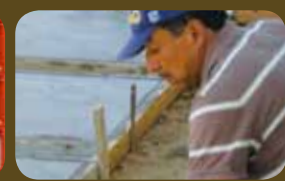




# *Reinventing* Prosperity




**PACIFIC**  
COMMUNITY VENTURES  
2011 Annual Report

.....  
 Creating  
 .....  
 jobs and  
 .....  
 opportunities  
 .....  
 in lower  
 .....  
 income  
 .....  
 communities  
 .....

# Results that transcend tough times...

**8**

**percent**

*job growth at PCV companies*

**212**

**jobs created**

*at PCV companies*

**45**

**million dollars**

*Wages paid to residents of lower income communities*

**Over 1,500**

*lower income families supported*

## Advice

Entrepreneurship — starting and growing new businesses — is what creates jobs. But successful entrepreneurs don't go it alone. PCV's Business Advising program supports entrepreneurs. And not just any entrepreneurs, but those who are building businesses that have the potential to create good jobs for people in vulnerable communities. This signature program organizes hundreds of business executives to volunteer as ad-hoc Boards of Directors, mentors and strategic advisors to entrepreneurs who are creating economic opportunities in lower-income neighborhoods.

## Capital

Freeing up capital for small businesses is a critical step in stimulating job creation.

Pacific Community Management, a PCV affiliate, invests equity in small, high-growth businesses that deliver exceptional financial returns and high-quality jobs for lower-income workers.

Beginning in 2012, PCV's new Small Business Advising Integrated Lending program (SAIL) will fill the gap between microfinance and large institutional debt by offering loans between \$50,000 to \$200,000 to small businesses, in conjunction with strategic advising.

## Research

PCV's InSight program is a thought leader in high-impact investing. InSight's research and analysis educates policymakers, investors and business leaders on how to harness private capital for verifiable social benefits, as well as for financial return. Serving some of the nation's preeminent institutions, InSight informs diverse constituents on issues ranging from health care reform to strategies for uplifting disadvantaged communities.

## 2011 Milestones

- US SBA awarded PCV \$1 million to seed a new small business loan program.
- Business Advising matched 135 companies with 197 volunteer advisors.
- InSight measured the social impact of over \$1.3 billion of private equity investments.
- PCV's affiliated equity funds successfully sold Galaxy Desserts, providing positive financial returns to investors and social impact to the community — 33% job growth during investment and 86% of employees sharing in the sale profits.

Dear Friends,

With your support, in 2011 PCV stepped up our efforts to get people working again. And not just working, but prospering.

To prosper means to flourish; to grow strong and healthy. Prosperity shouldn't be for just a select few. With good jobs — those offering benefits and living wages — doors to prosperity can open for everyone. That's what we mean by "reinventing prosperity," and it's what we work to do every day.

Driving capital and resources to lower-income communities remains the cornerstone of PCV's model for impact. In 2011, that strategy took new shape.

PCV developed bold new programs and was recognized nationally and globally for our work:

- United States Small Business Administration (US SBA) awarded PCV \$1 million to seed a new lending program, which will provide loans of between \$50,000 and \$200,000 to job-generating small businesses.
- PCV made *Forbes'* "Impact 30" list featuring the world's leading social entrepreneurs.
- PCV was named Bay Area Nonprofit of the Year by the Association for Corporate Growth.

We gained the attention of influential leaders:

- InSight's report *Impact Investing* was recommended reading for a White House summit on building an impact economy in America.
- PCV was invited to convene a roundtable of small businesses with Congresswoman Nancy Pelosi.
- US SBA Deputy Administrator Marie Johns visited a PCV-advised business to learn about our model.
- Lieutenant Governor Gavin Newsom provided the keynote at PCV's Annual Event.

With PCV companies employing thousands of men and women in quality jobs, we have seen more than a glimpse of how reinventing prosperity is possible.

We are also distinctly aware that our work is not done. PCV will build on this momentum in 2012 and beyond.

With warm regards,



Bill Pace,  
Board Chair  
Pacific Community  
Ventures



Beth Sirull,  
Executive Director  
Pacific Community  
Ventures



Eduardo Rallo,  
Managing Partner  
Pacific Community  
Management





## Creating Jobs



Pacific Community Ventures

# Advice

Following are just a few examples of successes from the year.

**PETIT COLLAGE**  
Modern, handcrafted décor for kids

Petit Collage's eco-friendly, vintage-inspired room décor and accessories have captured the hearts of parents everywhere, as well as the attention of tastemakers such as Martha Stewart and the *New York Times*.

Owner and designer Lorena Siminovich had been building Petit Collage steadily for five years when she realized the business was experiencing growing pains. The San Francisco-based company's increasing popularity required a sustainable strategy and Lorena reached out to PCV for support.

Kicking off with a strategy roundtable, a crew of PCV volunteer advisors identified key issues for Petit Collage to address in managing its growth. Following that initial session, four volunteers devoted one-on-one time to the business. From developing a granular budget to analyzing operational structure, to setting up HR systems for proper compliance, PCV advisors spent 40 hours supporting Lorena and her team.

By the end of 2011, with solid systems in place and the confidence to manage continued success, Petit Collage doubled the workforce of its Mission-district headquarters.

**“PCV’s help is a combination of top-notch communication and advice, combined with a real, down-to-earth approach.”**

*Lorena Siminovich,  
Founder and CEO Petit Collage*

## Saving Jobs

**CIRO'S LANDSCAPING**  
Landscape design, installation and maintenance

Ciro's Landscaping owner *Ciro Delgadillo* had a succession plan in place and was preparing to retire from his successful business when the recession hit. With large loans on two commercial properties and business dramatically slowing, *Ciro* suddenly found himself considering the unthinkable - dissolution of his decades-old family business.

*Ciro's* turned to the originator of his Small Business Administration loan, San Diego-based CDC Small Business Finance, for help. After reviewing the business' new operating realities, CDC

was determined to deliver a better outcome. Knowing *Ciro's* Landscaping needed business expertise to confront the many challenges ahead, CDC brought in its integrated partner, PCV.

PCV worked with *Delgadillo* to model realistic business projections and develop a plan for leasing his excess commercial space. PCV provided sound guidance and asked the hard questions. The organization also worked in tandem with *Ciro's* Landscaping and CDC to help the company restore its real estate debt payments and its credit.

With the company's properties leased and utilized, a reoriented business strategy, simplified business offerings, and a full complement of 30 employees, *Ciro's* Landscaping is on solid financial footing and growing again.





Pacific Community Ventures

# Capital

## Investing for Financial Return and Social Impact

### GALAXY DESSERTS Exceptional, French-style treats

Call it a sweet deal for all involved. The recent sale of Galaxy Desserts not only returned attractive financial returns for investors, but also delivered sizeable social impact, creating quality jobs for Galaxy's diverse workforce of 163 self-described "dessert-lovers."

Over the course of PCV's investment, Galaxy grew its jobs by 33%, increased health care and retirement benefits for employees, and 86% of workers participated in the sale via stock options and profit-sharing opportunities.

When the PCV growth equity team originally invested in Galaxy Desserts, the company was working out of a 36,000 square-foot facility. With PCV investment funds, Galaxy built a production facility

almost double that size and enlarged its staff, enabling a sales increase of 80%.

Located in the East Bay port city of Richmond, Galaxy prides itself on fostering an entrepreneurial culture, with numerous instances where part-time employees grew into senior operation roles. That company culture continues with the new owners, Brioche Pasquier.

This French family-owned group will join forces with Galaxy chef Jean-Yves Charon and CEO Paul Levitan to add Galaxy's talent and exceptional products to the French brand, as well as to introduce Brioche Pasquier to the American market, all while continuing to provide quality jobs for local residents.

**"PCV's investment enabled Galaxy to grow profitably and add sustainable, quality jobs for local Richmond residents."**

*Paul Levitan, CEO  
Galaxy Desserts*

Pacific Community Ventures

# Research

Whether the results inform strategies to bring economic opportunity to struggling communities or affordable health care to the uninsured, PCV InSight works to advance policies that encourage private capital to invest for social benefit as well as financial return. In 2011, InSight's influence resonated on state, national and international levels.



### Thriving societies

The resources of government and philanthropy alone are insufficient to address the world's biggest problems. This was the premise in mind when InSight and its collaborator, the Initiative for Responsible Investment at Harvard University, with funding from the Rockefeller Foundation, embarked on an investigation into the power and scalability of impact investing.

*Impact Investing: A Framework for Policy Design and Analysis* - launched last year in New York, Washington, D.C., and London - examines how governments from Kenya to Peru to the United States and beyond are catalyzing investments that result in financial return and positive social benefits.

The study has stimulated additional efforts in the field, including:

- InSight's report was recommended reading for a White House summit on *Building an Impact Economy in America*. PCV's Beth Sirull and Ben Thornley were two of approximately one hundred and fifty leaders invited to the D.C. summit.
- InSight convened a meeting of 30 policymakers, advocates, and researchers from 9 countries to share intelligence on the ways governments can, and should, encourage private investment in underserved markets.



### Healthy workers and families

With more than two million Californians without health insurance living in a household headed by a small business employee, InSight has leveraged PCV's invaluable entrepreneurial networks to play a pivotal part in understanding how the nation's new health care law can extend coverage to more working people.

InSight's report - *Health Care and Small Business: Understanding Health Care Decision Making in California* - revealed how small business owners navigate the health insurance market and make decisions about coverage for their workers.

The influential California Health Benefit Exchange, charged with implementing the reform law in the state, invited InSight to be only the second external organization privileged to present research and recommendations to its Board.

**Photo Notes**  
Left: Entrepreneurs and guests at PCV's Annual Showcase  
Center: Cover of 2011 report, *Health Care and Small Business*  
Right: Ben Thornley presents InSight report in Sacramento



### The measures of social progress

As part of its consulting to assess the social performance of investments for institutional clients, InSight produced one of the most comprehensive and innovative reports in the world, measuring the impact of the California Public Employees Retirement System's (CalPERS) \$17 billion of investments within California.

InSight's report detailed numerous social benefits of the statewide investments, opportunities that will fuel California's future and create the jobs of tomorrow.

For Community Development Financial Institutions (CDFIs), positively affecting community and economic development in underserved markets is paramount, and measuring the impact of CDFI investments is becoming increasingly vital.

In 2011, InSight was commissioned by Neighborhood National Bank (NNB), a nationally recognized CDFI, to measure its impact in greater San Diego, a region encompassing areas with high poverty and high unemployment. InSight's report illustrates NNB's leadership in the region as a depositor and provider of capital to businesses and individuals in areas overlooked by traditional banks.

# 2011 Impact

## Driving Economic Recovery

Pacific Community Ventures spurs economic growth by helping small businesses grow and create jobs in lower-income communities, driving economic recovery in the neighborhoods that need it most. In 2011, PCV companies created 212 new jobs, growth of 8%, — compared to 2% job growth in the state and nation.<sup>1</sup>

PCV worked with 19 partner economic development organizations and 145 small businesses through our Business Advising program and affiliated equity funds. Our volunteer business advisors donated almost 2,000 hours of their time to provide guidance and expertise to entrepreneurs and small businesses. PCV InSight measured the impact on underserved communities of over \$1.3 billion in private capital invested in small businesses, further demonstrating the viability of high-impact investing in lower-income communities.

Companies receiving business advising services from PCV experienced a significant increase in employment last year with over 14% job growth.<sup>2</sup> Over half of the nearly 3,000 employees of PCV companies were residents of lower-income communities.<sup>3</sup> And PCV's Business Advising program is cost-effective — for every \$3,000 spent on the program, a new job, paying an average wage of \$38,000 per year, was created at a participating company in 2011. In total, PCV companies paid \$45 million in wages to residents of lower-income communities in California.

## Providing Access to Health Care and Financial Security

Health insurance premiums in California increased over 8% in 2011, outpacing inflation and making health benefits less affordable.<sup>6</sup> As a result, the proportion of PCV companies able to offer this benefit to their employees has been steadily declining. In 2011, 49% of PCV company employees were eligible for health care coverage. PCV companies that offer coverage pay an average of 70% of employee premiums.

Recognizing the challenges small businesses face in providing health care coverage to their employees — and that the majority of the working uninsured are employees of small businesses — PCV set out to influence health care policy in 2011. PCV InSight completed a landmark study entitled *Health Care and Small Business: Understanding Health Care Decision Making in California*. This work enabled policy makers to better understand how to engage with small businesses and increase the likelihood that business owners will choose to offer health coverage to their employees. PCV was one of just two organizations invited to present this work to the California Health Benefit Exchange, the agency charged with implementing health care reform in the state.

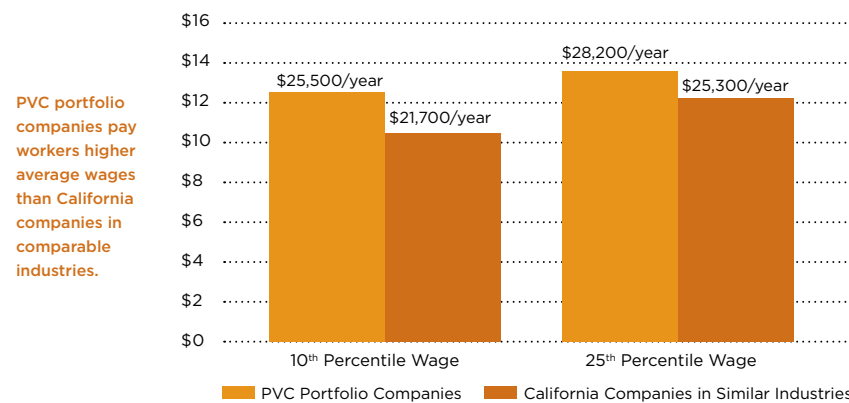
PCV also works with the companies in which it makes a financial investment to reserve a portion of company equity for lower-income workers. As showcased on page 6, over 85% of Galaxy Desserts' employees are sharing in the profits of the company's recent sale. These equity set-aside programs enhance employees' long term economic self-sufficiency even as they improve productivity and morale.

### Pacific Community Ventures 2011 Impact Summary

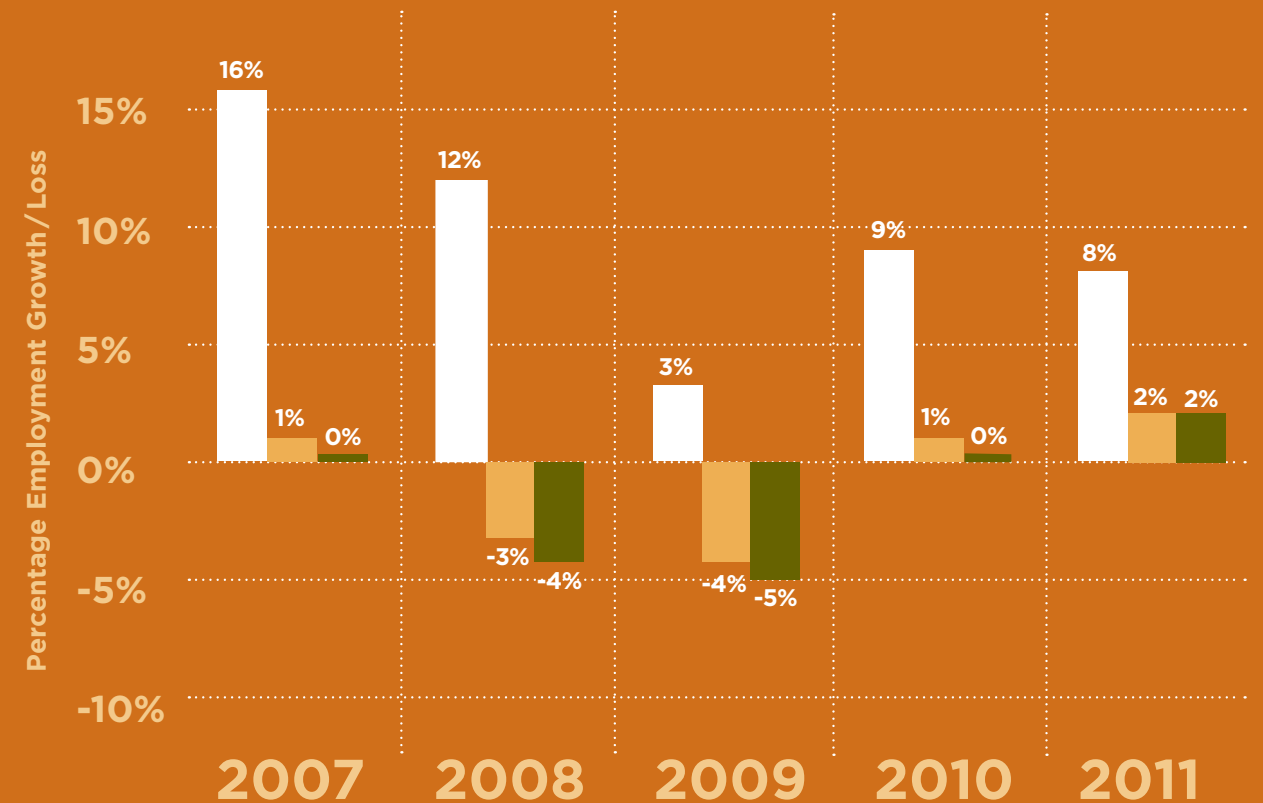
	TOTAL
Number of companies supported	145
Total employees supported	2,719
Average number of employees per company	19
Net new jobs created	212
Annual employment growth rate	8% <sup>4</sup>
Low- and moderate-income employees as a percentage of the total workforce	57% <sup>5</sup>
Total wages paid by PCV companies to residents of lower-income communities	\$45 million

## Generating Paychecks

More than half of PCV companies pay their lower-income workers (10<sup>th</sup> and 25<sup>th</sup> percentile earners) more than lower-income workers in comparable California companies. These companies recognize the benefits of paying superior wages in terms of reduced turnover resulting in lower recruiting, hiring and training costs.



## Pacific Community Ventures - Creating Jobs 2007-2011



### Creating Jobs

Overall job growth in 2011 at PCV companies outperformed the U.S. and California private sectors. PCV companies increased employment by 8.4% compared to the US and California, where private sector employment grew just 2%.<sup>7</sup> Over the last five years, PCV companies have consistently outpaced the general economy, achieving superior job growth.

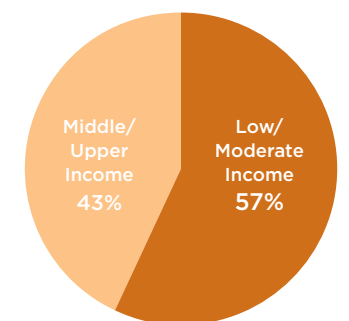
## Preventing Foreclosure/Retaining Jobs

In 2011, PCV continued its partnership with CDC Small Business Finance in San Diego to provide business advising services to small business owners with commercial real estate debt facing foreclosure. PCV was able to work with small businesses, lenders and the Small Business Administration to avert foreclosure on nearly \$20 million in debt, saving over 250 jobs. In 2012, PCV will continue to partner with CDC Small Business Finance and other lenders to advise these at-risk small businesses, preventing business foreclosure and job loss.

## Helping the Underserved

PCV companies provide employment to a total of 2,719 workers. Over half (57%) of these employees are defined as low- to moderate-income from underserved communities across California.

The companies that PCV advises employ a diverse workforce. Female employees make up 44% of workers, 36% are Hispanic or Latino, 13% are Asian/Pacific Islanders, 3% are African-Americans, and 2% are either multi-racial or another ethnicity.



Economic Status of Pacific Community Ventures Portfolio Company Employees<sup>8</sup>

For methodology and footnotes please see the online version of this report at [www.pacificcommunityventures.org/annual-report.pdf](http://www.pacificcommunityventures.org/annual-report.pdf).

**“You can’t imagine how much the family and myself appreciate what you and your group are doing for us. We will not let you down.”**

*Gaston A. Monast, European Hardware and Finishes dba Gerber Hinge Company, PCV Business Advising Client*

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- \$50,000 - \$999,999**
- Bank of America Foundation
  - California Endowment
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  - Community Development Financial Institutions Fund
  - RS Group (Hong Kong)
  - Rockefeller Foundation
  - William Randolph Hearst Foundation

**\$25,000 - \$49,999**

- Annie E. Casey Foundation
- Charles Schwab & Co.
- Wells Fargo Foundation

**\$1,000 - \$24,999**

- ACG San Francisco, Inc.
- Bubbies of San Francisco
- CDC Small Business Finance
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- Hugh Williams
- Lynne Winslow

**For every \$3,000 spent on PCV's Business Advising Program, a new job, paying an average wage of \$38,000 per year, was created at a participating company in 2011.**



# “PCV InSight and IRI are well-positioned to grow the field and help drive capital to address some of the world’s most intractable problems.”

*Judith Rodin, President of the Rockefeller Foundation*

## Bay Area Advised Companies

2Tog Inc., dba Zina Kao Exclusives, Inc.  
3BL Market <sup>1</sup>  
3BLTech LLC - Papila Fundraising Software <sup>6</sup>  
Bicycle Coffee, LLC <sup>4</sup>  
Brix 26  
Bubbies of San Francisco  
Casablanca Market <sup>9</sup>  
City Lights Books  
Complete Party Supplies, LLC <sup>9</sup>  
CORE Foods, LLC <sup>9</sup>  
Dawson Custom Workroom <sup>6</sup>  
EDO Salon  
Equator Coffees & Teas  
Espress Yourself <sup>7</sup>  
Fabkins <sup>9</sup>  
Fitiquette <sup>6</sup>  
Flora Grubb Gardens (Grubb & Nadler, Inc.)  
Fog City Tutoring & Academic Services <sup>6</sup>  
From the Fields  
Future of Fish  
Gallofornia Getta Grip Sewing Clip <sup>9</sup>  
Gama-Go  
Gentle Parking, LLC <sup>5</sup>  
Glass Plus, Inc.  
Heath Ceramics  
Hello!Lucky <sup>8</sup>  
House Kombucha  
Ineke Perfumer <sup>9</sup>  
InterSchola  
Jebena Coffee and Tea Co. <sup>7</sup>  
Joshu-Vela <sup>9</sup>  
Kasa Indian Eatery  
Kidspac  
Kika’s Treats <sup>3,9</sup>  
Koco Sky <sup>9</sup>  
Libaire Leather, Inc.  
Little Spark Media <sup>6</sup>  
Marin City CDC  
ModCell  
Noyes-Works <sup>10</sup>  
OBDC Small Business Finance  
Pachamama Coffee Cooperative <sup>1</sup>  
Pacific Community Ventures  
Pacific Shaving Company

## Legend

- <sup>1</sup> B Corporation
- <sup>2</sup> CDC Small Business Finance
- <sup>3</sup> La Concina
- <sup>4</sup> New Resource Bank
- <sup>5</sup> Opportunity Fund
- <sup>6</sup> Renaissance Entrepreneurship Center
- <sup>7</sup> SF LGBT Center
- <sup>8</sup> SFMade
- <sup>9</sup> TMC Working Solutions
- <sup>10</sup> Women’s Initiative for Self Employment
- <sup>11</sup> Zero Divide

Paresh Martial Arts <sup>9</sup>  
Parties That Cook  
Performance Based Ergonomics <sup>9</sup>  
Petit Collage, Inc. <sup>9</sup>  
Potter’s Crackers  
Precious Moments Family Daycare <sup>9</sup>  
Property Management Systems  
Pyramind <sup>6</sup>  
RGB Shop + Gallery <sup>9</sup>  
Ritual Roasters <sup>8</sup>  
Robindira Unsworth Jewels  
San Francisco Sewing and Quilting Collaborative <sup>7</sup>  
Sarah Becker Skincare <sup>9</sup>  
Sarai, LLC  
Ses Petites Mains  
Sheila Moon Athletic Apparel, LLC <sup>6</sup>  
Sitelers Wash  
Straus Events  
Taylor Stitch <sup>9</sup>  
The Cheese School  
The Love & Hummus Co. <sup>3</sup>  
The San Francisco Lesbian Gay Bisexual Transgender (LGBT) Community Center  
TMC Working Solutions  
To-Go Ware <sup>9</sup>  
Twisterz Toys <sup>9</sup>  
Urban Bazaar <sup>9</sup>  
Viva el Español  
Winslow & Associates  
Wireless Voice & Data, Inc.  
Woolbuddy <sup>6</sup>  
Worldwise Education, Inc.  
Yes Enterprises<sup>11</sup>  
Yes V Can <sup>6</sup>  
Youth Media International <sup>11</sup>

## San Diego / Los Angeles Advised Companies

Aedifice Architecture <sup>2</sup>  
Anaheim Rent a Car <sup>2</sup>  
Answer Industries <sup>2</sup>  
A-Plus Properties <sup>2</sup>  
ARC Roofing <sup>2</sup>  
Audio Crafters <sup>2</sup>  
B Street Express Car Wash <sup>2</sup>  
BS Hand & Sons, Inc. <sup>2</sup>  
Business Communications Solutions <sup>2</sup>  
C&G Petroleum <sup>2</sup>  
Canyon Pottery, Inc. <sup>2</sup>  
Carson Valero <sup>2</sup>  
China Pavilion <sup>2</sup>  
Ciro’s Landscape <sup>2</sup>  
Corn Maiden <sup>2</sup>  
CR Studio <sup>4</sup> <sup>2</sup>  
Discount Glass & Mirror <sup>2</sup>  
D’Mundo Tile <sup>2</sup>  
Earth Support Systems <sup>2</sup>

Electro Surface Technologies <sup>2</sup>  
Entech Environmental <sup>2</sup>  
ESI Contracting <sup>2</sup>  
Express Automotive Enterprises <sup>2</sup>  
Gerber Hinge <sup>2</sup>  
Hichborn Consulting Group <sup>2</sup>  
Highest Bidder <sup>2</sup>  
Hi-Teck Auto Repair <sup>2</sup>  
Invisible Touch <sup>2</sup>  
Marlin Machine Products <sup>2</sup>  
Mendeola Transaxles, Inc. <sup>2</sup>  
Murphy Mechanical <sup>2</sup>  
Omega Industrial Marine  
P. Timothy Pittullo, APC <sup>9</sup>  
Painted Rhino <sup>2</sup>  
Panama Hospitality, LLC  
dba Howard Johnson Hotel <sup>2</sup>  
Parisian International <sup>2</sup>  
PB Bar & Grill <sup>2</sup>  
Pressline Ink and Supplies <sup>2</sup>  
Promex Automotive <sup>2</sup>  
Quantum Press <sup>2</sup>  
Radio Active <sup>2</sup>  
RNX International <sup>2</sup>  
Sanborn A/E, Inc. <sup>2</sup>  
Savannah Grill <sup>2</sup>  
Sierra Pacific Fleet Services <sup>2</sup>  
SK Furniture <sup>2</sup>  
Skipco Grading & Paving, Inc. <sup>2</sup>  
Spirit Graphics and Printing <sup>2</sup>  
Sun Boss <sup>2</sup>  
Sunwest Pool Safety (aka All-Safe Pools) <sup>2</sup>  
Telecom Logistics <sup>2</sup>  
Walard Enterprises, Inc. <sup>2</sup>  
YMZA Group, Inc. <sup>2</sup>

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B Corporation  
CDC Small Business Finance  
Goodwill Industries  
Inner City Advisors  
Jewish Vocational Services  
La Cocina  
MANEX  
OBDC Small Business Finance  
Office of Small Business, San Francisco City Hall  
Opportunity Fund  
Renaissance Entrepreneurship Center  
RSF Social Finance  
Carson Valero <sup>2</sup>  
SFMade  
TMC Working Solutions  
Urban Solutions  
Valley Economic Development Center  
Women’s Initiative for Self Employment  
Zero Divide

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California Public Employees Retirement System  
The Rockefeller Foundation  
The Annie E. Casey Foundation  
The California Endowment  
The Northwest Area Foundation  
Hamilton Lane  
Macquarie Funds Management  
Neighborhood National Bank

## Fund Companies

Adina for Life, Inc.  
Bentek Energy  
Evergreen Lodge  
Freshology  
Galaxy Desserts  
New Leaf Paper  
Pacific Catch  
Pacific Pharmacy  
SABEResPODER  
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Adina for Life, Inc.  
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Heath Ceramics  
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“What really resonates with me about PCV’s mission is working with small businesses and creating jobs for the people who need them most.”

*Jeff Gustafson, PCV Volunteer Advisor*

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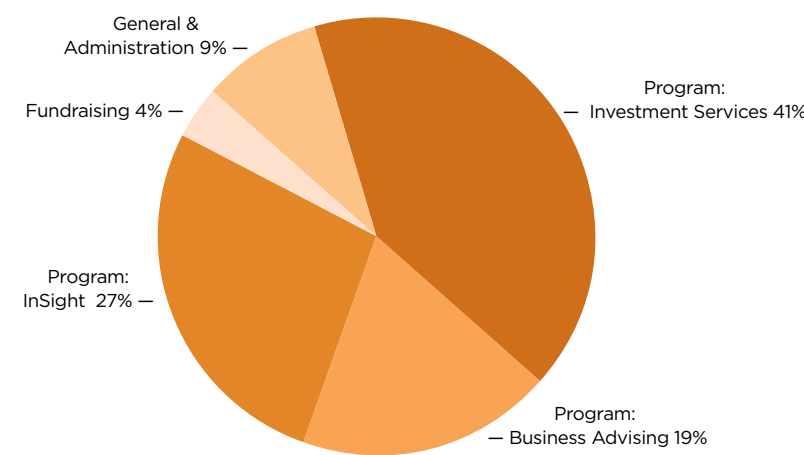
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# 2011 Financials

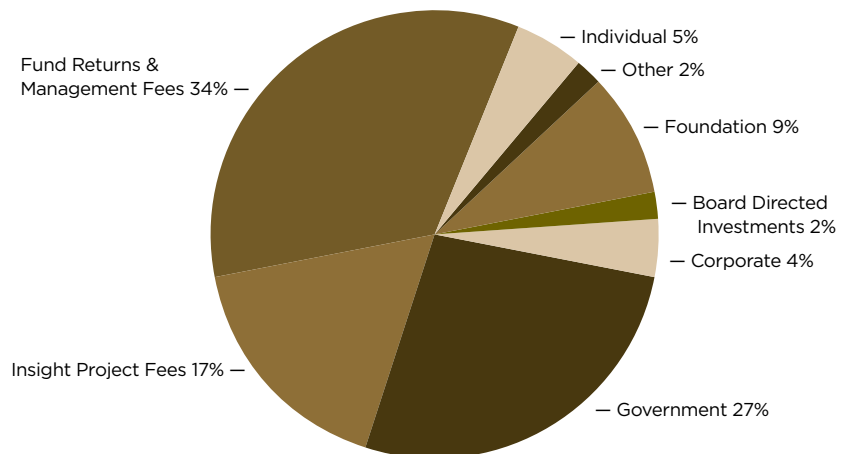
PCV’s 2011 financial statements reflect an organization committed to sound fiscal management, bolstered by a diversified stream of revenue, including mission-driven earned income. With the organization’s cost-effective strategy to support job creation in lower-income communities, PCV maximizes every dollar earned and donated.

## Expenses by Category 2011



Total Expenses - \$3,062,136

## Sources of Revenues 2011



Total Revenue - \$3,744,769

## Help Create a Job Today

Please consider contributing to PCV to help us reinvent prosperity. For more information, visit [www.pacificcommunityventures.org/donate](http://www.pacificcommunityventures.org/donate).

## METHODOLOGY AND FOOTNOTES FOR 2011 ANNUAL REPORT

**1** PCV's rate of annual job growth is based on responses from 68 companies that received assistance through PCV's Business Advising Program and 10 companies receiving equity investment through Pacific Community Management. U.S. and California employment growth data is from the Bureau of Labor Statistics. [www.bls.gov/ces](http://www.bls.gov/ces). Accessed 3/5/2012.

**2** Annual job growth is based on data from a sample of 66 companies that received assistance through PCV's Business Advising Program.

**3** The percentage of companies located in LMI areas is based on data from a sample of 145 companies, including 135 companies that received business advising services (52 of the 135 received business services in partnership with CDC Small Business Finance) and 10 companies that received equity investment.

Total number of employees (2,719 employees) is based on a sample of 78 small businesses, including 10 companies receiving private equity investment and 68 receiving business advising services (21 of which received services in partnership with CDC Small Business Finance).

### LMI METHODOLOGY

The percentage of employees defined as LMI is based on employee wage and residence data (ZIP code) from 56 companies, including 10 companies receiving private equity investment and 46 receiving business advising services.

PCV companies provide the ZIP code for each headquarters location, as well as for each employee. While employee and headquarters locations are defined by ZIP codes, LMI areas are identified by census tracts. ZIP codes can consist of parts of many census tracts and census tracts can contain parts of several ZIP codes. PCV defines an LMI ZIP code as one that is predominantly (50 percent or more) comprised of LMI census tracts.

A census tract is designated LMI if at least one of the following conditions holds true:

- For census tracts within metropolitan areas, the median income of the tract is at or below 80 percent of the metropolitan statistical area median. For census tracts outside of metropolitan areas, the median income of the tract is at or below 80 percent of the statewide, non-metropolitan area median income.
- At least 20 percent of the population lives in poverty.
- The unemployment rate is at least 1.5 times the national average.

### LMI ANALYSIS UPDATE

The analysis of low- to moderate-income (LMI) ZIP codes has been updated in this year's report to reflect the release of 2010 US Census Bureau and 2009 American Community Survey data. For prior years of analysis, this research utilized 2000 US Census Bureau data for determining LMI ZIP codes. The 2010 US Census Bureau and 2009 American Community Survey data reflects socio-economic changes over the last ten years in the communities of the United States. These changes can be observed in the proportion of zip codes now defined as LMI, particularly in California. The percentage of California ZIP codes defined as LMI has decreased from 55 percent using 2000 Census Data to 38 percent using 2010 U.S. Census Bureau and 2009 American Community Survey data. This decrease reflects a greater concentration of relative economic disparity that is less widely dispersed geographically across California. Consequently, the percentage of companies located in LMI communities, and employees defined as LMI, in this year's report cannot be readily compared with prior year's reports.

**4** Net new jobs created is based on responses from 68 companies receiving business advising services and 10 companies receiving private equity investment through Pacific Community Management.

**5** Based on data from 10 companies receiving private equity investment and 46 companies receiving business advising services that reported employee wage and residence data.

**6** California Health Care Foundation. Employer Health Benefits Survey, December 2011.

**7** Bureau of Labor Statistics. [www.bls.gov/ces](http://www.bls.gov/ces). Accessed 3/5/2012.

**8** Low- and Moderate-income workers earn a low or moderate-income wage, and live in a zip code that is made up of low/moderate-income census tracts. These workers earn less than the median family income (MFI) for the metropolitan statistical area (MSA) they live in.

Middle/Upper-income workers earn a middle or upper-income wage, or live in a zip code made up of middle/upper-income census tracts. These workers earn more than 80% of the median family income (MFI) for the metropolitan statistical area (MSA) they live in. Similarly, employees who earn 80% or less of the MFI for the MSA but live in a zip code entirely composed of middle and upper-income census tracts are also considered middle/upper-income. Workers living in upper-income census tracts that earn a lower-income wage are included in this category as they are likely part of a household with another source of income, or would not be able to afford to live in the neighborhood.

Pacific Community Ventures  
builds responsible small businesses  
to create jobs and opportunities  
in lower-income communities.

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