



YEARS OF

INVESTING *in* **SMALL BUSINESS** *and* **BIG IDEAS**

2017 Social Impact Report



20

YEARS OF

—
INVESTING
in
SMALL BUSINESS
and
BIG IDEAS

Too many people struggle to make ends meet because they haven't been given a chance. Over our 20-year history, Pacific Community Ventures has given people a fair shake and access to the things that make strong communities, like good jobs, healthcare, affordable housing, and healthy food. Our unique combination of fair lending, free mentorship, skilled volunteerism, and pioneering impact measurement and management strengthens small businesses, strengthens communities, and creates better livelihoods for hard-working people.

In the last 20 years, we've impacted the lives of **thousands** of small business owners who have created and grown **tens of thousands** of jobs. We invested more than **\$100 million** in quality-job-creating companies and influenced a growing pool of tens of billions in capital in alignment with the UN Sustainable Development Goals.

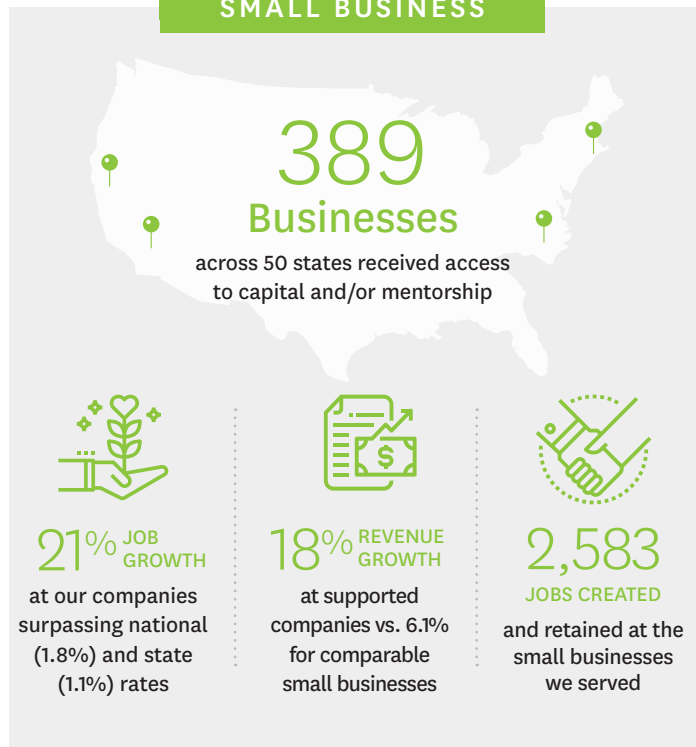
After 20 years of innovative work strengthening small businesses and communities across America, we're only getting started. When investors, policymakers, and entrepreneurs work in concert with the needs of local people, we can create good jobs, responsible and profitable businesses, and thriving communities.



Visit www.pacificcommunityventures.org to make a donation or volunteer as a business advisor.

Our 2017 Highlights

SMALL BUSINESS



QUALITY JOBS



Field-Leading Resources

We launched *Public Policy and Investments in Quality Jobs*, and are preparing to launch *Good Jobs, Good Business*, a practical toolkit to help small business owners create jobs that boost the bottom line.

PCV-Supported Small Businesses



50%
of workers have health benefits



AVERAGE WAGES

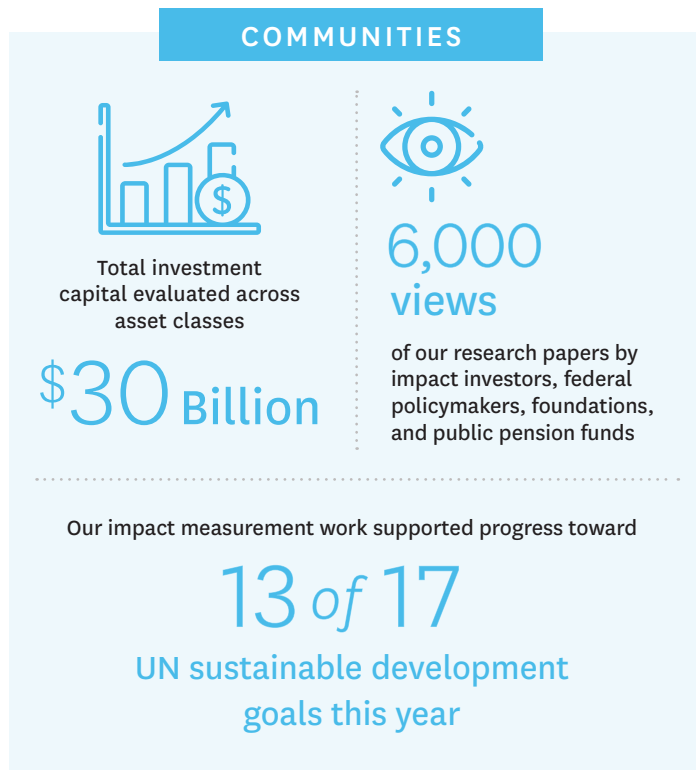


60%
of workers have paid time off

\$30
per hour
(full-time)

\$16
per hour
(part-time)

COMMUNITIES



SOCIAL JUSTICE



SUCCESS STORIES



TADU ETHIOPIAN KITCHEN

Tadu Ethiopian Kitchen is a restaurant in downtown San Francisco owned by Nani Tsegaye and Elias Shawel, immigrants from Ethiopia. A true embodiment of the entrepreneurial spirit, the couple spent two years growing their 10-table restaurant and after seeing steady profit made the decision to expand. With over a decade of entrepreneurial experience between them, and a thriving restaurant, the husband and wife team still couldn't get funding from a bank to open their second location. They came to us, and we're proud to say House of Tadu opened its doors and Elias and Nani have hired 7 new employees!

Strengthening SMALL BUSINESSES

Our founders connected the dots: small businesses are the engine of job creation in America, but too many of them fail because they can't access the kinds of funding and advice that they need. Pacific Community Ventures was an innovation that provided venture capital, mentorship, and networks to Main Street businesses looking to grow and create jobs. We've pioneered ways to empower businesses to create better-quality jobs, such as profit-sharing with workers, and finding ways for very small businesses to help employees with their healthcare expenses.

We know our approach works, and that investing in small, local businesses and quality jobs fosters equitable growth and shared prosperity. We were one of the world's first double-bottom-line equity investors, and during the heart of the recession our businesses had job growth levels at 12% while every state in America was reporting declines across the board. We continue to

fund 4 companies through equity investments, supporting **564 jobs**. In response to this need we launched our small business loan program in 2013.

Every day, 8,000 small business loan requests are declined by banks across America. PCV's approach is different: As a community development financial institution (CDFI) our "Loans + Advice" fund provides affordable small business loans from \$10-\$200k to bridge the "missing middle" between startup loans and financing from banks. In 2017 we served **45 California small businesses**. We focus on working with small business owners who've had a hard time accessing capital, like female entrepreneurs, immigrant entrepreneurs, entrepreneurs of color, and borrowers that may have been turned down for SBA or traditional bank loans. We're also proud to be one of the community investors to receive a **2017 CDFI Award from the U.S. Treasury Department**.



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We know that small business owners need more than just a check to be successful, and 2017 was another record-breaking year for our small business advising program. **385** small businesses worked with a pro bono mentor in 2017. PCV business advisors volunteered **2,350 hours**—that's almost **\$500,000 worth of free advice and coaching**. Even as our program continues to grow, we're laser-focused on providing the best-in-class mentoring experience for our clients. Our **average satisfaction score was 9 out of 10**. We launched or deepened partnerships with organizations like The Super Bowl, PayPal, LendingClub, Google, Opportunity Fund, Kiva, eBay, and Capital One to bring our program to their small business customers and offer volunteer opportunities to their employees.

Our programs are also focused on equity and growing community wealth from the ground up. The fastest growing segments of small business owners across America are women and people of color—and they're far more likely to be turned down for loans or struggle to find mentors. We're proud to say that **74%** of the small businesses in our programs had a female owner, and **42%** had a person of color as an owner. To further our work in supporting diverse entrepreneurs, we were selected as one of three local CDFIs to participate in JP Morgan Chase's San Francisco Entrepreneurs of Color Fund and received a sizeable investment to serve business owners of color in the broader Bay Area.



Small businesses are **98%** of the US retail sector, and more Americans work in retail than in manufacturing or mining. **Pacific Community Ventures was chosen as one of 15 fellows by the Aspen Institute Economic Opportunities Program and awarded a grant through the Aspen Institute's Re-Imagine Retail initiative to develop, pilot, and publish *Good Jobs, Good Business: a practical toolkit to help small business owners create jobs that boost the bottom line.***

SUCCESS STORIES

50%
job growth at
her company and
a 66% increase
in revenue



ENTIRE PRODUCTIONS

One of the ways we know our Business Advising program is working is that some small business owners stay with us for years. Natasha Miller owns Entire Productions, an event planning company she founded in 2001 with offices across California, and now in London. She came to us four years ago, looking for some guidance with HR-related challenges like preparing her employees for development and growth. We matched her with a human resources consultant that led her to meet her challenges and see her retention rates climb. She grew from 5 employees to 15. Since then, she has been in several partnerships focusing on finances, budgeting, and strategic planning, and in 2017 she reported 50% job growth at her company and a 66% increase in revenue!

Strengthening COMMUNITIES

At the same time that we're strengthening small businesses, we're also working with larger organizations to drive investments in underserved communities—supporting areas like quality jobs, affordable housing, clean energy, and healthy food. For more than 20 years we've used our expertise to show CDFIs, impact investors, pension funds, and foundations how to put their dollars to work benefiting families, our environment and our local communities.

In our history we've influenced more than 50,000 impact investors, federal policymakers, foundation leaders, economists, and pension fund investment managers. In 2017 we continued our thought leadership and field building efforts with active roles in working groups and initiatives including: **World Economic Forum's action group** on evidence and cases for impact investing; **GIIN's Navigating Impact Project**; partnering in the **Impact Management Project** to create a **unified global approach to impact measurement**, and serving as an External Reviewer for the **Principles for Investment in Sustainable Wild-Caught Fisheries**.

The demand for sustainable and impact investing is growing—as of 2016 investors consider environmental, social and governance (ESG) factors across almost **\$9 trillion of assets**. We're utilizing impact measurement and management to better understand

what works to ensure that capital drives social and environmental good. In 2017 we published **Invest Northwest**, a pioneering report on how mission investing can create jobs with good wages and good benefits across underserved rural areas by measuring ten years of investments from the Northwest Area Foundation.

U.S. public pension funds are another potential source of social and environmental impact capital and have been making Economically Targeted Investments since the 1960's. Pension funds collectively hold **\$6.5 trillion** in wealth, and have a growing opportunity to create both wealth and social and environmental impact.

In 2017 we published a **major report** detailing lessons learned from ETIs over the past decade that can serve as a resource for pension funds as they explore investments that support financially secure retirements as well as their communities and the environment.

IMPACT INVESTING



20 YEARS

spearheading positive environmental and social impact with financial return.

IMPACT INVESTING OVER 20 YEARS

Pacific Community Ventures was one of the first investors in America to insist that you could invest in businesses in lower-income neighborhoods to generate positive social and environmental impact while also making a financial return. For the next 15 years we worked with like-minded foundations, funds, institutional investors, nonprofits, and policymakers to solidify the practice into a new field called "Impact Investing." Over this time we helped to shepherd the growing impact investing movement, launching the Impact Investing Policy Collaborative, advising the GIIN on the first and subsequent sets of IRIS impact metrics, and in providing research support to the U.S. National Advisory Board on Impact Investing, the G8 Social Impact Investment Task Force, and the White House Impact Economy Summit.



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Impact Investing Advisory CLIENTS INCLUDED

- **BAILLIE GIFFORD** to refine their public equities impact strategy and reporting for the recently launched Positive Change strategy
- **COMMUNITY HOUSING CAPITAL** refining an impact measurement and management framework
- **CALPERS** evaluating the state-level social and economic impact of their \$27.3 billion in investments across California
- **MICHIGAN GOOD FOOD FUND** conducting a developmental evaluation to support the program in promoting healthy food access, job creation, and racial and social equity through investments in good food enterprises across the Michigan food value chain
- **NORTHERN CALIFORNIA COMMUNITY LOAN FUND AND BOSTON COMMUNITY CAPITAL** to develop impact rating tools and in conducting more rigorous impact due diligence
- An investment fund established by **THE MACARTHUR FOUNDATION** in connection with the Benefit Chicago initiative (Arc Chicago LLC) to help design and implement an impact measurement and management system for their investments made by the Fund

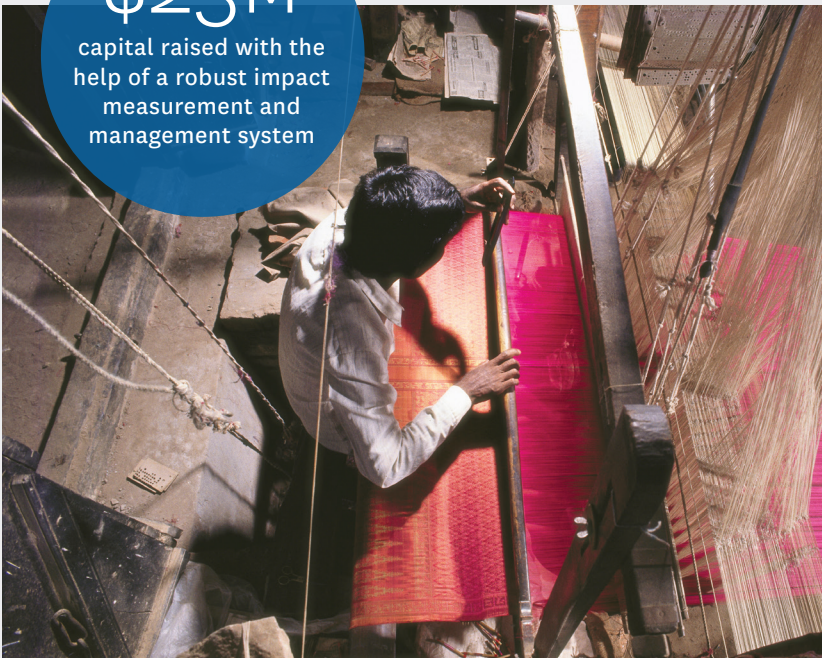


Within the broader impact investing space, linking investments to quality jobs has become a major focus. In 2017, with continued support from the Surdna Foundation, we built off of our groundbreaking report *Moving Beyond Job Creation* to release *Public Policy and Investments in Quality Jobs*, a report on existing, bi-partisan, and common-sense federal policies and programs Congress can adjust or expand to create more economic opportunity and middle-class jobs in communities that have been left behind by globalization, automation, or generations of discrimination.

SUCCESS STORIES

\$23M

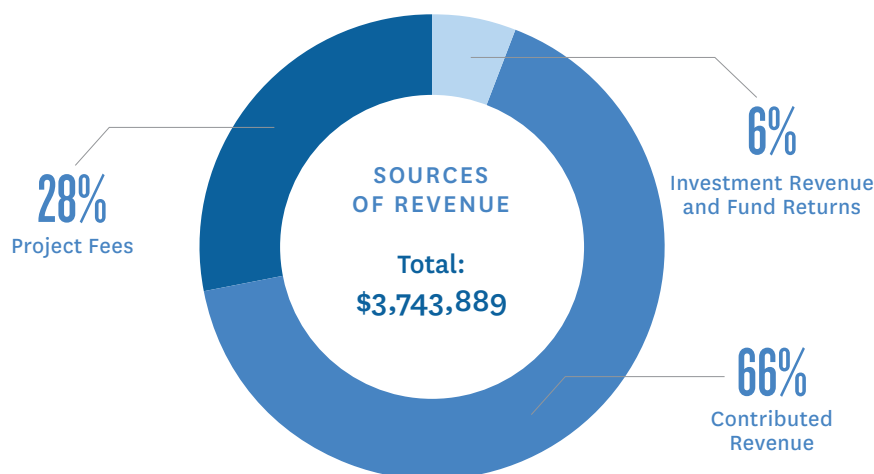
capital raised with the help of a robust impact measurement and management system



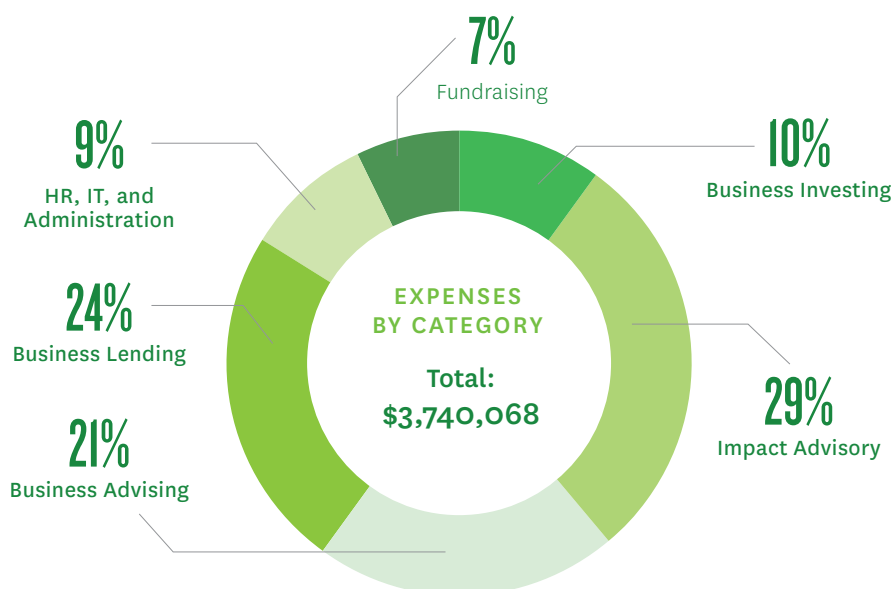
HUMANITY UNITED

We collaborated with Humanity United, part of the Omidyar Group, to develop a social impact framework and strategy. This pioneering effort is focused on reducing labor exploitation, human trafficking, and slavery through investments in supply chain solutions. We provided them with a robust set of impact metrics, frameworks, due diligence tools, and portfolio management recommendations ensuring their investments align with their mission. Our strategy recommendations influenced their strategy to raise capital, and further supported their mission by co-hosting a panel at SOCAP17 entitled "A Test of Our Humanity: Investing in Human Rights."

2017 Financials



FINANCIAL RESERVE Total: \$3,491,554



Pacific Community Ventures is a 501(c)(3) nonprofit that envisions a world of thriving communities where everyone has a fair shake. Our mission is to invest in small businesses, create good jobs for working people, and make markets work for social good. We achieve our mission through a combination of fair lending, free mentorship, skilled volunteerism, social impact measurement and management tools, and field-building research.



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