

NEW ERA ECONOMIC
GROWTH QUALITY NEW
JOB CREATION BOU
MARKET GROWTH GAIN
BUSINESS PROSPERITY
CAPITAL INCREASED

REINVENTING PROSPERITY



REINVENTING PROSPERITY

PROSPERITY

Creating good jobs—with benefits and wages people can live on—cost-effectively and for the people who need them most. That’s reinventing prosperity and it’s what Pacific Community Ventures is all about. We fulfill our mission through two core nonprofit programs and our affiliated equity funds:

BUSINESS ADVISING

We recruit California’s brightest business minds to volunteer their expertise to help promising small businesses grow and create jobs in lower-income communities. PCV’s community of advisors, entrepreneurs, and partner organizations provide small business owners with knowledge and resources to help them—and their employees—excel. Our focus is on brick-and-mortar small businesses, like those in manufacturing and distribution, that have the potential to create quality jobs in vulnerable communities.

INSIGHT

Through policy research, analysis and education, PCV works to drive capital and other resources to underserved markets, advancing the field of impact investing. With the tools and advice InSight provides – including social performance due diligence and evaluation – investors can earn competitive financial returns while generating verified social benefits and policy-makers can craft innovative policies to support entrepreneurship in disadvantaged communities.

EQUITY FUNDS

Pacific Community Management, an affiliate of Pacific Community Ventures, manages three private equity funds, investing capital in high-potential businesses in California’s underserved areas to yield financial returns for investors and quality jobs for residents of lower-income communities.

Dear Friends,

Why are we optimistic in these uncertain times? PCV is a real-world, evidence-based organization, and we don't take an assessment of the state of our world lightly. 2010 revealed notes of hope for the economy, and we see many reasons to be positive.

At PCV we are attuned to the particular brilliance that comes when talented business and nonprofit professionals, small business owners, line workers, donors and policy-makers come together to solve problems. The silver lining for us is the combination of creative ideas, resourcefulness and hustle that the companies we work with are showing in this, the toughest market any of us can remember.

This annual report highlights real examples of collaborative problem-solving. Read on to see how, with PCV's support, companies continue to create economic growth for lower-income communities. Their willingness to work together and work hard for a new prosperity reinforces our optimism.

While PCV worked on-the-ground to create sustainable jobs in California, we also worked on a national level to spur the economy from the big-picture policy perspective. In 2010, PCV heightened our influence on the conversation about impact investing--driving capital and other resources to underserved communities--through collaborative research, panel talks, and convening discussions with thought leaders in places as varied as Harvard University, the Rockefeller Foundation and the Aspen Institute.

In conjunction with our policy and advising work, PCV continues to invest capital in high-potential small businesses that create quality jobs for lower-income workers. Capital remains a vital tool for stimulating job growth, especially in our most vulnerable neighborhoods. While the effects of the recession still resonate, and job creation across the country was anemic, PCV's advised and invested companies experienced nine percent job growth in 2010.

The rebound has begun. PCV invites you to join us in this spirit of optimism as we work together to propel small business growth and deliver prosperity for underserved communities.

With warm regards,



Bill Pace
Board Chair
Pacific Community Ventures



Beth Sirull
Executive Director
Pacific Community Ventures



Eduardo Rallo
Managing Partner
Pacific Community Management





PACIFIC COMMUNITY VENTURES AT WORK

Advising, Collaborating, Investing

In 2010, PCV worked intensively to increase economic opportunities for lower-income communities.

On-the-ground, our Business Advising program and Pacific Community Management invested time, networks, knowledge and capital into small companies to create economic opportunity in vulnerable neighborhoods.

Nearly 200 companies in California were helped by more than 130 volunteers from PCV's pool of seasoned business advisors. Collectively, PCV staff and these volunteer professionals dedicated over 5,000 hours of their time to help business owners build a path to prosperity for their entire workforce. Pacific Community Management invested \$6.8 million in businesses in California's lower-income communities.

In-the-field, PCV's research and analysis informed policy-makers from California to New York to Washington, D.C. with key findings in the growing arena of impact investing. PCV's InSight program expanded its influence on public policy to develop investment markets that benefit vulnerable communities.

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



2010 **job growth** at PCV companies – **9%**

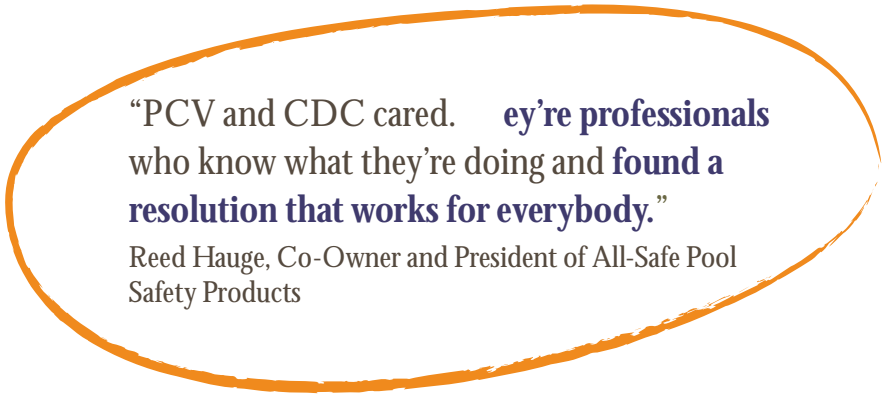
ADVISING

GAMA-GO | Consumer Giftware Retail & Wholesale Design

Over its 10 years in business, GAMA-GO has become popular for its well-designed, cartoon-inspired clothing and products. With a dozen employees working out of the company's location in San Francisco's South of Market neighborhood, GAMA-GO had strong sales but never had made a profit and continued to grapple with cash-flow challenges, leaving owners and employees alike in a vulnerable position.

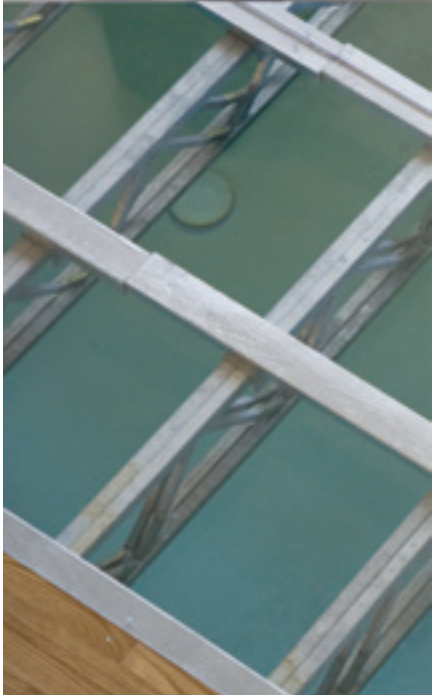
After doing some research, Co-Founder Greg Long learned of PCV's services to build capacity for small businesses. He and his team moved directly to working one-on-one with a PCV advisor who "helped us drill down on the hard numbers, review projections, pricing and product shipments." Greg notes, "Our PCV volunteer advisor provided us with reliable, verifiable and high-level advice."

Greg also attends many PCV workshops. "I'm very inspired by the other PCV members I meet – owners of companies I admire a lot." After working with PCV for just nine months, GAMA-GO – for the first time in its history – ended the year profitably.



“PCV and CDC cared. **They’re professionals who know what they’re doing and found a resolution that works for everybody.**”

Reed Hauge, Co-Owner and President of All-Safe Pool Safety Products



COLLABORATING

ALL-SAFE POOL SAFETY PRODUCTS | Pool Safety Products, Installation, and Maintenance

With 35 employees, tens of thousands of customers, and dozens of dealers and vendors across the United States, All-Safe was a small business with a big footprint on the economy—all of which made Co-Owner Reed Hauge fret even more as he contemplated the potential dissolution of his 18 year old family-owned business. But the combination of a stalled economy and a complex financing deal on three business properties presented just this dilemma for All-Safe.

With negative cash-flows, All-Safe was having a difficult time making ends meet. Reed turned to one of his lenders, CDC Small Business Finance, for help. CDC Small Business Finance reached out to Pacific Community Ventures, as an integrated partner, to help All-Safe identify options and understand the implications for the business. PCV assisted in the negotiations between All-Safe, CDC, the Small Business Administration and the commercial lender that ultimately enabled All-Safe to re-finance the business’s properties with new terms and a payment structure that allowed All-Safe to turn cash-flow positive.

INVESTING

PACIFIC CATCH | Full Service Restaurant Chain

For many young people and low-income employees, working in a restaurant is the first rung on the ladder of a successful career. At Pacific Catch restaurants, COO Tom Hanson and his team are committed to training their employees with best work practices: to be on time, to have integrity, and to work as a team. They put effort into supporting their employees by continuing to focus on creating sustainable jobs.

“PCV invests in companies that can perform well, but that will also give back to the community, through hiring, training and supporting people in good jobs,” notes Tom. “When you open a restaurant, you hire upwards of 80 people—PCV is helping us with many different aspects of our expansion. Soon we’ll be opening a fourth restaurant in San Jose, and now we have two PCV advisors working with us. Both of them are experienced in our exact field—restaurants. They bring real-world value, from expertise in real estate law to knowledge of how to schedule and train cooks. PCV’s been a great partner for us.”



INSIGHT

Now in its sixth year, Pacific Community Ventures' InSight program continues to provide rigorous analysis and research to some of the most prominent investment, government, and philanthropic institutions in the United States. Following are two examples of InSight's work in 2010.

Impact Investing: A Framework for Policy Design and Analysis

Developed with funding from the Rockefeller Foundation, and in partnership with the Initiative for Responsible Investment at Harvard University, this report presents an innovative method for considering the role of policy in developing financial markets that generate social and environmental benefits alongside financial returns. Included in the report are several rules of thumb that currently are being applied by researchers globally, with InSight's support.

Following presentations before hundreds of thought-leaders in New York and Washington, InSight's work caught the attention of policy-makers at the highest levels and is influencing the development of an agenda for driving growth in the entrepreneurial economy.

Community Equity Capital: The Opportunities and Challenges of Growth

Since InSight's founding in 2005, the Annie E. Casey Foundation has relied on PCV's strategic analysis to evaluate the social impact of the Foundation's private equity investments in a number of underserved communities.

In 2010, InSight was commissioned by the Foundation to research and analyze the performance of economically-targeted private equity investments more generally. This work, which continues in 2011, resulted in the publication of a groundbreaking report, *Community Equity Capital: The Opportunities and Challenges of Growth*, discussing the practical difficulties and best practices of investing for a double- or triple-bottom line return.

Innovative public policy can support viable private markets that create social goods **efficiently**, and potentially at **greater scale**.

PACIFIC COMMUNITY VENTURES 2010 IMPACT

Driving Economic Recovery

In the wake of the global economic downturn, Pacific Community Ventures is helping small businesses create hundreds of jobs that support lower-income workers, driving economic recovery and opportunity in the communities that need it most. In 2010 PCV worked with fourteen partner economic development organizations and 176 small businesses through our Business Advising program and affiliated equity funds. 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.

While most companies are still experiencing the aftereffects of the economic downturn, the companies PCV advises are at the forefront of economic recovery. In 2010, PCV companies significantly outpaced the U.S. and California private sectors with nine percent employment growth compared to one percent nationally and statewide. In 2010, over half of PCV companies were headquartered in low- to moderate-income areas and two-thirds of the nearly 3,000 employees were residents of lower income neighborhoods. In total, PCV companies paid over \$50 million in wages to residents of lower-income communities in California.

PCV's impact in 2010 is summarized in the following table with PCV financed companies (companies receiving equity investment) and PCV advised companies (companies participating in PCV's Business Advising program) shown separately to better highlight their unique impacts and performance in 2010.

Pacific Community Ventures 2010 Summary

	PCV Financed Companies	PCV Advised Companies	TOTAL
Number of companies supported in 2010	10	166	176
Job creation in 2010	5%	11%	9%
Low- and moderate-income employees as a percentage of the total workforce	58%	75%	63%
Percentage of companies offering health insurance to hourly employees	89%	62%	70%
Percentage of companies offering retirement benefits to hourly employees	78%	24%	40%

Preventing Foreclosure/Retaining Jobs

In 2010 PCV partnered with CDC Small Business Finance in San Diego to begin advising small business owners with real estate debt facing foreclosure. By year-end 2010, PCV had worked with small businesses, lenders and the Small Business Administration to avert foreclosure on nearly \$20 million in debt, saving over 200 jobs. In 2011 PCV will continue to partner with CDC Small Business Finance and other lenders to advise these at-risk small businesses, preventing foreclosure and job loss.

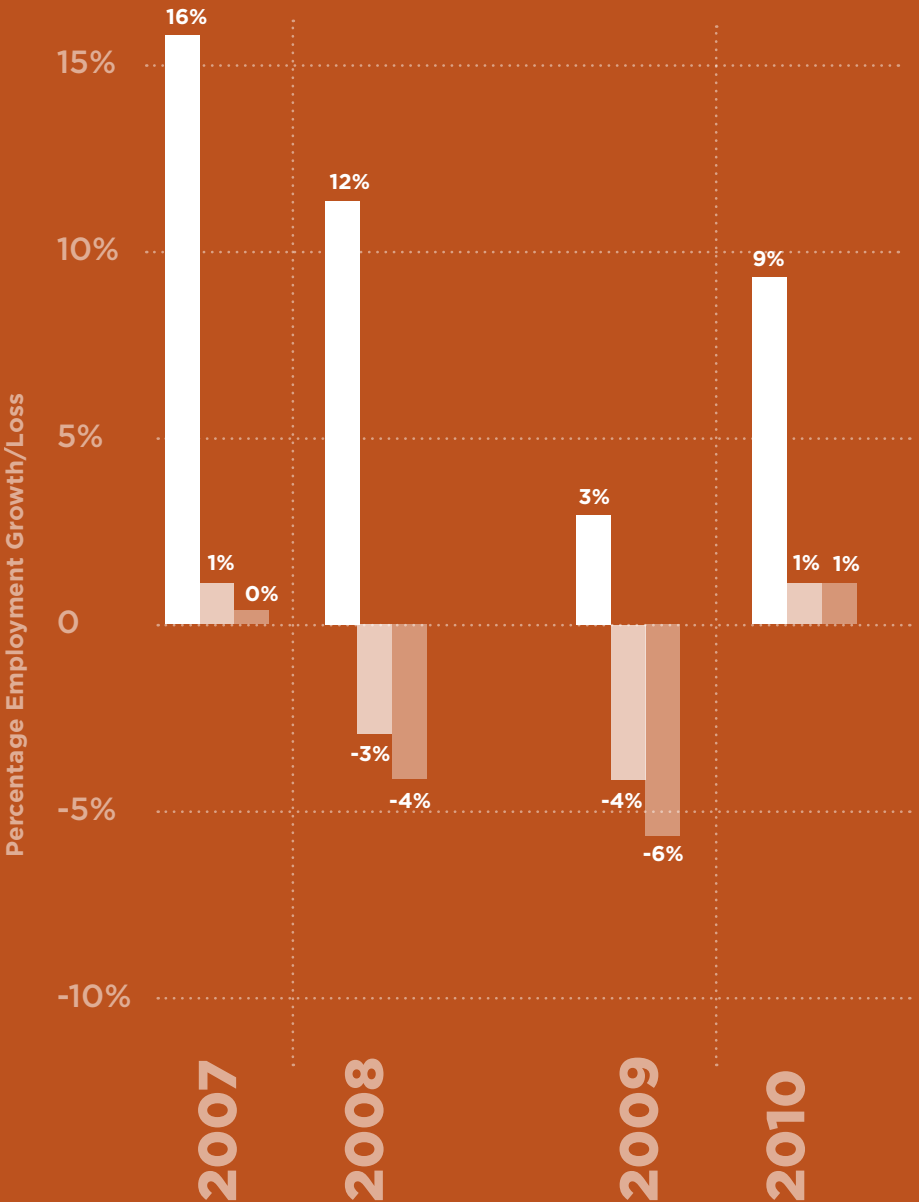
Creating Jobs

Overall job growth at PCV companies has significantly outpaced the U.S. and California. PCV companies grew employment by nine percent in 2010. By contrast, employment in the overall private sector increased

just one percent in both the United States and California. Over the last four years, PCV companies have consistently outpaced the general economy, achieving superior job growth.

Pacific Community Ventures

Creating Jobs, 2007-2010

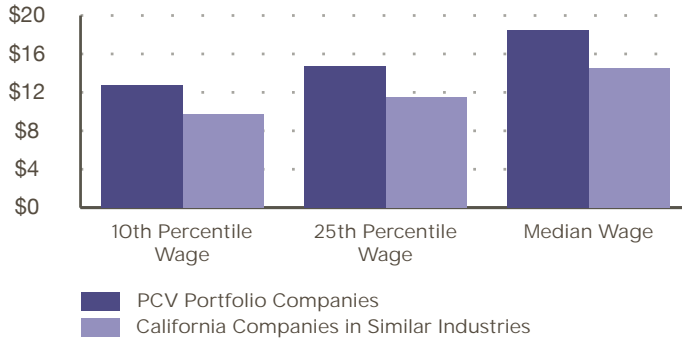


- PCV Portfolio Companies
- California
- United States

Generating Paychecks

Approximately 90 percent of PCV companies pay their lower-income workers (tenth and 25th percentile earners) more than lower-income workers in comparable California companies.

PCV Portfolio Companies Pay Workers Higher Wages than California Companies in Similar Industries



Providing Access to Healthcare and Financial Security

PCV companies provide health and retirement benefits to employees at rates that exceed national levels. Health insurance premiums in California increased over eight percent in 2010, outpacing inflation and making health benefits less affordable. PCV companies pay an average of 70 percent of employee premiums, with the majority of companies maintaining benefits at 2009 levels, ensuring healthcare affordability for their workers. PCV also works with the companies in which it makes a financial investment to reserve a portion of company equity for lower-income workers, enhancing employees' long term economic self-sufficiency and improving productivity and morale.

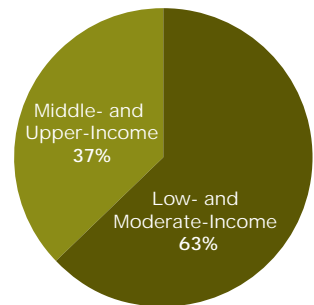
Hourly employees (proxy for lower-wage workers)	PCV Companies	United States
Eligible for health insurance	54%	38%
Eligible for retirement plan	53%	40%

Helping the Underserved

PCV companies provide employment to a total of 2,952 workers. Nearly two-thirds (63 percent) of these employees are residents of underserved communities.

The companies that PCV advises employ a diverse workforce. Female employees make up 46 percent of the workforce, 38 percent of PCV company employees are Hispanic or Latino, 14 percent are Asian/Pacific Islanders, four percent African-Americans, and three percent are either multi-racial or another ethnicity.

Economic Status of Pacific Community Ventures Portfolio Company Employees



For Methodology and footnotes please see: www.pacificcommunityventures.org/annual-report/methodology.html

STAFF BOARD



PCV Staff

Michelle Collier

Finance Manager

Kevin Dillon

New Sector Alliance Resident

Lauren Friedman Dixon

Project Manager, InSight

Penelope Douglas

Managing Partner, Pacific Community Management

Ariel Jaduszliwer

Associate, Pacific Community Management

Allison Kelly

Director, Business Advising

Peter Mehrberg

Managing Partner, Pacific Community Management

Fabiola Mejia

Office Manager

Kendra Ott

Program Manager, Business Advising

Eduardo Rallo

Managing Partner, Pacific Community Management

David Rosen

Chief Financial Officer

Yolanda Ruiz

Partner, Pacific Community Management

Chuck Sinks

Regional Director, Business Advising, San Diego

Beth Sirull

Executive Director

Ben Thornley

Director, InSight

Meredith Willa

Project Manager, InSight

Tom Woelfel

Analyst, InSight

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Shotspotter, Inc.

Bud Colligan

Accel Partners

Gordon Davidson

Fenwick & West LLP

Penelope Douglas*

Pacific Community Ventures

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LGA Inc., PCV Board Secretary

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Sigma Partners

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McGovern Institute

Mathilda S. Khabbaz

Citibank, NA

Paul Levitan

Galaxy Desserts

Julia I. Lopez*

College Access Foundation

Zander Lurie

CBS

Lisa Maibach

SpencerStuart

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Teresa Pahl

Hanson Bridgett, LLP

Beth Sirull

Pacific Community Ventures

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Tallwood Venture Capital

Robert Bellack

Los Angeles Times

Jim Breyer

Accel Partners

Maria Contreras-Sweet

PROMERICA Bank

John C. Dean

Startup Capital Ventures

John Doerr

Kleiner Perkins Caufield & Byers

Jed Emerson

Generation Foundation

Peter A. Fisher

Shepherd Ventures

Dave Gold

99 Cent Only Stores

Wallace R. Hawley

InterWest Partners/FaithWorks

Harry Kellogg

Silicon Valley Bank

Rob Knauss

Munger Tolles & Olson LLP

Zoe Lofgren

U.S. House of Representatives

Doug Mackenzie

Kleiner Perkins Caufield & Byers

Robert M. McGill

Neighborhood Bancorp

Jarl Mohn

Private Investor

F. Gibson Myers Jr.,

Entrepreneur's Foundation

Ken Newby

Deloitte & Touche

Alfred E. Osborne Jr.,

UCLA Anderson School of Management

Tom Ramirez

The Charles River Company

Kimberly Ruiz Beck

Ruiz Foods

JoAnne Starr

UCSD RADY School of Management

Anita Stephens Graham

Opportunity Capital Partners

Jim Swartz

Accel Partners

John Welty

California State University, Fresno

Maria Wilhelm

Multiverse.net

Sharon Williams

JobTrain

Lee E. Winslet

Wells Fargo Bank

Stuart Woolf

Woolf Enterprises

PCV companies paid over
\$50 million in wages to
residents of lower-income
communities in California

*Service completed 12/31/10



Bay Area Advised Companies

2Tog Inc, dba Zina Kao Exclusives Inc
Ace Mailing (SFMade)
BTTR Ventures
Buddhasalt company
building Lab
CA Home Performance
Charles Chocolates (SFMade)
Coconut and Spice (La Cocina)
Dawson Custom Workroom
DODOcase (SFMade)
Ecco Caffè
Equator Estate Coffees & Teas, Inc.
Evergreen Lodge
Fireclay Tile
Flora Grubb Gardens (Grubb & Nadler, Inc)
Full Spectrum
Gama-Go
Gentle Parking, LLC (Opportunity Fund)
Glass Plus Inc.
Good Lunch
Ground Cover Landscaping
Healthy Soil
Heath Ceramics
Home Health Advocates
House Kombucha
Inigral, Inc
InterSchola
JCH International Apparel Inc.
Joshu-Vela (Working Solutions)
Kaia Foods
Kasa Indian
Laundry Locker
Lemon Twist (SFMade)
Libaire Leather, Inc.
Little Dot Designs (SFMade)
Loring Smart Roast
McRoskey Mattress Co (SFMade)
Mobile Spinach
New Avenue
Nomad Design (SFMade)
Origami Foods
Pacific Shaving Company
Parties That Cook
Patxi's Chicago Pizza
pH7 Design
Poloppo
Pub Bites

Purple Hibiscus (La Cocina)
PV Evolution Labs
Pyramind
Redemption Manufacturing
Rhythm and Motion
Rickshaw Bagworks, Inc. (SFMade)
Saber es Poder
Seesaw (Working Solutions)
Sheila Moon Athletic Apparel LLC
Sidewalk Skincare
Silver Moon Desserts
Sitelcer Wash
SJ Sallinger Design for Living
Skychaser Solar
SleepQuest
Spice Boxx (La Cocina)
Taylor's Tonics (SF LGBT Center)
The Animal House (SF LGBT Center)
The Essential Feminine Co.
The Love and Hummus Co. (La Cocina)
Three Twins Organic Ice Cream
Thumbs Up Bay Area
Viva el Espanol

San Diego Advised Companies

Advanced Integrated Technologies
Aedifice Architecture
All Types of Baseboards
ARC Roofing
Arthur Murray Dance School
B Street Express Car Wash
Baja Designs, Inc
BS Hand & Sons, Inc.
Business Communications Solutions
Canyon Pottery Inc.
Carson Valero
Ciro's Landscape
Corn Maiden
Discount Mirror and Glass
D'Mundo Tile
Earth Support Systems
Electro Surface Technologies
Gemini Duplication
Gym Ventures
Hi Tek Auto Repair
Highest Bidder
Invisible Touch
Jimmy's Chicken To Go-Go

Kid Ventures
Marlin Machine Products
Mathopedia
Moyes Custom Furniture
Murphy Mechanical
Northwest Circuit Corp
Omega Industrial Marine
Painted Rhino
Parisian International
Promex Automotive
Protein Lounge
Radio Active
Raymond Allen Business Supplies
RB Marchi Concrete
Reynolds Mason Industries, Inc.
RNX International
Shine Lighting
Sierra Pacific Fleet Services
SK Furniture
Skipco Grading & Paving Inc.
Source of Health, Inc.
Spitzlift
Sun Boss
Sunshine Pharmacy
Sunwest Pool Safety (aka All-Safe Pools)
Symcoat Metal Processing
The Upholstery Factory
Telecom Logistics
VBT Concepts Inc.
Vigitron

Financed Companies

Adina for Life, Inc.
Bentek
Evergreen Lodge
Freshology
Galaxy Desserts
New Leaf Paper
Pacific Catch
Pacific Pharmacy
Saber es Poder
Zoom Eyeworks



Bay Area Volunteer Advisors

David Pike
Partner, Hanson Bridgett LLP

Elizabeth Plum
Western Area Account Executive, Birst

Susan Pratt
Architect, Susan Pratt, Architect

Jim Presley
General Partner, Verge

Kathy Prestigiacomio
Financial Advisor, Morgan Stanley Smith Barney

Kelly Pretzer
Director, SF Office of Economic and Workforce Development

Sabrina Pryce
Client Services Manager, Iteon Consulting

Larisa Rapoport
Senior Audit Manager, DZH Phillips LLP

Fernando Rivera
President, Latino Agency

Greg Rivers
Financial Advisor, SGC Financial

Matthew Sade
Founder, Fork in the Road Foods

Shohei Sakazaki
Managing Director, Trans-it Capital

Alan Saldich
Consultant

Sachin Saxena
VP, New Venture Services, GlobalLogic

Richard Schmidt
Consultant

Roger Sexton
Consultant

Dan Shapiro
Vice President, Comerica Bank

Robert Sher
Principal, CEO to CEO

Sanjay Sinha
VP & Relationship Manager, California Bank & Trust

Natasha Skok
COO, Tallwood Venture Capital

Philip Smith
Consulting CFO/COO, Self Employed

Scott Smith
Partner, Hanson Bridgett

Kate Sofis
Executive Director, SFMade

Padmini Srinivasan
Director of Finance, Audubon California

Kenneth Stram
Director, Economic Development, SF Center

Randolph Tom
Chairman, Dynasty Capital Services LLC

Clifford Tong
CEO, Diverse Strategies

Ray Villaman
President, Tahoe Restaurant Group

John Vitti
Founder, CEO, Mobile Spinach

Kathleen White
Erika Williams
Managing Director, The Erika Williams Group

Hugh Williams
President, Continental Painting

Peter Wolf
Product Line Manager, Intel Corporation

Keith Zachow
President, Omega Valuations, Inc.

San Diego Volunteer Advisors

Malcom Avner
Consultant/Coach

Mike Bourne
President, Bourne Executive Consulting

Tim Bubnack
Fund Manager, Huntington Capital

Dennis Calderon
Partner, Venture Counsel Group, LLP

Trevor Callan
President, Callan Capital

Richard Canote
Partner, Tatum LLC

Tim Cheng
Qualcomm

Gary Correia
Executive CPA

Joel Gregg
Huntington Capital

Jeremy Hayden
Attorney, Mintz Levin

Terri Horn
Principal Consultant, People Strategies, LLC

Larry Kirsch
University of Phoenix Professor/Consultant

Susan Lamping
CDC Small Business Finance

Tim Ludwig
Partner, Ohana Capital

Mary Mancera
Principal/consultant, Phase Two Communications

Robert McGill
Neighborhood National Bank

Sharon Miller
James Nakamara
HGA Group

Mike Oliver
Silicon Border Development

Tim Orlando
Tech Angels

Tyler Pruett
Director of Development, Halifax Group

Ruben Recio
Owner, RDR Enterprises

J. Andrew Ruff
Principal/ COO, TGG Accounting

Haggi Schwartz

Darren Solomon
Founder/ CEO, Kid Ventures

Lee Winslett
Vice President, Wells Fargo Bank

Ted Yates
Principal, SoCal Development

Partner Organizations

B Corporation

CDC Small Business Finance

Federal Reserve Bank of San Francisco

Goodwill Industries

Hub Bay Area/SOCAP

Initiative for a Competitive Inner City

Initiative for Responsible Investment at Harvard University

Inner City Advisers

Jewish Vocational Services

La Cocina

Launch Community Ventures

Manex

NCB Capital Impact

New Sector Alliance

OBDC Small Business Finance

Opportunity Fund

Renaissance Entrepreneurship Center

RSF Social Finance

SF LGBT Center

SFMade

Small Business Majority

TMC Working Solutions

Urban Solutions

InSight Clients

California Public Employees Retirement System

The Rockefeller Foundation

The Annie E. Casey Foundation

The California Endowment

The Northwest Area Foundation

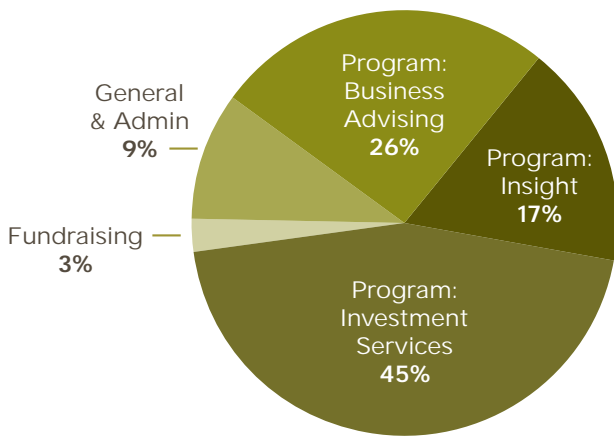
Hamilton Lane

Macquarie Funds Management

PACIFIC COMMUNITY VENTURES 2010 FINANCIALS

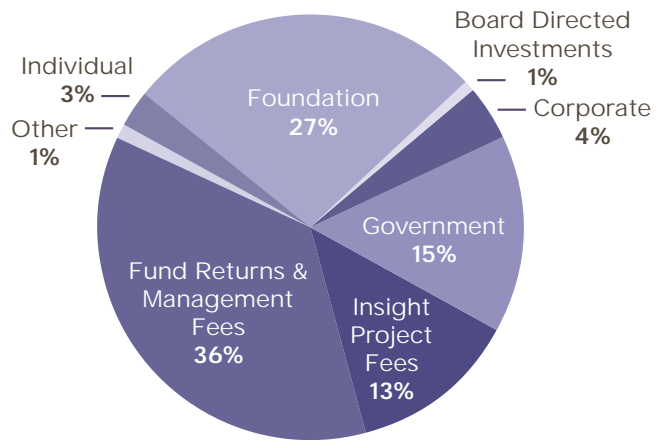
At PCV, we have built a healthy, diversified revenue stream—designed to weather the storm. We rely on private philanthropy for just one-third of our funding; almost 50 percent of our support is mission-related earned income. Perhaps most importantly, we put our money to work strategically, leveraging our programs for maximum job creation and support for low-income communities in California and beyond.

Expenses by Category 2010



Total Expenses - \$3,110,371

Source of Revenues 2010



Total Revenue - \$3,975,474

90% of PCV companies pay their lower-income workers more than lower-income workers in comparable companies

