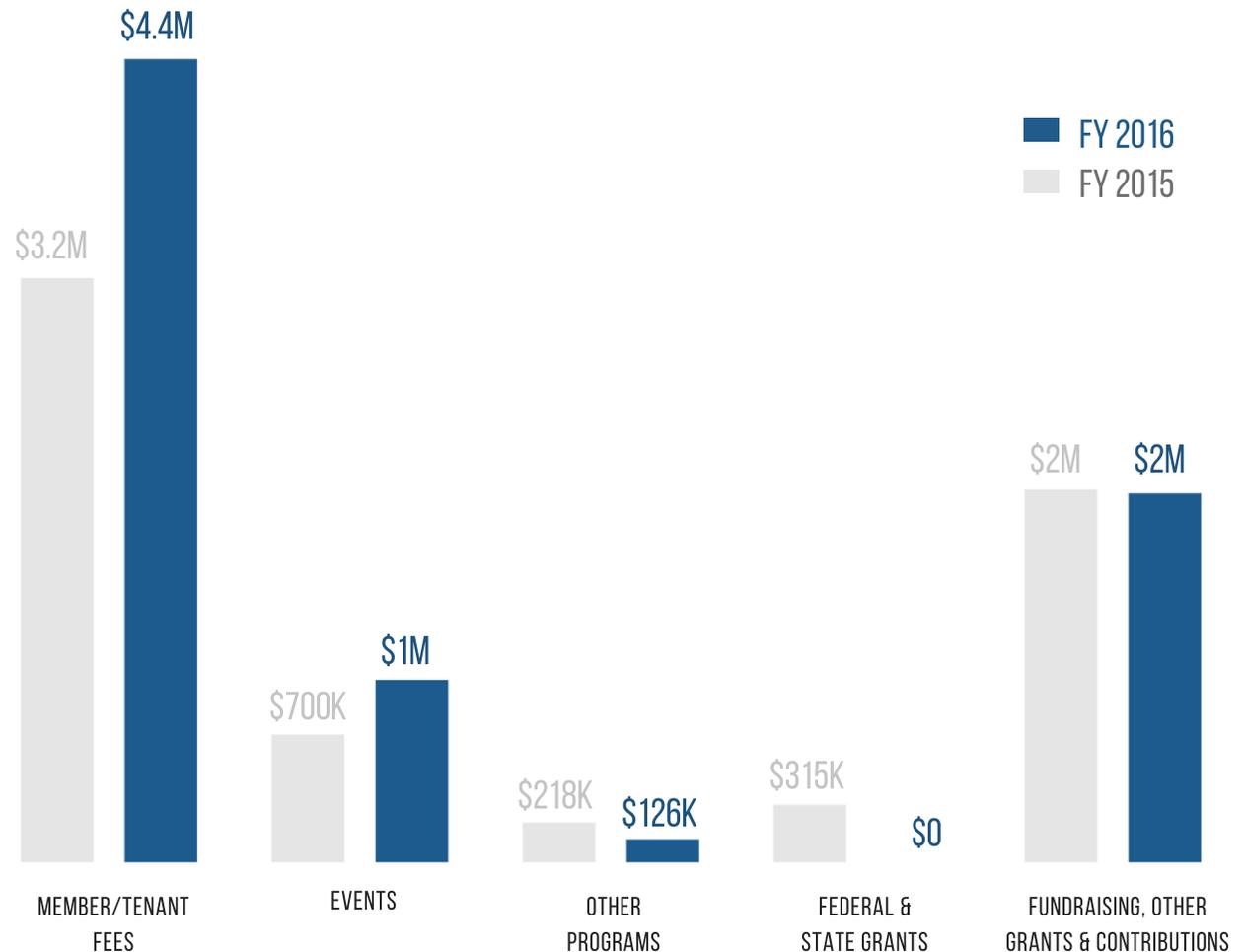
REVENUE

\$7.5M TOTAL REVENUE
IN FY 2016

\$6.5M TOTAL REVENUE
IN FY 2015

This data represents our revenue for the current reporting period compared to the previous year's. Due to added office space in the 3.0 expansion, tenant rent increased significantly in 2016. Revenue from the events program also saw a notable increase as a result of increased bookings throughout the year.

We are proud to show with this data that in FY 2016, 1871 received zero public funds, instead relying solely on funds generated or secured through 1871's operational and fundraising activities.



EXPENSES

MARKETING

\$105K

Costs in this category include funds spent on communications and promotional services.

EVENTS

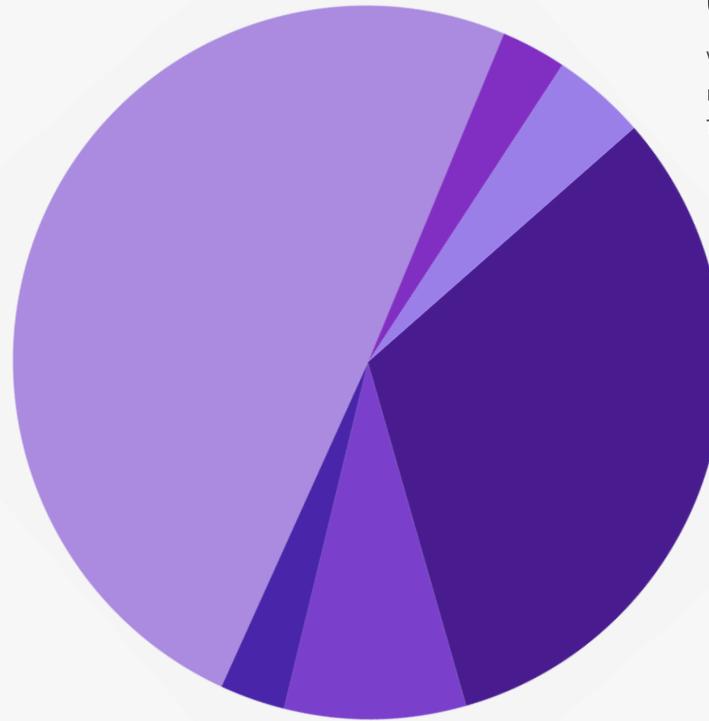
\$294K

With more than 1,000 events a year, this category represents the costs associated with hosting events at 1871, including food, equipment, and rental fees.

FACILITIES

\$3.4M

Now with 150,000 square-feet, one of 1871's largest expenses is rent at The Merchandise Mart. In addition to these fees, facilities costs also include maintenance of the space and telecommunications.



STAFFING

\$2.2M

1871 is proud to offer competitive salaries and compensation packages that are in line with the caliber of talent that it takes to serve our members and broader innovation community. The number represents the total pay for about 25 employees in FY 2016.

MEMBERSHIP

\$204K

This category represents various costs 1871 incurs on maintaining membership services and operations.

GENERAL & ADMINISTRATION

\$568K

These expenses represent funds spent for the range of support and operational services for 1871, including accounting, supplies and legal fees.

2016 OPERATING INCOME

\$598,609

In FY 2016, 1871 launched the 3.0 expansion, a 41,000 square-foot space on the 13th floor of The Merchandise Mart, which impacted the results of this year's filing. As a result of depreciation from the expansion cost, this year's net revenue was reported as a \$275,548 loss. Taking this into account, 1871's actual net revenue amounts to \$598,609.

REVENUE PER EMPLOYEE

\$299K

In FY 2016, 1871 generated approximately \$299,000 per employee.

\$7.5M

OPERATIONAL REVENUE IN FY 2016

 INCREASED FROM \$6.5M IN FY 2015

*The \$7.5M listed here includes \$90,000 value in in-kind donations received in FY 2016.

\$0

FEDERAL OR STATE FUNDING RECEIVED IN FY 2016

 DECREASED FROM \$315K IN FY 2015

For the first time, 1871 has operated a full fiscal year as an entirely self-sustaining entity. With no local, state or federal funds aiding our operations in this reporting period, we are humbled and incredibly grateful for the generosity of our donors, members, corporate partners and other supporters who continue to help us sustain our growth and increase our global impact.

1871's mission is to foster and grow the Chicago tech ecosystem and position the city as a global leader in entrepreneurship. Through more than 1,000 events per year, including world-class speakers, technical workshops, top-notch mentors and corporate partnerships that bring innovative solutions to large companies, 1871 is continually reinventing what it means to be an incubator. As a non-profit, we maximize the generous and continued support of our stakeholders to positively impact the Chicagoland economy and create jobs, positioning ourselves and the city as a diverse, desirable and fruitful home for tech companies in the Midwest.