



April 2008

Mission

Pacific Community Ventures provides resources and capital to businesses that have the potential to bring significant economic gains to low-income communities throughout California.



We do this by providing access to:

- Capital
- Networks
- Assets
- Information

- **Theory of Change:** Small, “brick and mortar” businesses are critical to spurring economic growth and reducing poverty in low-income communities. But, many such companies lack access to networks, resources and capital.
 - **Value Proposition:** PCV understands these businesses. We have access to hundreds of them across California, and their leaders and employees trust us. We fuel their growth through the investment of human and financial capital
- **Key Points of Leverage:**
 - Access to hundreds of small companies across California
 - The most innovative products for the working poor in California
 - Investment funds that have reached scale

PCV's Four Lines of Business

Equity Investing

\$60+ million under management.
Fund III closed at \$40.5 million, January 2008

Business Advance

Business Advance - Capacity building for small businesses in low-income communities

Employee Onramp

Asset-building and healthcare solutions for low-income workers

Research & Evaluation

Evaluating social returns on PCV's investments, and on investments by:

- Foundations
- Pension Funds
- 3rd-Party Mgrs
- Funds-of-Funds



Financial return



Business growth and economic opportunity in lower-income Communities



Quality jobs for lower-income workers



Social return data, analysis and implications

PCV Investment Partners II

Vintage year: 2002

Invested Capital	6,544,580
Realized value	2,705,798
Unrealized value	<u>4,685,825</u>
Total value	7,391,623
Total value as a multiple of cost	1.13
Gross IRR	
Realized	28.3%
Total	6.0%
Projected	18.5%

Recent Investments by PCV's Equity Funds



(San Jose, CA)

- Grocery stores focused on Hispanic market
- 119 employees (95 from low-income communities)
- Post-investment milestones:
 - Strong revenue and EBITDA growth
 - Progress toward opening second store (Q2 2008)
 - Health insurance put in place for LMI employees



(Richmond, CA)

- Developer, manufacturer and marketer of all-natural, gourmet single-serving desserts
- 207 employees (120 from low-income communities)
- Post-investment milestones:
 - Sales at record levels
 - COO hired to improve operations
 - LMI employee incentive option pool put in place



(Multiple Southern
CA Locations)

- Acquirer and manager of independent community pharmacies
- 41 employees (30 from low-income communities)
- Post-investment milestones:
 - Three pharmacies acquired and operating
 - Strong profitability
 - LMI employee incentive option pool put in place

Good jobs and marketable skills for residents of low-income communities.

- As of Dec 31 2007, PCV's financed and advised portfolio businesses employed **2,430 hourly workers**
- **100% portfolio businesses hire hourly workers from low/moderate income (LMI) census tracts**
- **Average wage for hourly employees: \$12.56/hour.**
- **89% of financed portfolio businesses and 75% of advised businesses offer health insurance to hourly workers.**
- **67% of financed portfolio businesses provide matched retirement plans (e.g. 401k's, IRA's), stock option, or profit sharing programs to hourly workers.**
- **100% of portfolio businesses offer skill-based training to hourly workers**

Small businesses that are members of *Business Advance*, PCV's Business Advising network, have access to:

- Consultations & ongoing projects and with PCV's volunteer advisors
- Strategy Roundtables – An opportunity to present to a group of volunteers that provides strategic feedback in a facilitated discussion)
- Insight Forums - day-long leadership workshops led by business school professors and business leaders
- PCV's asset building and healthcare programs for low-income workers

Reach and Impact: Last year, the hundreds of small businesses in PCV's network injected over \$700 million and nearly 5,000 jobs into the California economy

Employee OnRamp Initiatives

A suite of services delivered *in the workplace*, designed to *maximize income retention* and *improve financial stability* for low income workers:

Accessing the Financial Mainstream

- Workplace-based Financial Literacy workshops and access to introductory bank accounts (partnership with Citibank) reached 350 low-income employees at 30 companies in 2007
- Plan to reach 600+ low-income employees with Financial Literacy in 2008
- Partnership with TaxAid and United Way to provide 3,000 California workers access to free tax prep assistance and information on Earned Income Tax Credit
- Planning Stages: New emergency loan pool for LMI employees

Accessing Affordable Healthcare

- Innovative/disruptive Healthcare Voucher System— feasibility study near completion
- Info. on public programs (e.g. healthy families) provided to companies & employees

Employee Wealth Creation

- Required in term sheet for each PCV investment (stock options, phantom stock, or profit sharing)

IDA Program (with Lenders for Community Development)

- 65 accounts opened in Bay Area with employees from six companies
- Average Monthly Deposits: \$65.62 (average 3% of gross income)
- Savings Goals: Home Ownership (41%), Education (33%), Retirement (25%)

- **Pioneering, Market-Based Approach:**
 - Employer-funded, debit card-based voucher for retail & community health clinics
 - Leapfrogs the insurance industry, giving uninsured workers new access to basic wellness and preventive care
 - Empowers a disenfranchised consumer population to take control of and improve their health status
- **Significant Market opportunity:**
 - 6 million uninsured in California; 70% in households with at least one full-time worker
 - Smaller employers (3 to 199 workers) represent 97% of all firms in California. Only 69% provide health insurance and only 57% offer dental insurance
- **Feasibility Study Complete, Findings Promising:**
 - Employers willing to spend \$30-\$100 per employee per month on healthcare
 - 92% of surveyed employees would rather receive a health voucher than the equivalent monetary value in extra pay.
 - Public and private community-based clinics motivated to participate and eager to capture this significant market opportunity.
- **Seed Funding (for June 2008 Launch) Will Have Tremendous Leverage:**
 - \$1MM in seed funding to reach 200 employers and 10,000+ workers and create \$10M in direct healthcare value by Year 5
 - Based in pilot results, potentially scalable to hundreds of thousands or millions of workers in California and beyond

- Northwest Area Foundation – *Invest Northwest* Social Return assessment

- Working groups and speaking engagements (e.g. SBIA, PRI Makers, MacArthur Foundation, Federal Reserve Roundtables)

