



**PARTNERS FOR THE COMMON GOOD**

**DECEMBER 31, 2007 AND 2006**

## TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6 - 11



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Partners for the Common Good  
Washington, DC

We have audited the accompanying statements of financial position of Partners for the Common Good as of December 31, 2007 and 2006, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Squire, Lemkin + O'Brien, LLP*

February 12, 2008

**PARTNERS FOR THE COMMON GOOD**

**STATEMENTS OF FINANCIAL POSITION**

FOR THE YEARS ENDED DECEMBER 31,

	2007			2006		
	General Fund	Loan Fund	Total	General Fund	Loan Fund	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 951,302	\$ 3,863,876	\$ 4,815,178	\$ 1,030,143	\$ 1,206,920	\$ 2,237,063
Cash - restricted	98,815	587,063	685,878	66,465	1,368,139	1,434,604
Contributions receivable, current portion	100,000	-	100,000	95,000	585,000	680,000
Loans receivable, current portion	-	2,539,959	2,539,959	-	2,597,853	2,597,853
Prepaid expenses and other current assets	3,218	-	3,218	2,533	-	2,533
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,153,335</b>	<b>\$ 6,990,898</b>	<b>\$ 8,144,233</b>	<b>\$ 1,194,141</b>	<b>\$ 5,757,912</b>	<b>\$ 6,952,053</b>
<b>FIXED ASSETS</b> , net of accumulated depreciation of \$36,572 and \$24,041, respectively	\$ 13,732	\$ -	\$ 13,732	\$ 26,263	\$ -	\$ 26,263
<b>NON-CURRENT ASSETS:</b>						
Community development certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Contributions receivable, net of current portion	181,555	-	181,555	113,105	-	113,105
Loans receivable, net of current portion	-	6,064,689	6,064,689	-	5,474,063	5,474,063
Less, loan loss reserve	-	(471,287)	(471,287)	-	(426,493)	(426,493)
<b>TOTAL NON-CURRENT ASSETS</b>	<b>\$ 181,555</b>	<b>\$ 5,593,402</b>	<b>\$ 5,774,957</b>	<b>\$ 113,105</b>	<b>\$ 5,247,570</b>	<b>\$ 5,360,675</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,348,622</b>	<b>\$ 12,584,300</b>	<b>\$ 13,932,922</b>	<b>\$ 1,333,509</b>	<b>\$ 11,005,482</b>	<b>\$ 12,338,991</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES:</b>						
Accrued expenses	\$ 20,227	\$ -	\$ 20,227	\$ 26,953	\$ -	\$ 26,953
Notes payable, current portion	-	910,000	910,000	-	2,108,000	2,108,000
Accrued interest payable	-	150,229	150,229	-	138,577	138,577
Interest reserve held	-	112,500	112,500	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 20,227</b>	<b>\$ 1,172,729</b>	<b>\$ 1,192,956</b>	<b>\$ 26,953</b>	<b>\$ 2,246,577</b>	<b>\$ 2,273,530</b>
<b>LONG-TERM DEBT:</b>						
Notes payable, net of current portion	\$ -	\$ 9,180,467	\$ 9,180,467	\$ -	\$ 6,787,467	\$ 6,787,467
<b>TOTAL LIABILITIES</b>	<b>\$ 20,227</b>	<b>\$ 10,353,196</b>	<b>\$ 10,373,423</b>	<b>\$ 26,953</b>	<b>\$ 9,034,044</b>	<b>\$ 9,060,997</b>
<b>NET ASSETS:</b>						
Unrestricted	\$ 948,025	\$ 1,670,073	\$ 2,618,098	\$ 1,061,986	\$ 51,654	\$ 1,113,640
Temporarily restricted	380,370	561,031	941,401	244,570	1,919,784	2,164,354
<b>TOTAL NET ASSETS</b>	<b>\$ 1,328,395</b>	<b>\$ 2,231,104</b>	<b>\$ 3,559,499</b>	<b>\$ 1,306,556</b>	<b>\$ 1,971,438</b>	<b>\$ 3,277,994</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,348,622</b>	<b>\$ 12,584,300</b>	<b>\$ 13,932,922</b>	<b>\$ 1,333,509</b>	<b>\$ 11,005,482</b>	<b>\$ 12,338,991</b>

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

**PARTNERS FOR THE COMMON GOOD**

**STATEMENTS OF ACTIVITIES**

FOR THE YEARS ENDED DECEMBER 31,

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT:</b>						
Grants	\$ -	\$ 409,325	\$ 409,325	\$ -	\$ 689,184	\$ 689,184
Interest income:						
Loan portfolio	562,024	-	562,024	374,134	-	374,134
Community development certificates of deposit	5,899	-	5,899	78,101	-	78,101
Investment	97,662	2,350	100,012	49,704	1,339	51,043
Fees	42,709	-	42,709	15,883	-	15,883
Other revenue	7,025	-	7,025	2,660	-	2,660
Net assets released from restrictions	1,634,628	(1,634,628)	-	493,889	(493,889)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>\$ 2,349,947</u>	<u>\$ (1,222,953)</u>	<u>\$ 1,126,994</u>	<u>\$ 1,014,371</u>	<u>\$ 196,634</u>	<u>\$ 1,211,005</u>
<b>EXPENSES:</b>						
Program services	\$ 541,714	\$ -	\$ 541,714	\$ 603,495	\$ -	\$ 603,495
Supporting services:						
Management and general	230,867	-	230,867	139,818	-	139,818
Resource development	72,908	-	72,908	112,378	-	112,378
<b>TOTAL EXPENSES</b>	<u>\$ 845,489</u>	<u>\$ -</u>	<u>\$ 845,489</u>	<u>\$ 855,691</u>	<u>\$ -</u>	<u>\$ 855,691</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 1,504,458</u>	<u>\$ (1,222,953)</u>	<u>\$ 281,505</u>	<u>\$ 158,680</u>	<u>\$ 196,634</u>	<u>\$ 355,314</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>\$ 1,113,640</u>	<u>\$ 2,164,354</u>	<u>\$ 3,277,994</u>	<u>\$ 954,960</u>	<u>\$ 1,967,720</u>	<u>\$ 2,922,680</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 2,618,098</u></u>	<u><u>\$ 941,401</u></u>	<u><u>\$ 3,559,499</u></u>	<u><u>\$ 1,113,640</u></u>	<u><u>\$ 2,164,354</u></u>	<u><u>\$ 3,277,994</u></u>

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

**PARTNERS FOR THE COMMON GOOD**

**STATEMENTS OF CASH FLOWS**

	FOR THE YEARS ENDED DECEMBER 31,	
	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 281,505	\$ 355,314
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,531	10,916
Allowance for loan loss	44,794	170,890
Changes in assets and liabilities:		
Contributions receivable	511,550	(249,034)
Interest receivable	-	11,351
Prepaid expenses and other current assets	(685)	1,692
Accrued expenses	(6,726)	6,788
Interest reserve held	112,500	-
Accrued interest payable	11,652	42,853
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 967,121</u>	<u>\$ 350,770</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from community development certificates of deposit	\$ 200,000	\$ 1,479,083
Loans receivable:		
New loans provided	(3,616,389)	(3,461,749)
Loan payment received	3,083,657	629,824
Purchases of fixed assets	-	(18,287)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>\$ (332,732)</u>	<u>\$ (1,371,129)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from community development notes payable	\$ 1,516,302	\$ 885,000
Curtailments of community development notes payable	(321,302)	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>\$ 1,195,000</u>	<u>\$ 885,000</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 1,829,389	\$ (135,359)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>3,671,667</u>	<u>3,807,026</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR:</b>		
Cash and cash equivalents	\$ 4,815,178	\$ 2,237,063
Cash - restricted	685,878	1,434,604
<b>TOTAL CASH AND CASH EQUIVALENTS, END     OF YEAR</b>	<u>\$ 5,501,056</u>	<u>\$ 3,671,667</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	<u>\$ 142,145</u>	<u>\$ 99,063</u>

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

**PARTNERS FOR THE COMMON GOOD**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	FOR THE YEARS ENDED DECEMBER 31,							
	2007				2006			
	Program services	Management and general	Resource development	Total	Program services	Management and general	Resource development	Total
Salaries	\$ 184,782	\$ 147,072	\$ 45,253	\$ 377,107	\$ 160,854	\$ 81,945	\$ 60,700	\$ 303,499
Fringe benefits	42,267	33,640	10,351	86,258	34,037	17,340	12,844	64,221
Occupancy	10,547	8,394	2,583	21,524	11,244	5,728	4,243	21,215
Office expenses	22,840	7,578	2,575	32,993	35,063	9,481	8,623	53,167
Dues and subscriptions	295	4,280	-	4,575	11,236	1,924	-	13,160
Professional fees	48,649	711	-	49,360	38,075	3,000	-	41,075
Legal fees	-	11,629	5,467	17,096	245	4,583	12,364	17,192
Meetings and travel	20,332	4,157	6,410	30,899	14,025	4,052	13,422	31,499
Computer repair and maintenance	1,099	875	269	2,243	482	245	182	909
Marketing and website	720	-	-	720	245	-	-	245
Interest	153,797	-	-	153,797	123,140	-	-	123,140
Loan loss expense	44,794	-	-	44,794	170,890	-	-	170,890
Loan distribution fees	5,359	-	-	5,359	429	-	-	429
Credit reporting service	3,363	-	-	3,363	2,021	-	-	2,021
Staff development	2,870	-	-	2,870	1,509	604	-	2,113
Depreciation	-	12,531	-	12,531	-	10,916	-	10,916
<b>TOTALS</b>	<b>\$ 541,714</b>	<b>\$ 230,867</b>	<b>\$ 72,908</b>	<b>\$ 845,489</b>	<b>\$ 603,495</b>	<b>\$ 139,818</b>	<b>\$ 112,378</b>	<b>\$ 855,691</b>

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

## PARTNERS FOR THE COMMON GOOD

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

Note 1. **Organization and Significant Accounting Policies**

**Organization** - Partners for the Common Good (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 mission is to promote economic justice and social change by providing access to capital and building healthy sustainable nonprofit corporations that advance economic opportunities for low-income people. 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.

PCG has one subsidiary, PCG Community Investment Fund, LLC, which was established as a limited liability company on June 4, 2002 for the purpose of becoming a Community Development Entity. A Community Development Entity is a domestic corporation or partnership with the primary mission of serving or providing investment capital to low income communities or low income persons. As of December 31, 2007 and 2006 this subsidiary was inactive and had no assets.

**Basis of Presentation** - PCG presents its financial statements in accordance with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth in Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the net assets of PCG are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

Under these provisions, non contingent contributions and the associated gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of PCG and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed restrictions. The governing Board of the organization may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.



# **PARTNERS FOR THE COMMON GOOD**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2007 AND 2006**

**Note 1. Organization and Significant Accounting Policies (Continued)**

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.

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. At December 31, 2007 and 2006 there were no permanently restricted net assets.

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** - In accordance with SFAS No. 116, contributions are recognized as revenue when they are received or unconditionally pledged. 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 market value.

**Cash and Cash Equivalents** - PCG considers cash on deposit at various banks and highly liquid investments with maturities of three months or less at the date of purchase to be cash and cash equivalents.

**Contributions Receivable** - Unconditional contributions receivable that are expected to be collected over multiple years are recorded at the discounted present value of their estimated future cash flows in the year PCG is notified of the contribution. Contributions that are to be received after one year are discounted at an appropriate discount rate based on an average Federal Funds rate. PCG expects its contributions receivable at December 31, 2007 to be fully realized and consequently did not record an allowance for uncollectible amounts. Conditional promises to give are not included as support until the conditions are substantially met.

**Property and Equipment** - Property and equipment is stated at cost, or if donated, at fair market value at date of receipt. PCG capitalizes purchases of equipment over \$1,000 and with an estimated useful life of more than one year. Depreciation is calculated by the straight-line method over the estimated useful life of 3 to 7 years. Upon disposal of depreciable assets, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is credited or charged to income.

**PARTNERS FOR THE COMMON GOOD**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2007 AND 2006**

**Note 1. Organization and Significant Accounting Policies (Continued)**

**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 income related to its exempt purpose. PCG had no unrelated business income during fiscal years 2007 and 2006, 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 to be a "qualifying charity" within the meaning of Section 509(a) of the Internal Revenue Code.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of the assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

**Functional Allocation of Expenses** - The cost of PCG's programs and administration has been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs benefited.

**Note 2. Concentration of Credit Risk** - Financial instruments that potentially subject PCG to credit risk include cash deposits with banks in excess of the insurance limitations of the Federal Deposit Insurance Corporation. Cash balances in excess of near term operating requirements are automatically invested in federal funds. Management does not consider this a significant concentration of credit risk.

**Note 3. Cash and Cash Equivalents** - Cash and cash equivalents consist of the following:

	<u>2007</u>	<u>2006</u>
Cash	\$ 951,302	\$ 1,030,143
Money market funds	4,549,754	2,641,524
	<u>\$ 5,501,056</u>	<u>\$ 3,671,667</u>

The cash balance detailed above includes amounts restricted for lending purposes. The total amount restricted for lending purposes is \$2,054,716 and the remaining \$3,446,340 is considered unrestricted as of December 31, 2007. As of December 31, 2006 \$1,434,604 was restricted for lending purposes and the remaining \$2,237,063 was considered unrestricted.

# PARTNERS FOR THE COMMON GOOD

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

Note 4. **Contributions Receivable** - As of December 31, 2007 and 2006 contributions receivable consisted of the following:

	2007	2006
2007	\$ --	\$ 680,000
2008	100,000	65,000
2009	95,000	65,000
2010	70,000	40,000
2011	50,000	--
Subtotal	\$ 315,000	\$ 850,000
Less, present value discount	(33,445)	(56,895)
Net unconditional promise-to-give	<u>\$ 281,555</u>	<u>\$ 793,105</u>

Contributions receivable were discounted using the prime-lending rate of 5.25% at December 31, 2007 and 2006.

Note 5. **Loans Receivable** - Loans receivable at December 31, 2007 consisted of the following:

<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>
2008	\$2,539,959	5.50% to 10.0%
2009	693,934	3.50% to 6.50%
2010	806,997	4.00% to 7.33%
2011	1,933,285	5.00% to 7.50%
2012	1,889,709	7.00% to 8.25%
Thereafter	740,764	7.00%
Total	<u>\$8,604,648</u>	

As of December 31, 2007 and 2006, the loan loss reserve for these loans receivable was \$471,287 and \$426,493, respectively.

As of December 31, 2007, PCG had \$8,604,648 in loans outstanding and an additional \$176,000 in loan transactions that were closed, but not yet disbursed at the preference of the borrowers. In addition, PCG had issued \$600,000 in binding loan commitments that had not yet been closed. As of February 12, 2008, PCG had issued and additional \$1,310,000 in new binding loan commitments.

Note 6. **Fixed Assets** - Fixed assets at December 31, 2007 and 2006 were recorded at cost, as shown below:

	2007	2006
Computers and software	\$ 43,146	\$ 43,146
Furniture	3,648	3,648
Leasehold improvements	3,510	3,510
Subtotal	\$ 50,304	\$ 50,304
Less, accumulated depreciation	(36,572)	(24,041)
Fixed assets, net	<u>\$ 13,732</u>	<u>\$ 26,263</u>

# PARTNERS FOR THE COMMON GOOD

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

**Note 6. Fixed Assets (Continued)**

Depreciation expense for the years ended December 31, 2007 and 2006 was \$12,531 and \$10,916, respectively.

**Note 7. Notes Payable** - Long-term debt consisted of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Community Development Notes, maturing between January 1, 2007 through August 25, 2016, some subject to prior redemption, bearing stated interest at 0% to 3.50%, payable annually	<u>\$ 10,090,467</u>	<u>\$ 8,895,467</u>

Future maturities of long-term debt are as follows as of December 31, 2007:

<u>Years Ending December 31,</u>	<u>Totals</u>
2008	\$ 910,000
2009	3,140,000
2010	549,967
2011	1,687,500
2012	2,603,000
Thereafter	<u>1,200,000</u>
Total	<u>\$ 10,090,467</u>

**Note 8. Unrestricted Board Designated Net Assets** - The Board of Directors adopted a capital resource allocation policy requiring that available funds be allocated for operating and loan fund expenses. After satisfying operating and loan fund expenses for fiscal year 2007 and each subsequent annual period, PCG shall allocate its remaining funds available to financing and other programmatic activities.

**Note 9. Temporarily Restricted Net Assets** - Temporarily restricted net assets (restricted for the purpose indicated) at December 31, 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Restricted Grant from Community Development Financial Institutions Fund (program services)	\$ 561,031	\$ 1,919,784
Time restricted contributions	281,555	148,105
Restricted Grant from Helen Bader Foundation (Milwaukee Non-Profit Lending Initiative)	<u>98,815</u>	<u>96,465</u>
Totals	<u>\$ 941,401</u>	<u>\$ 2,164,354</u>

## PARTNERS FOR THE COMMON GOOD

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

Note 10. **Related Party Transactions** - During fiscal year 2002, PCG received a binding, unconditional promise-to-give of \$1,000,000 from Christian Brothers Investment Services, Inc. (CBIS), an entity whose Executive Vice-President for Socially Responsible Investing currently serves as PCG's Chairman of the Board of Directors. During fiscal year 2002, \$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 was to be paid in five annual installments of \$165,150. During fiscal year 2006, \$165,150 of operating expenses was applied against the contribution receivable. As of December 31, 2006, the contribution receivable was paid off by CBIS. Additionally, CBIS pays some of PCG's operating expenses and is reimbursed by PCG on a regular basis. As of December 31, 2007 and 2006, PCG owed \$5,812 and \$5,216, respectively, to CBIS, which is included in the Statements of Financial Position as accrued expenses.

Note 11. **Commitments** - PCG is committed under a sub-lease agreement for office space which expires December 31, 2010. The base monthly rent under the lease is \$1,566 increasing at four percent per year on the lease anniversary date.

Future obligations under the leases are as follows:

Fiscal Year Ending December 31,	
2008	\$ 20,996
2009	21,842
2010	22,714
Total	<u>\$ 65,552</u>

PCG has received a funding commitment for loan capital of \$1,000,000. At December 31, 2007, PCG had drawn down \$500,000 of this loan capital. The commitment is contingent on PCG funding loans within a specific service area, and PCG's ability to continue positive financial results.

