PARTNERS FOR THE COMMON GOOD, INC.

Financial Statements

Year ended December 31, 2001

(With Independent Auditors' Report Thereon)

BB&A

Benford Brown & Associates

PARTNERS FOR THE COMMON GOOD, INC.

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Independent Auditors' Report

The Board of Directors
Partners for the Common Good, Inc.:

We have audited the accompanying statement of financial position of Partners for the Common Good, Inc. (PCG), as of December 31, 2001, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of PCG's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partners for the Common Good, Inc. as of December 31, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Benford Brown and Associates

Benford Brown and Associates
Chicago

June 14, 2002

PARTNERS FOR THE COMMON GOOD

Statement of Financial Position

December 31, 2001

Assets	2001
Current assets:	
Cash and cash equivalents (Note 3)	$ 2,017,592
Contributions receivable (Note 4)	719,980
Total current assets	2,737,572
Noncurrent assets:	
Computers (Note 5)	3,580
Less: accumulated depreciation	(597)
Total noncurrent assets	2,983
Total assets	$ 2,740,555
Liabilities and Net Assets	
Current liabilities:	
Accrued expenses (Note 6)	12,500
Accrued interest payable	3,945
Total current liabilities	16,445
Non-current liabilities:	
Long-term notes payable (Note 7)	2,007,500
Total liabilities	2,023,945
Net assets:	
Unrestricted	716,610
Temporarily restricted	-
Permanently restricted	-
Total net assets	716,610
Total liabilities and net assets	$ 2,740,555

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR THE COMMON GOOD

Statement of Activities and Changes in Net Assets

Year ended December 31, 2001

		Unrestricted	Temporarily restricted	Permanently restricted		Total memo only
Revenues and other support						
Contributions (Note 4)	$	1,040,776	-	-	$	1,040,776
Investment income		7,092	-	-		7,092
Other		3,000	-	-		3,000
Net assets released from restrictions		-	-	-		-
Total revenue and other support		1,050,868	-	-		1,050,868
Expenses:						
Program services		-	-	-		-
Management and general		334,258	-	-		334,258
Total expenses		334,258	-	-		334,258
Increase in net assets		716,610	-	-		716,610
Net assets as of January 1, 2001		-	-	-		-
Net assets as of December 31, 2001	$	716,610	-	-	$	716,610

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR THE COMMON GOOD

Statement of Cash Flows

Year ended December 31, 2001

Cash flows from operating activities:		
Increase in net assets	$	716,610
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		597
Increase in contributions receivable		(719,980)
Increase in accrued expenses		12,500
Increase in accrued interest payable		3,945
Net cash provided by operating activities		13,672
Cash flows from investing activities:		
Receipt of donated computer		(3,580)
Issuance of community development notes		2,007,500
Net cash provided by investing activities		2,003,920
Net cash provided by financing activities		-
Net increase in cash and equivalents		2,017,592
Cash as of January 1, 2001		-
Cash as of December 31, 2001	$	2,017,592

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR THE COMMON GOOD

Statement of Functional Expenses

Year ended December 31, 2001

		Program services	Management and general		Total
Expenses:					
Salaries	$	-	135,511	$	135,511
Fringe benefits		-	5,500		5,500
Professional fees		-	147,677		147,677
Meetings and travel		-	12,667		12,667
Filing fees and registrations		-	12,610		12,610
Office expenses		-	8,501		8,501
Occupancy		-	5,000		5,000
Interest		-	3,945		3,945
Insurance			2,250		2,250
Depreciation		-	597		597
Total expenses	$	-	334,258	$	334,258

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR THE COMMON GOOD

Notes to Financial Statements

December 31, 2001

(1) Organization Description

Partners for the Common Good, Inc. (PCG) was founded May 15, 2000 as an Illinois not-for-profit corporation. PCG is a community investment fund that applies the ethical principles of "the common good" to investment choices. PCG's business objectives are to: (1) broaden interest and involvement in the community investment movement; (2) provide opportunities for faith-based investors to share a portion of their financial resources with the economically poor by investing in intermediary agencies; (3) model alternative approaches to the production of goods and services; and (4) increase the overall capital base available for these kinds of projects. Through financial intermediation to borrowers, PCG provides an effective and fiscally prudent mechanism through which institutional investors can support community development nationwide and abroad.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. PCG maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

These financial statements have been prepared to focus on PCG as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted or unrestricted, as recommended by the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations".

Accordingly, net assets and changes therein are classified as follows:

> Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained by PCG. Generally, the donors to these assets permit PCG to use all or part of the income earned on related investments for general or specific purposes.
>
> Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met by actions of PCG and/or passage of time.
>
> Unrestricted undesignated net assets - Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions

PCG has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Per SFAS No. 116, contributions, including unconditional promises-to-give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average Federal Funds rate.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

PCG considers cash on deposit at bank(s) and highly liquid investments with maturities of three months or less at the date of purchase to be cash and cash equivalents.

Income Taxes

PCG is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income. PCG had no unrelated business income during fiscal year 2001, and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements. In addition, PCG has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

(3) Cash and Cash Equivalents

At December 31, 2001 PCG maintained a bank balance of cash of $1,586,842 in one financial institution and certificates of deposit of $202,486 and $200,000 with two other financial institutions. Of the amounts, $100,000 per account was insured by the Federal Deposit Insurance Corporation while the remaining amounts could potentially subject PCG to credit risk.

(4) Related Party Transactions

During fiscal year 2001, PCG received a binding, unconditional promise-to-give of $1,000,000 from Christian Brothers Investment Services, Inc. (CBIS), an entity whose Vice-President for Socially Responsible Investing currently serves as PCG's Chairman of the Board of Directors. During fiscal year 2001, $315,452 was contributed by CBIS to PCG in the form of direct payments for a computer and various operating expenses of which $174,249 was applied against the contribution receivable. The remaining $825,751 is to be paid in five annual installments of $165,150. The contribution receivable was discounted using the prime-lending rate at December 31, 2001 (4.75%).

Unconditional promise-to-give before amortized discount	$ 825,751
Less: Unamortized discount	105,771
Net unconditional promise-to-give	$ 719,980

Amounts due in:	
Less than one year	$ 165,150
One to five years	660,601
Total	$ 825,751

PCG also received donated administrative, legal and accounting services from CBIS. These services were estimated to have a fair value of $5,344 which is included in contributions income and professional fees expense in the statement of activities and changes in net assets. Lastly, CBIS has made a conditional promise to secure a line of credit of $1,000,000 for PCG to use for operational purposes including supporting loan loss expenses.

(5) Fixed Assets

Fixed assets at December 31, 2001 were recorded at cost, as shown below:

Computers and equipment	$ 3,580
Less: accumulated depreciation	597
Net fixed assets	$ 2,983

Depreciation is calculated on the straight-line method over a 3 year estimated useful life for computers and equipment.

(6) Accrued Payroll

During fiscal year 2001, PCG incurred payroll expenses of $7,000 that were paid during fiscal year 2002. In addition, PCG incurred $5,500 of fringe benefit expenses for employee vacation time that was not taken during fiscal year 2001.

(7) Notes Payable

Long-term debt consists of the following at December 31, 2001:

Community Development Notes, maturing between August 8, 2006 through December 1, 2011, some subject to prior redemption, bearing stated interest at 0% to 3%, payable annually	$2,007,500

Future maturities of long-term debt are as follows as of December 31, 2001:

Year ending December 31,	Amount
2002	$ -
2003	-
2004	-
2005	-
2006	897,500
Thereafter	1,110,000
Total	$ 2,007,500

(8) Operating Lease

During fiscal year 2001, PCG leased office space via a sublease agreement with the National Congress for Community Economic Development. The sublease term was May 1, 2001 through July 31, 2001 with a provision for extending the agreement on a month-to-month basis by mutual consent in writing. PCG entered into a new sublease agreement on February 1, 2002. The new sublease term is February 1, 2002 through January 31, 2003 with a provision for extending the agreement on a month-to-month basis by mutual consent in writing.

Rent expense totaled $5,000 during fiscal year 2001. The schedule of future minimum payments required under the sublease agreement is as follows:

Year ending December 31,	Amount
2002	$ 16,500
2003	1,500
Thereafter	-
Total	$ 18,000