reinventing prosperity
Strengthening communities one job at a time

Hugo, an immigrant with little work experience, got a job as a prep chef with Pacific Catch, a PCV-company, in 2003. By 2009, with on-the-job training, Hugo became the Chef at the restaurant’s Marina location. He now supports a family of four. There are 198 ‘Hugo stories’ because of the capital and advice that PCV provides to small businesses. PCV strengthens communities one job at a time.
April 2013

Dear Friends,

This year marks PCV’s 15th anniversary; a decade and a half of helping lower-income communities prosper. We are proud of our accomplishments – more than 3,000 local businesses assisted, more than 30,000 jobs created and maintained, more than $300 million in wages directed to residents of low income communities – but we aren’t resting on our laurels. Too many Americans are still unemployed. Driving capital and resources to build the businesses that create quality jobs, especially in our most vulnerable communities, remains critical.

PCV plays a unique, dual role in building prosperity in disadvantaged communities. Through our business advising program, as well as through our equity investing and lending programs, we provide direct, hands-on assistance to help local entrepreneurs build viable businesses and create jobs. At the same time, PCV InSight, our research practice, delivers in-depth analysis of the larger economic, social and public policy factors that propel impact investing, the idea that private investors—individuals and institutions—can invest their capital for financial return and social impact.

As you will read in this year’s annual report, we had a productive 2012 in both of these roles:

• **Strong job growth.** Companies that we advised generated strong job growth and paid nearly $50 million in wages to residents of lower-income communities.

• **New loan fund.** We launched our Small Business Advising Integrated Lending Fund (SAIL Fund), a source of affordable debt capital for local businesses. PCV’s equity funds continued to manage investments in eight businesses that are growing and adding jobs in lower-income neighborhoods across California.

• **Global policy influence.** We also expanded our thought leadership in the field, and this year in Brazil launched the Impact Investing Policy Collaborative (IIPC) with our partners at the Initiative for Responsible Investment at Harvard University. We will continue this work in 2013. In partnership with the World Economic Forum, PCV will introduce a toolkit for policymakers to encourage impact investments and the development of social enterprises. In July 2013, PCV will host an impact investing conference in England with more than 100 researchers and public officials from around the world.

• **Scale.** Finally, we were particularly excited in 2012 to launch PCV’s web-based advisory hub, www.businessadvising.org, which stands as a testament to PCV’s entrepreneurial spirit and our disciplined approach to creating, painstakingly testing, and ultimately scaling breakthrough solutions to community and economic development challenges. For 15 years, PCV has been perfecting a model of grassroots community business development. We now know how to identify and match advisors with entrepreneurs in high-risk communities to strengthen companies and create jobs. We know how to deploy capital effectively to achieve social and financial benefit. And we know how to monitor and guide the ongoing development of a small business over time. Now we are poised to scale this model of catalyzing small business-driven prosperity, using web-based technologies that we couldn’t have dreamed of fifteen years ago. Ultimately, we will take PCV’s advisory services to entrepreneurs building businesses that benefit low income communities across the country.

As always, thank you very much for your support of PCV and its mission of helping create stronger economic foundations and sustainable prosperity. We look forward to reporting on our progress as we continue to build on all that you have helped PCV accomplish in its first 15 successful years.

Warm Regards,

Bill Pace Chairman of the Board
Beth Sirull President
Eduardo Rallo Managing Partner
For every $4,000 invested, PCV creates a new job that pays $38,000

Annual job creation at small businesses is 15%; job loss at these businesses is 13%, largely due to business failure, leaving net new job creation at just 2% state-wide. PCV provides the critical tools that these businesses need to thrive, not fail, and boosts new job creation. PCV companies consistently outpace the state and nation in job growth. This cost-effective model works.
$25 billion in investments evaluated for social impact

Sharing lessons learned and best practices

As we work directly with small businesses, we are also using our research, publications, and conferences to educate investors, policymakers, and business leaders on how to harness private capital for financial returns and verifiable social benefits. Favorable policies drive more capital and resources to entrepreneurs who build businesses and generate quality jobs. PCV creates 

prosperity.
PCV takes a four-fold approach to creating economic opportunity in lower-income communities by providing direct engagement to help entrepreneurs on-the-ground, while also providing in-depth research and analysis to influence public policy. The ecosystem of tactical expertise and strategic insight that PCV has created catalyzes economic prosperity in lower-income communities.
Through our Small Business Advising Integrated Lending Fund (SAIL Fund) and our equity investment funds, we make growth capital available to entrepreneurs in lower-income communities to create jobs in those communities.

PCV’s Business Advising program matches small business owners needing help with experienced business professionals who volunteer their knowledge and expertise in order to help small businesses grow and create jobs.

Feedback and continuous improvement are critical for PCV and other stakeholders that are working to create economic opportunity in underserved areas, and PCV InSight is a leader in helping investors and government officials understand the social and economic impact of their investment decisions.

PCV InSight conducts and publishes research on key issues in social impact investing. Incorporating data from our own local experience, we track national and international trends, perform custom research, and participate as an industry thought leader in gatherings of public and private policymakers.
Stories of Change and Growth

Interior Design Fair
After three years of successful operation, San Francisco-based design firm Interior Design Fair reached a key inflection point, needing working capital to expand operations. Owner Kassin Laverty worked with a PCV advisor to chart a growth strategy and applied for a loan through the SAIL program, planning to hire additional design consultants while redoubling her online marketing efforts. PVC approved the $100,000 SAIL loan and today Interior Design Fair has begun executing its hiring and expansion plan with a commitment to creating quality jobs.

Discount Glass and Mirror
Discount Glass and Mirror in San Diego was hit hard by the recession of 2008, and after a precipitous decline in orders and revenue, the company faced possible bankruptcy. PCV advisors helped owner Anthony Bortz tighten his cost structure to reflect the slowdown, shift his marketing strategy to target high-opportunity market segments, and position the company for renewed growth. Today Discount Glass and Mirror has regained positive cash flow and is expanding its customer base again. The company is hiring new employees to build on its momentum going forward.
CalPERS

PCV has always carefully tracked and quantified the impact of its engagement with businesses in lower-income communities. For the last decade we have applied that expertise to help prominent investment and philanthropic institutions examine the social and economic impact of their own investment programs. PCV InSight has worked with the California Public Employees’ Retirement System (CalPERS) since 2005, and for the last three years, has assessed CalPERS’ $19+ billion of investments in the state of California, providing annual reports that document the breadth of CalPERS’ investment in California and the resulting benefits to the state. PCV InSight’s impact evaluation services allow clients like CalPERS to fully understand the impact of their investments and make better informed investment decisions.

Impact Investing Policy Collaborative

For several years PCV InSight has been helping policymakers advance the global practice of investing for intentional social and environmental benefit. The Impact Investing Policy Collaborative (IIPC), one of the initiatives borne of this work, is an international network of over 200 researchers and public officials, funded by the Rockefeller Foundation and launched in conjunction with the Initiative for Responsible Investment at Harvard University. The IIPC offers a broad array of resources and funds several ongoing research projects as part of its mission to catalyze broader adoption of proven impact investing policy strategies.
PCV uses a variety of metrics to gauge the success of its programs to bring sustainable economic benefit to lower-income communities. Our core benchmarks include job creation, wages paid to residents of lower-income communities, benefits provided, and number and percentage of families affected. In 2012 we are pleased to report that PCV generated strong performance in these key indicators.

2012 Impact Summary

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies supported</td>
<td>147</td>
</tr>
<tr>
<td>Total employees supported</td>
<td>2,427</td>
</tr>
<tr>
<td>Average number of employees per company</td>
<td>19</td>
</tr>
<tr>
<td>Net new jobs created</td>
<td>198</td>
</tr>
<tr>
<td>Annual employment growth rate</td>
<td>7%</td>
</tr>
<tr>
<td>Low and moderate income employees as a percentage of the total workforce</td>
<td>58%</td>
</tr>
<tr>
<td>Total wages paid by PCV companies to residents of lower-income communities</td>
<td>$49,208,197</td>
</tr>
</tbody>
</table>

Generating Paychecks

PCV Portfolio Companies Pay Workers Higher Average Wages than California Companies in Comparable Industries

<table>
<thead>
<tr>
<th>Wage Level</th>
<th>PCV Portfolio Companies</th>
<th>California Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>10th Percentile Wage</td>
<td>$28,200/ year</td>
<td>$21,800/ year</td>
</tr>
<tr>
<td>25th Percentile Wage</td>
<td>$32,600/ year</td>
<td>$25,400/ year</td>
</tr>
</tbody>
</table>

Economic Status of PCV Portfolio Company Employees

- Low/Moderate Income: 58%
- Middle/Upper Income: 42%

Creating Jobs 2008-2012

Year | PCV Job Growth | California Job Growth | National Job Growth |
-----|----------------|-----------------------|--------------------|
2008 | 12%            | -4%                   | -4%                |
2009 | 9%             | 3%                    | -5%                |
2010 | 8%             | 0%                    | 1%                 |
2011 | 7%             | 2%                    | 2%                 |
2012 |                | 1.6%                  | 1.6%               |
**Donors**

**Individuals**

$25,000+
- Martin Babinec
- Bud & Rebecca Colligan
- Bill & Betsy Pace

$10,000-$24,999
- Chris & Sara Andersen
- Gordon & Carolyn Davidson
- Lisa Maibach

$1,000-$9,999
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- Ralph & Rebecca Clark
- Maryanne Flynn
- Linda Graebner
- Aaron Lamstein
- Zander Lurie
- Teresa Pahl
- Beth Sirull & Jonathan Shuster
- Michael Torres
- Jim Wiggett

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- Beth Springer
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- Danielle Steuernagel
- Tamsin Taylor
- Nadine Terman
- Thomas Theodores
- Geoff Tickner
- Robert Unsworth
- Timothy Volkema
- Lynn Winslow
- Burt Yarkin
- Foundations

$50,000-$999,999
- Annie Chen
- Annie E. Casey Foundation
- Bank of America
- CDFI
- Citi Foundation
- Citibank
- Heron Foundation
- Omidyar Network
- Rockefeller Foundation

$25,000-$49,999
- Charles Schwab Bank
- Federal Home Loan Bank of San Francisco
- Jacobs Family Foundation
- San Francisco Office of Economic Workforce Development
- Wells Fargo Community Development Corporation

$1,000-$24,999
- CDC Small Business Finance
- Charles and Edna Levine Family Foundation
- City National Bank
- Deutsche Bank
- Fenwick & West LLP
- Hanson Bridgett LLP
- Morgan Stanley Foundation
- Morrison Foerster
- New Resource Bank
- Opportunity Finance Network
- Pacific Gas & Electric
- Presidio Graduate School
- San Diego Gas & Electric
- Sesiba San Filippo LLP
- Silicon Valley Bank
- Union Bank Foundation
- Union Bank of California
- US Bank

**Staff**

**Pacific Community Ventures**

- Michelle Boyd
  New Sector Alliance Resident
- Carolyn Clarke
  Chief Financial Officer,
  Director of Lending
- Paolo Cosulich-Schwartz
  Program Coordinator,
  Business Advising
- Colby Dailey
  Associate Director, InSight
- Allison Kelly
  Chief Operating Officer
- Brenna McCallick
  Project Coordinator, InSight
- Robyn Miller
  Associate Director of Finance,
  Controller
- Shawn Miller
  Marketing & Development Coordinator
- Kendra Ott
  Associate Director, Business Advising
- Amelia Pentecost
  Marketing & Development Coordinator
- Carly Perera
  Loan Officer
- Sarah Ritter
  Project Coordinator, InSight
- Rebecca Shepherd
  Analyst, InSight
- Chuck Sinks
  Regional Director, Business Advising,
  San Diego
- Beth Sirull
  President
- Ben Thornley
  Director, InSight
- Tom Woelfel
  Project Manager, InSight

**Pacific Community Management**

- Ariel Jaduszliwer
  Associate
- Peter Mehrberg
  Managing Partner
- Eduardo Rallo
  Managing Partner
- Yolanda Ruiz
  Partner

**Board of Directors**

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  Shotspotter
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  Wells Fargo
- Linda S. Graebner
  Chefn Corporation
- Kelly Graziadei
  Facebook
- Mathilda Khabbaz
  Citibank, NA
- Paul Levitan
  Galaxy Desserts
- Lisa Maibach
  Spencer Stuart
- William B. Pace
  Chairman, Pacific Community Ventures
- Teresa Pahl
  Hanson Bridgett LLP

**Advisors to the Board of Directors**

- Aida Alvarez
  Administrator, US Small Business Administration (Former)
- Bud Colligan
  Co-Founder, Chairman Emeritus
- Penelope Douglas
  Co-Founder, President Emeritus
- Jim Wiggett
  CEO & President,
  Jackson Hole Group
Partners
B Corporation
CDC Small Business Finance
City Heights CDC
Inner City Advisors
Jacobs Family Foundation
Jewish Vocational Services
La Cocina
Manex Consulting
OBDC Small Business Finance
Office of Small Business, SF City Hall
Opportunity Fund
Renaissance Entrepreneurship Center
RSF Social Finance
SAFE-Bidco
Southland EDC
The Relay Foundation
The San Francisco Lesbian Gay Bisexual Transgender (LGBT) Community Center
TMC Working Solutions
Urban Solutions
Valley Economic Development Center
Women’s Initiative for Self Employment
ZeroDivide

Bay Area Advised Companies
18 Rabbits
4505 Meats
A2 Imagine Events
And Work Apparel
Animal Internal Medicine and Specialty Services
Anita Bowen Photography
Artful Gentleman
Bay Area Visual Arts Network (Bay VAN)
Beautiful You
Bevara Design
Candystore Collective
Carmel Blue, Pregnancy & Parenting
Casablanca Market
Center for Resource Solutions
Choicelunch
City Lights Books
CORE Foods LLC
Dawson Custom Workroom
Detect All Security & Fire
Dharma Merchant Services
Discovery Street Tours
Double Team, Inc.
EDO Salon & Gallery
Fireclay Tile
Fit Verse
Fitiquette
Flora Grubb Gardens (Grubb & Nadler, Inc.)
Fog City Tutoring & Academic Services
FundWell
Future of Fish
G. Reedy Wines
Gallofnoria Getta Grip Sewing Clip
Gama-Go
Goldie Blox
GreenGro LLC
Harrington Galleries
Heath Ceramics
Heliotrope
Ineke Perfumer
Inner Stellar Pilates
Interior Design Fair
InterSchola
J Solar Jewelry
Joshu-Vela
Kasa Indian Eatery
Kidspace
Kika’s Treats
Koco Sky
Kris Nations Jewels, Inc.
La Laguna
LeBlanc & Associates
Lila B. Design
Little Spark Media
Marin City CDC
Mendocino Meats
Mistress of Cakes
Moving Portraits
New Avenue Homes
Nora’s Patisserie
Noyes-Works
Outerlands
Outside Counsel
Parties That Cook
Petit Collage, Inc.
Pinkie’s Bakery
Potter’s Crackers
Precious Moments Family Daycare
Professor Plumb
R&R Learning Center
Robindira Unsworth, Inc.
Saafara Tea
Saint Benoit Yogurt
San Francisco Sewing and Quilting Collaborative
Saral LLC
Seesaw
Ses Petites Mains
SF Hound Lounge
Skin Care by Felicia
Small Hand Foods
Social Imprints
Station Cafe
Straus Events
Taylor Stitch
The Cheese School
The Curiosity Shoppe
The Good Bean
The Love & Hummus Co.
Toute La Nuit
Triple BK, Inc.
Viva el Espanol
Winslow & Associates
Wireless Voice & Data, Inc.
Yes V Can

San Diego/Los Angeles Advised Companies
Aedifice Architecture
All Hands Carwash
Alphagraphics 421
Anaheim Rent a Car
A-Plus Properties
ARC Roofing
B Street Express Car Wash
Benison International Transportation
Blaine Convention Services
Business Matters
Canyon Pottery, Inc.
Carson Valero
China Pavilion
Ciro’s Landscape
Corn Maiden
CR Studio
Discount Glass & Mirror
Entech Environmental
Express Automotive Enterprises
Gerber Hinge
Hutchins Motor Sports
Java Mama
Jeff Kerber Pool Plastering
Kassir Import-Export Company
Mendeola Transaxles, Inc.
MetalFab
Mistress of Cakes
Net Micro Technologies
Northern California Dance Conservatory
Omega Industrial Marine
Palomar Reprographics
PB Bar & Grill
Quantum Press
Quick Serve Carpet Care and Restoration, Inc.
RNX International
Rudy’s Machine Shop
Savanna Bar and Grill
Spirit Graphics and Printing
Sunwest Pool Safety (aka All-Safe Pools)
Suspension Plus
Sweet Smiling Home
Tax and Accounting Concerns, Inc.
Team Underground Electric
The Upholstery Factory
Walard Enterprises, Inc.
Fund Companies
Adina for Life
Bentek
Evergreen Lodge
Freshology
Galaxy Desserts
ICU Eyewear
New Leaf Paper
Pacific Catch
Pacific Pharmacy Group
Saber es Poder

In-Kind Sponsors
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Brix26
Bud & Rebecca Colligan
Butchershop Creative
David & Nancy Pertrone
Galaxy Desserts
Gordon & Carolyn Davidson
Hanson Bridgett LLP
Lisa Maibach
Playa Viva

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Bay Area Volunteer Advisors
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Atlas Capital Strategies
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Armanino Foods of Distinction

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Prosper Marketplace
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Kane and Finkel LLC
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Google
Doug Bend
Bend Law Group, PC
Anne Bisagno
Xantrion
Jonathan Black
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Consultant
Jack Cortis
Consultant
Matthew Crump
Golden Gate Capital
Cecilia Culverhouse
Consultant
John Dare
Dare Consulting
Peter David
CFO Services - RHI/Protiviti
Donna Davis
It's Time 2, Inc.
George de Bruin
Consultant
Santino DeRose
DeRose & Appelbaum
John Doyle
Silver Lake Kraftwerks
Deborah Doyle
Stage2 Marketing
Dianne Dubois
Maple Street Associates LLC
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Consultant
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Liz Einbinder
Liz Einbinder Consulting
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Jennifer Forster
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Anna-Lisa Froman
Commerce & Style
Sasha Froyland
Strategic Enterprise Solutions
Maureen Futtner
PR For the People
Mike Garrabrants
ArtesynIP
Matt Garratt
Salesforce
Andrew Giacomini
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Bubblie's
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Jeffrey Gustafson
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Kyle Haas
Charco Investments LLC
Amir Habib
Habib & Co.
Seth Halio
LED Engin
Mark Hamachek
Consultant
Lisa Hannah
Ageless Beauty Spas
Michael Hard
New Ventures Group
Whitney Haring-Smith
Boston Consulting Group
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TRC Solutions
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National Football League
Rebekah Helzel
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Ezra Herzog
Integrative Insurance Solution
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Marco Iannucci
Lupo Business
Henry “Hank” James
HealthTrax
Gregory Johnson
Clayton Partners LLC
Katy Johnson
Wells Fargo Bank
Clay Jones
Presidio Bank
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Kabak Law Group
Kiran Kadambi
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Bailard, Inc.
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Galaxy Granola
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MassChallenge
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Food Forward
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The RealReal
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Ellen Lee
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Moss Adams LLP
Lesley Mansford
Razoo
Bradley Mart
FogBusters, Inc.
Amy Matthews
Amy Matthews Executive Search
Jeffrey Mazer
Bank of America Merrill Lynch Global Commercial Banking
Andreliz McGlade
Solopreneur Systems Solutions
Vincent Meyer
Criteo
2012 Financials

Expenses by Category 2012

- Total Expenses $2,889,955
- Fundraising 4%
- HR, IT & Administration 11%
- Advising 30%
- InSight 33%
- Investment Services 21%

Sources of Revenue 2012

- Total Revenue $3,191,512
- Fund Returns & Management Fees 17%
- Government 26%
- Board Directed Investments 2%
- Corporations 9%
- Project Fees 16%
- Foundations 25%
- Individuals 4%
- Fundraising 4%
- Advising 30%
- InSight 33%
- Investment Services 21%

Help Create a Job

In 2012 every $4,000 invested in PCV’s programs generated a new job in a lower-income community, paying an average wage of $38,000. Your support makes this kind of positive economic progress possible. Please consider contributing to PCV to help us reinvent prosperity.

www.pacificcommunityventures.org/donate