Building Small Business

Creating Good Jobs
YEARS OF INNOVATION

At Pacific Community Ventures, we understand the power of capital, small companies and good jobs; our goal in 1998 was to apply venture capital in innovative ways to help small businesses in underserved communities break the cycle of poverty. Now, 10 years later, we look back on our progress with pride in our accomplishments—and the realization that much more needs to be done.

Capital Raised

Since 1998, we have raised nearly $100 million through three for-profit venture funds and our nonprofit business lines to support the growth of small businesses that benefit underserved communities.

Small Businesses

In just ten years, we have had the privilege of helping 215 companies with invaluable training, strategic planning and problem solving from our network of Business Advisors.
We are pleased to report that 2008 was successful for Pacific Community Ventures. Despite an economic environment plagued with losses, fear and contraction, we delivered on our goal of helping small businesses achieve new levels of opportunity in underserved communities, just when those communities needed help most. Revenue and employment at our portfolio companies increased 12 percent, while decreasing statewide. This remarkable achievement was made possible by our dedicated staff, volunteers, partners, donors, investors and small businesses.

Currently, our financial markets are fraught with uncertainty. Economic insecurity makes our work more important than ever, as it disproportionately affects the communities we aim to strengthen. We’ve proven that we can create successful, double-bottom-line businesses where traditional models fail. Historically, small businesses have been our country’s reliable growth engine. In thriving and challenging economies, small businesses have employed more people and created more growth; in California, 60 percent of all private sector workers are employed by small businesses. Our mission is to continue enabling that growth. We have been unwavering in our focus on breaking the cycle of poverty in low-income communities—a goal we achieve by helping small businesses create quality jobs that provide a living wage, good benefits and the opportunity for career advancement.

Our success comes from embracing new ideas. As we mature, we continue to innovate. In 2008, Pacific Community Ventures introduced the VidaCard Prepaid MasterCard®, a project born of our belief that most businesses want to provide benefits for their employees. Typically, however, most small businesses are stymied by insurance premiums that keep traditional health insurance out of reach. With the VidaCard Prepaid MasterCard®, employers contribute the tax-advantaged dollars they can afford to preventive health services for their employees. The program is already providing California’s working poor with basic healthcare that is convenient and affordable.

Our success in the face of challenging conditions resonates even more as this year marked Pacific Community Venture’s 10th anniversary. We now have a decade’s worth of work under our belt, all of which has made a measurable difference in the lives of those we support. During this period, we and our over 150 volunteer Business Advisors, have worked with 215 companies, employing over 5,000 workers that have contributed more than $3 billion to California’s economy. At Pacific Community Ventures, we are reaching a scale—having raised nearly $100 million for our equity funds and nonprofit activities—that increases our impact tremendously. We are becoming the model for public/private partnerships and emerging as leaders in the realm of community investing.

As we look ahead, Pacific Community Ventures has an ambitious agenda of growth and achievement. Our three-year goals include helping 500 small businesses employing a total of 10,000 workers in California’s most underserved communities. We will produce and measure tangible benefits to these companies and workers, including asset building, employee ownership and healthcare programs.

To do this, we seek to raise $10 million to support nonprofit activities, raise $100 million for our next equity fund, raise a new $10 million debt fund and increase the size of our existing network of donors, volunteers and activists dedicated to a sustainable economy for all.

Your support makes our innovation possible. We all know that good jobs are critical to fixing the current economic mess, which means our work together is increasingly timely and essential. As we celebrate our 10th anniversary, we are excited about our continued progress toward enabling a powerful engine of thriving local businesses and their workers to create lasting economic and social change.

It is vitally important work. We invite you to join us.

Bud Colligan, Chairman

Penelope Douglas, President
PCV is an interlocking network of individuals, businesses, organizations and activities that carries out our mission to invest human, intellectual and financial capital in small businesses, to create opportunity and shared prosperity for economically underserved communities.

Pacific Community Ventures Business Lines

Business ADVANCE
A professional network organized to strategically help small businesses grow and prosper.

Employee OnRamp
Helps lower-income employees achieve economic self-sufficiency. In the workplace, we deliver services and products designed to help lower income employees maximize their retained income, build assets and join the financial mainstream.

InSight
Our proprietary analysis of the social (non-financial) impact of client investments.

Equity Investment
Our investment funds provide capital and hands-on guidance to high growth California businesses that bring significant economic gains to low-to-moderate income employees as well as deliver exceptional financial returns to business owners and to our investors.
Human Capital
A statewide network of over 100 volunteer Business Advisors, hundreds of service providers and community-based organizations that share their expertise to help small businesses grow and create jobs in underserved communities.

Intellectual Capital
PCV provides research, knowledge and tools to institutions to enable them to allocate capital to achieve competitive financial returns while also generating significant social benefits including job creation, improved job quality, diversity and economic opportunities.

Financial Capital
A host of funding partners—individuals, corporations, foundations and governments—that provide the necessary financial resources to carry out our nonprofit and investment activities benefiting underserved communities.

PCV works towards a sustainable society and economic success for all. Our vision is a powerful engine of thriving local businesses and their workers create lasting economic and social change.
Last summer, Omega Industrial Marine arrived at a pivotal point: they were ready to grow. The maintenance and repair company that services mechanical, industrial and marine facilities needed expert advice. Our Business ADVANCE program connects our volunteer advisors with small businesses—like Omega—to help them succeed.

Through our Business ADVANCE program, and in a partnership with U.S. Bank and CDC Small Business Finance, PCV helped Omega revise its business plan, develop a new marketing strategy and launch a website. The advisors recommended that Omega focus on securing larger projects. As a result, Omega almost doubled its revenues in 2008 and added ten new employees.

“Getting PCV involved opened our eyes to things that needed to be changed. We have grown into a different company with a different way of looking at our business.”

– Greg Lewis, CEO, Omega Industrial Marine
Business ADVANCE member

Power of the PCV Network:
An evaluation of ADVANCE member companies in 2008 revealed that the vast majority uses local suppliers to produce their products or to bring their services to market. They report that it helps them be more flexible, innovative and responsive; it also ensures tight quality control. In turn, many of these suppliers derive a substantial part of their own business from PCV companies.

BUSINESS ADVANCE 2008

» 20 member companies in PCV’s paid advising program
» 78 member companies participating in one or more ADVANCE offerings
» 102 volunteer advisors
» 690 hours donated
» $200,000 worth of donated time
Omega is currently working on improving its infrastructure and operating procedures with a team of PCV Business Advisors in order to grow its business and create new quality jobs.
Employee OnRamp is PCV’s division devoted to finding innovative ways for businesses to better their employees’ situations through education, outreach and new initiatives like the VidaCard. This web-based endeavor affords businesses a simple way to provide health benefits to uninsured and under-insured employees. Employers preload any amount onto an employee’s card. With a swipe of the card, employees can pay for approved medical costs, such as a visit to the doctor or dentist, creating new access to medical care.

Peace of mind

Three years ago, Leslie Silverglide launched a gourmet quick-service salad spot with her husband and brother. As a socially responsible business, Mixt Greens offers its full- and part-time employees health benefits.

Still, about 10 percent of employees opt out of traditional insurance coverage because they can’t afford even minimal out-of-pocket expenses. For these workers, Mixt Greens provides the new VidaCard Prepaid MasterCard®; allowing employees to access preventive healthcare services such as doctors’ visits and prescription medication.

For Leslie, the top priority is protecting her employees. VidaCard helps her accomplish that goal easily and efficiently; for Mixt Greens, it’s a resounding success.
Everyone understands financial returns. For the most part, these dollar amounts are easy to count. Both PCV and our clients—like the California Public Employees Retirement System (CalPERS), Northwest Area Foundation, and The Annie E. Casey Foundation—are serious about measuring social impact as well. Our clients come to PCV because of the sound, innovative methods we’ve created over the past ten years to account for positive social change.

Has the CalPERS California Initiative achieved its objective of creating opportunities in California’s underserved markets? We can honestly say yes. And we provide the report to prove it. This initiative has invested in over 150 companies creating nearly 4,000 new jobs; 76% of these employees live in low and moderate income communities. By counting the number of jobs created, analyzing pay rates and tracking diversity information, we track progress toward PCV’s and CalPERS’ shared vision: We expect our financial investments to yield sound financial results—and then some.

Nationally, PCV is a recognized leader in analyzing and reporting the social impacts of private equity investing. InSight provides the knowledge needed to increase the flow of capital to underserved communities.

THE RESULTS ARE IN:

» More jobs in underserved communities
» Increased racial, ethnic and gender diversity
» Better access to healthcare and retirement savings
Pacific Pharmacy Group treated its employees to benefits akin to those traditionally reserved for salaried workers, including health, retirement and options plans. Over two-thirds of employees are residents of low or moderate income communities.

Despite the weak economy, PPG’s growth plan has proved solid. Sales more than tripled in 2008, and PPG will double its number of pharmacies—and employees—in the near future.

“Our vision all along was to be completely employee-centric and PCV has certainly supported that vision. We do more for our employees than the average pharmacy by far. It’s an important part of who we are.”

— Tom Pascoe, President and CEO, Pacific Pharmacy Group

Most of PPG’s employees are hourly workers. PPG treats its employees to benefits akin to those traditionally reserved for salaried workers, including health, retirement and options plans. Over two-thirds of employees are residents of low or moderate income communities.

**HIGH-DEMAND PHARMACISTS AND TECHNICIANS ARE LINING UP TO WORK FOR PPG, BECAUSE THEY:**

- Pay 100% of employees’ health insurance
- Give annual retention bonuses
- Match 401(K) contributions by up to 4%
When PCV invests in a company, it’s not a wager or a guess. Solid, profitable businesses with viable growth plans compete for valuable dollars. Our Equity Investment team analyzes each application for two, equally important goals: market-rate returns and tangible benefits to low- and moderate-income employees.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (in millions)</th>
<th>Number of Employees</th>
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<tr>
<td>2007</td>
<td>6.5M</td>
<td>4</td>
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<tr>
<td>2008</td>
<td>26.5M</td>
<td>78</td>
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</table>

PPG Revenue

ECONOMIC OPPORTUNITY
The Pacific Community Venture Network

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Building Businesses, connecting Communities.
Thank you
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Thanks again to all of our institutional and individual donors who helped make 2008 yet another great year for Pacific Community Ventures!
You can help build businesses and create quality jobs.

Approximately one third of PCV’s budget comes from contributions and grants from people like you. If you believe, as we do, that it’s possible to transform all of California’s communities into vibrant centers by working with small businesses and their employees, then we invite you to help:

- Make a contribution. Visit www.pacificcommunityventures.org/donate
- Become a PCV ambassador. Join us on Facebook at www.fbook.me/pcv

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### 2008 Financial Statements
(unaudited, in one hundred thousands)

#### Summary Statement of Activities
**January–December 2008**

**Revenue:**
- Grants & Contributions $ 1,893
- Consulting Revenues 519
- Fund Management Fees 442
- Other Income 85

**Total Revenue** 2,938

**Total Expense** 2,469

**Change in Net Assets** $ 469

#### Summary Statement of Financial Position
**As of December 31, 2008**

**Current Assets:**
- Cash & Marketable Securities $ 3,913
- Accounts Receivable 659
- Other Current Assets 48

**Total Current Assets** 4,621

**Total Other Assets** 198

**Total Assets** $ 4,819

**Liabilities & Net Assets:**
- Total Liabilities $ 569
- Total Net Assets 4,250

**Total Liabilities & Net Assets** $ 4,819