Pacific Community Ventures provides resources and capital to businesses that have the potential to bring significant economic gains to low-income communities throughout California.
2004 was a growth year for Pacific Community Ventures (PCV) marked by expansion of our services and investments throughout California. Over the past six years, Pacific Community Ventures has seen powerful results from its unique model for community development that utilizes the tools of business for social change. Our two private equity funds provide a rare source of capital for small to medium-sized companies whose growth has the potential to create significant economic gains for low-income communities across California. In 2004, we committed over $2 million to two new portfolio businesses (New Key Financial and Beacon Fire & Safety). Our current financed portfolio reflects nearly $10 million of investment in eight active companies. Through our nonprofit services, Pacific Community Ventures has matched nearly 60 small businesses with over 75 volunteer business advisors since 1999. PCV's volunteer advisors guide small business managers through the company development process, providing high-level advice and insights along the way. Our efforts must be as dynamic as the markets and communities we serve, and this mindset is clearly reflected in our actions over the last year.

2004 was also a year for transforming new strategic plans into action. Pacific Community Ventures signed a 3-year, $1.5MM fee-for-service contract with the California Pollution Control Financing Authority (CPCFA), a division of California State Treasurer’s Office, to expand our business advising services to new geographic markets, starting with our new office in Los Angeles. This public-private partnership is major validation of the potential of PCV’s business networking model and represents a key milestone in our efforts to achieve a statewide impact.

We held Employee Focus Groups to hear directly from the employees of our portfolio companies about the job-related issues they care about most. Employee feedback on the challenge of saving validated the need for Pacific Community Ventures’ new Individual Development Account (IDA) Program. PCV’s IDA program directly assists the employees of our portfolio companies in their efforts to build valuable assets and break the cycle of poverty.

Our recent “Power + Potential” Forum luncheon, held in Menlo Park, allowed us to share the story of our progress and also to encourage our record number of 210 attendees to recognize their own potential as individuals to effect positive change in their communities.

We look ahead with a renewed conviction that California’s economic future must include a new business network to bring renewed economic vitality and opportunity to California’s underserved communities. We send our thanks to all of you that have listened to our call and tirelessly contributed your time and financial support in pursuit of this vision.

Sincerely,

Penelope Douglas
President & Co-Founder

Bud Colligan
Chairman of the Board and Co-Founder

“Building a new business network that transcends traditional barriers to bring renewed economic vitality to California’s low-income communities.”
Pacific Community Ventures (PCV) develops and invests in companies providing economic gains to low-income communities in California. PCV is the managing member of two Community Investment funds that channel institutional investment capital into private companies that demonstrate the potential to build successful businesses and create jobs and economic growth. PCV will be raising a third investment fund in 2005–2006.

Building off six years of investing experience in this field, Pacific Community Ventures has hosted its investment approach to focus on specific industry sectors including: food products and distribution, value-added manufacturing, business services, and specialty consumer products. PCV provides growth and buy-out/acquisition capital to non-technology companies that have reached an “inflection point” revenues between $5M and $30M, a proven business model beyond product and market risk, but a need for capital to achieve greater levels of revenue and profitability. This strategy is grounded in PCV’s view of these companies as high-potential vehicles for creating attractive financial returns for investors while delivering renewed vitality to California’s economically challenged communities.

PCV Investment Partners LLC I and LLC II closed two new investments in 2004, committing a total of $2 million of new equity for New Key Financial (Los Alamitos) and Beacon Fire & Safety (San Jose and Orange County). PCV holds seats on the boards of these portfolio companies as well as of Timbuk2 Designs, Moving Solutions, New Vine Logistics, and Evergreen Lodge First Light Destinations. PCV’s total investment portfolio reflects nearly $10 million dollars invested in eight active companies in the Bay Area and Los Angeles. As a leading double-bottom line investor, in addition to financial returns, PCV seeks Social Return on Investment, measured via the number and quality of job opportunities at PCV portfolio companies for residents of low/moderate income communities. In support of these double bottom line returns, PCV also operates a suite of no-cost business services specifically designed to increase the capacity of all PCV portfolio companies to effectively achieve and manage business growth.

PCV’s Workforce Development programs directly assist the low-income employees of PCV portfolio companies in their efforts to build valuable assets and achieve economic self-sufficiency. Participants in PCV’s new Individual Development Account (IDA) program go through six weeks of financial literacy training plus attend additional personal finance workshops. Participants save up to $2,000 over two to three years toward homeownership, retirement, or education. Each dollar saved is then matched 2-to-1. PCV has opened 18 new IDA accounts for employees of Beacon Fire & Safety and Niman Ranch.

**Business Services**

PCV continues to be a leader in the field of Social Return on Investment (SROI) evaluation and reporting and is a frequent participant in industry groups that support other funds in developing their own SROI practices. PCV collects quarterly employment and job quality data from its investment portfolio and conducts detailed annual interviews with managers of both its financed and advised portfolio companies. PCV also recently introduced Employee Surveys and Focus Groups to uncover employee perspectives on job-related issues. The findings from these combined efforts are published annually in PCV’s Executive Summary of its Social Return on Investment Report.

**Workforce Services**

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**Social Impact Assessment**

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New Key Financial (Los Alamitos)  
New Key Financial is a residential mortgage broker and banker, focusing on providing first-time to homebuyers in the Hispanic market. New Key hires loan originators and loan processors from Los Angeles-area low/moderate income communities. New Key’s employees are eligible for health insurance, receive significant industry-specific training, and have their base wages supplemented by a strong contingent compensation program.

Laura + Kiran (Richmond)  
Laura + Kiran designs and distributes hand-sized, natural fiber home furnishings fabric from India. Laura + Kiran’s fabrics can be found in retail fabric stores and through furniture manufacturers and home furnishing catalogs. The Company employs low-income individuals from the areas surrounding its Richmond-based warehouse and distribution facility. The Company will be working with a PCV Advisor on new business development.

Melissa Joy Manning, Inc (Oakland)  
Melissa Joy Manning, Inc. designs and manufactures handcrafted precious and semi-precious jewelry and employs low-income individuals in its Oakland-based production studio. Full-time employees at the company are eligible for 401(k) plans and health insurance. The Company will be working with a PCV Advisor on general business and strategic planning.

Moving Solutions (San Jose)  
Since its founding in 1984, Moving Solutions has provided office and industrial relocation services to businesses in Silicon Valley. Moving Solutions also offers project management, off-site storage, and residential moving and storage services. The Company employs 48 residents of San Jose’s low/moderate income communities on its moving crews, and provides extensive job training, health insurance, and a 401(k) program to its employees. Moving Solutions has worked with PCV Business Advisors on marketing business planning and financial planning projects.

New Vine Logistics (Napa/American Canyon)  
New Vine Logistics, founded in May 2001, by wine industry, transportation, and technology veterans, to solve the complex business problems associated with the interstate sale and distribution of wine. The Company has developed proprietary fulfillment systems that enable fully-compliant, consumer-direct shipping in 34 states. New Vine Logistics employs 30 residents of surrounding low/moderate income communities, who receive medical and dental benefits, 401(k) eligibility, stock options, job training, and paid vacation and sick leave.

Lorene Reed Co-Founder, Planet Organics  
Lorene Reed, co-founder of Planet Organics has developed a unique, Internet-based home delivery model to serve the organic produce market to a larger facility in South San Francisco. Planet Organics now serves 30 residents of low/moderate income communities in San Francisco and San Mateo counties in its warehouse and delivery operations. Planet Organics has worked with PCV advisors on sales and marketing strategy, preparation for fundraising, and information technology strategy.

Revival Mercantile (San Francisco)  
Revival Mercantile operates a full-service catering business in the Bayview district of San Francisco, as well as a cafe in the Presidio in San Francisco. The Company employs low-income individuals as café workers, catering assistants, sales assistants, and kitchen managers. The Company is working with a PCV advisor on identifying new business development opportunities and a branding and marketing strategy.

Rhythm & Motion Dance Center (San Francisco)  
Rhythm & Motion Dance Center has been a part of the South of Market community for 25 years, providing dance and movement classes for adults, youth and children, including the company’s proprietary “Dance Workout” program. Rhythm & Motion also provides certification courses to those interested in becoming instructors in the Bayview district of San Francisco, and employs and provides resources to residents as dance instructors and administrators. The Company has worked with a PCV Advisor to develop new financial management systems and a licensing model for its proprietary dance curriculum.

Timbuk2 Designs, Inc. (San Francisco)  
Founded in 1995, Timbuk2 Designs manufactures custom configured messenger bags and distributes them throughout the United States, Canada, Western Europe and Southeast Asia. The company’s business model is focused on new manufacturing strategies that enable production efficiency and improved quality of life for its workers. Timbuk2 employs 32 residents of San Francisco’s low/moderate income communities in its local sales and service and employs and provides resources to residents as insurance, skill-based training, and a profit-sharing program. Timbuk2 has worked with PCV advisors on projects ranging from branding and marketing to improved financial management.

* Member of PCV Financed Portfolio

Beacon Fire & Safety (San Jose and Orange County)  
With company locations in San Jose and Orange County, Beacon Fire & Safety LP provides sales, installation, and service of fire safety equipment, including sprinkler systems, portable extinguishers, restaurant hood systems, emergency lighting, and alarms. Beacon employs 60 residents of low/moderate income communities, and provides health insurance, job training, and 401(k) matching to its workforce. In addition, Beacon’s Fire & Safety employees have enrolled in PCV’s Employee Development Account (EDA) program. Beacon’s primary strategy is to grow through acquisition. The company has closed ten acquisitions since January 2003, and since the time of the company’s investment has acquired two Southern California-based fire safety equipment and service businesses.

Latis College (Los Angeles)  
Latis Career College is a vocational training school in SouthCentral Los Angeles that teaches certification classes in Medical Assistance, Floral&Floral Design, Computer Repair, Childcare, Cake Decoration/Culinary Arts, Travel/Agency Management, and Graphic Design. Launched in 2005, Latis educates nearly 200 students each year in both English and Spanish, and employs several residents of low/moderate income communities as instructors and administrators. A PCV Advisor will be working with Latis to manage development of an organizational and operational strategy to support the Company’s expansion plans.

Evergreen Lodge (San Francisco/Greenwood)  
First Light Destinations is an independent, for-profit lodging company building a portfolio of destination outdoor properties. First Light always has a social mission to support at-risk Bay Area youth by providing career-oriented training and work experience coupled with counseling support and exposure to outdoor recreational experiences. Evergreen Lodge, located in Greenwood Lodge just outside of Yosemite National Park, employs 10 Bay Area youth and low-income adults each year in both seasonal and year-round positions. Evergreen employees receive extensive job training, and the company provides health insurance to its year-round employees. First Light management has worked with PCV Business Advisors on the site development plans for Evergreen Lodge and on a public relations strategy.

Jeremiah’s Pick Coffee Company (San Francisco)  
Jeremiah’s Pick Coffee Company is a leading supplier of specialty coffees to independent grocery stores, premium restaurants and hotels throughout California, Hawaii, and the Southeast. Jeremiah’s Pick’s specialty blends are its headquarters in the Bayview district of San Francisco, and employs residents of several low/moderate income communities in its coffee roasting, packing, and shipping operations. PCV Business Advisors have worked with Jeremiah’s Pick on financial planning, new product launches, and branding and packaging strategy.

Laura Mars Vice-President, Beacon Fire & Safety  
PCV’s investment in Beacon has been essential in getting us into our second market. Without PCV funding our investment wouldn’t have been able to expand and provide services to communities as instructors and administrators.

Brian Haas  
Vice-President, Beacon Fire & Safety  
PCV’s investment in Beacon has been essential in getting us into our second market. Without PCV funding our investment wouldn’t have been able to expand and provide services to communities as instructors and administrators.

Laura Mars  
Vice-President, Beacon Fire & Safety  
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Bijal Vakil • Attorney, McDermott, Will & Emery • Business Advisor, Give Something Back
PCV’s Business Advising program helps develop valuable and deep business contacts. On a personal level, it’s wonderful to give back to the community while developing professionally. I’ve enjoyed the opportunity to assist Give Something Back with its long-term rebranding strategy.”

“PCV’s Business Advising program helps develop valuable and deep business contacts. On a personal level, it’s wonderful to give back to the community while developing professionally. I’ve enjoyed the opportunity to assist Give Something Back with its long-term rebranding strategy.”

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Pacific Community Ventures would also like to extend a special thanks to all those who sponsored and purchased tickets to the “Power + Potential” luncheon event in March 2003.

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