Partners for the Common Good

Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

December 31, 2022 and 2021

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Partners for the Common Good

Index

Independent Auditor's Report

To the Board of Directors
Partners for the Common Good

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Partners for the Common Good, which comprise the statements of financial position, as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Partners for the Common Good as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. ("*Government Auditing Standards*") Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Partners for the Common Good and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Notes 1 and 11 to the financial statements, in 2022, the entity adopted new accounting guidance Financial Accounting Standards Board Accounting Standards Codification *Topic 842, Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Partners for the Common Good's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Partners for the Common Good's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Partners for the Common Good's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2023, on our consideration of Partners for the Common Good's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Partners for the Common Good's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Partners for the Common Good's internal control over financial reporting and compliance.

CohnReznick LLP

Bethesda, Maryland
April 25, 2023

Partners for the Common Good

Statements of Financial Position
December 31, 2022 and 2021

	2022		
	General Fund	Loan Fund	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,534,750	$ 15,826,619	$ 17,361,369
Loans receivable, current portion	-	15,294,168	15,294,168
Less: allowance for loan losses, current portion	-	(126,332)	(126,332)
Accounts and interest receivable	619,662	238,231	857,893
Grants receivable	300,000	-	300,000
Prepaid expenses	52,600	-	52,600
Total current assets	2,507,012	31,232,686	33,739,698
Noncurrent assets			
Fixed assets, net	116,977	-	116,977
Operating lease right-of-use assets	1,312,174	-	1,312,174
Investments	-	545,065	545,065
Grants receivable	200,000	-	200,000
Loans receivable, net of current portion	-	25,403,158	25,403,158
Less: allowance for loan losses, net of current portion	-	(1,136,985)	(1,136,985)
Deposits	26,250	-	26,250
Total noncurrent assets	1,655,401	24,811,238	26,466,639
Total assets	$ 4,162,413	$ 56,043,924	$ 60,206,337
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	$ 1,060,706	$ -	$ 1,060,706
Current portion of operating lease liabilities	45,503	-	45,503
Accrued interest payable	-	264,447	264,447
Community development notes payable, current portion	-	1,848,621	1,848,621
Term notes payable, current portion	-	5,750,000	5,750,000
Total current liabilities	1,106,209	7,863,068	8,969,277
Noncurrent liabilities			
Community development notes payable, net of current portion	-	8,918,000	8,918,000
Term notes payable, net of current portion	-	20,608,937	20,608,937
Operating lease liabilities, net of current portion	1,301,688	-	1,301,688
Total noncurrent liabilities	1,301,688	29,526,937	30,828,625
Total liabilities	2,407,897	37,390,005	39,797,902
Commitments and contingencies	-	-	-
Net assets			
Without donor restrictions			
Undesignated	1,754,516	17,933,919	19,688,435
With donor restrictions	-	720,000	720,000
Total net assets	1,754,516	18,653,919	20,408,435
Total liabilities and net assets	$ 4,162,413	$ 56,043,924	$ 60,206,337

Partners for the Common Good

Statements of Financial Position
December 31, 2022 and 2021

	2021		
	General Fund	Loan Fund	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,513,984	$ 9,197,533	$ 10,711,517
Loans receivable, current portion	-	15,311,144	15,311,144
Less: allowance for loan losses, current portion	-	(136,600)	(136,600)
Accounts and interest receivable, net of allowance for doubtful interest of $24,844	603,762	276,882	880,644
Grants receivable	300,000	-	300,000
Prepaid expenses	66,276	-	66,276
Total current assets	2,484,022	24,648,959	27,132,981
Noncurrent assets			
Fixed assets, net	51,656	-	51,656
Real estate owned assets	-	208,684	208,684
Investments	-	529,826	529,826
Grants receivable	500,000	-	500,000
Loans receivable, net of current portion	-	29,161,487	29,161,487
Less: allowance for loan losses, net of current portion	-	(1,217,861)	(1,217,861)
Deposits	26,250	-	26,250
Total noncurrent assets	577,906	28,682,136	29,260,042
Total assets	$ 3,061,928	$ 53,331,095	$ 56,393,023
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	$ 787,638	$ -	$ 787,638
Accrued interest payable	-	229,415	229,415
Community development notes payable, current portion	-	3,538,000	3,538,000
Term notes payable, current portion	-	5,825,000	5,825,000
Total current liabilities	787,638	9,592,415	10,380,053
Noncurrent liabilities			
Community development notes payable, net of current portion	-	7,848,621	7,848,621
Term notes payable, net of current portion	-	18,476,507	18,476,507
Total noncurrent liabilities	-	26,325,128	26,325,128
Total liabilities	787,638	35,917,543	36,705,181
Commitments and contingencies	-	-	-
Net assets			
Without donor restrictions			
Undesignated	2,274,290	16,568,552	18,842,842
With donor restrictions	-	845,000	845,000
Total net assets	2,274,290	17,413,552	19,687,842
Total liabilities and net assets	$ 3,061,928	$ 53,331,095	$ 56,393,023

See Notes to Financial Statements.

Partners for the Common Good

Statements of Activities
Years Ended December 31, 2022 and 2021

	2022		
	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Grants	$ 200,000	$ 690,000	$ 890,000
Interest income			
Loan portfolio	2,368,643	-	2,368,643
Investments	59,656	-	59,656
Fees	769,777	-	769,777
Contributions	116,776	-	116,776
Unrealized gain on investments	15,239	-	15,239
Gain on sale of real estate owned assets	75,598	-	75,598
Net assets released from restrictions	815,000	(815,000)	-
Total revenue and support	4,420,689	(125,000)	4,295,689
Expenses			
Program services	2,185,257	-	2,185,257
Supporting services			
Management and general	1,099,209	-	1,099,209
Resource development	290,630	-	290,630
Total supporting services	1,389,839	-	1,389,839
Total expenses	3,575,096	-	3,575,096
Change in net assets	845,593	(125,000)	720,593
Net assets, beginning	18,842,842	845,000	19,687,842
Net assets, end	$ 19,688,435	$ 720,000	$ 20,408,435

Partners for the Common Good

Statements of Activities
Years Ended December 31, 2022 and 2021

	2021		
	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Grants	$ 1,105,000	$ 1,826,265	$ 2,931,265
Interest income			
Loan portfolio	2,230,976	-	2,230,976
Investments	56,756	-	56,756
Fees	1,416,954	-	1,416,954
Contributions	115,512	-	115,512
Forgiveness of debt	306,000	-	306,000
Unrealized gain on investments	16,780	-	16,780
Net assets released from restrictions	3,130,015	(3,130,015)	-
Total revenue and support	8,377,993	(1,303,750)	7,074,243
Expenses			
Program services	2,310,695	-	2,310,695
Supporting services			
Management and general	770,430	-	770,430
Resource development	193,937	-	193,937
Total supporting services	964,367	-	964,367
Total expenses	3,275,062	-	3,275,062
Change in net assets	5,102,931	(1,303,750)	3,799,181
Net assets, beginning	13,739,911	2,148,750	15,888,661
Net assets, end	$ 18,842,842	$ 845,000	$ 19,687,842

See Notes to Financial Statements.

Partners for Common Good

Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

	2022			
		Supporting services		
	Program services	Management and general	Resource development	Total
Administrative costs allocated				
Salaries	$ 673,763	$ 535,948	$ 130,159	$ 1,339,870
Fringe benefits	151,280	120,336	29,224	300,840
Interest	967,491	-	-	967,491
Professional fees	282,000	201,387	95,472	578,859
Loan loss provision	(91,144)	-	-	(91,144)
Loan write-offs	51,338	-	-	51,338
Rent	66,366	52,791	12,821	131,978
Meetings and travel	9,926	25,485	14,571	49,982
Office expenses	23,327	68,999	869	93,195
Depreciation and amortization	4,324	10,841	-	15,165
Loan commitment fees	7,465	-	5,000	12,465
Dues and subscriptions	21,285	33,160	-	54,445
Miscellaneous	247	2,811	2,514	5,572
Computer repair and maintenance	-	15,783	-	15,783
Loan distribution fees	13,301	-	-	13,301
Insurance	-	24,057	-	24,057
Staff development	1,575	1,893	-	3,468
Employee morale	-	5,597	-	5,597
Bank fees	2,713	121	-	2,834
Total	$ 2,185,257	$ 1,099,209	$ 290,630	$ 3,575,096

Partners for Common Good

Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

	2021			
		Supporting services		
	Program services	Management and general	Resource development	Total
Administrative costs allocated				
Salaries	$ 558,640	$ 378,582	$ 78,487	$ 1,015,709
Fringe benefits	126,381	85,646	17,756	229,783
Interest	826,541	-	-	826,541
Professional fees	313,351	159,560	77,773	550,684
Loan loss provision	211,322	-	-	211,322
Loan write-offs	38,327	-	-	38,327
Impairment expense	121,451	-	-	121,451
Rent	50,472	34,204	7,091	91,767
Meetings and travel	193	8,678	-	8,871
Office expenses	9,014	30,028	300	39,342
Depreciation and amortization	2,563	11,290	-	13,853
Loan commitment fees	-	-	12,500	12,500
Dues and subscriptions	26,791	20,642	-	47,433
Miscellaneous	11,523	1,598	-	13,121
Computer repair and maintenance	-	9,264	-	9,264
Loan distribution fees	12,002	-	-	12,002
Insurance	-	21,660	-	21,660
Staff development	1,425	2,798	-	4,223
Employee morale	650	4,602	-	5,252
Bank fees	49	1,878	30	1,957
Total	$ 2,310,695	$ 770,430	$ 193,937	$ 3,275,062

See Notes to Financial Statements.

Partners for the Common Good

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ 720,593	$ 3,799,181
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments	(15,239)	(16,780)
Non-cash operating lease costs	35,017	-
Depreciation and amortization	15,165	13,853
Forgiveness of debt	-	(306,000)
Impairment loss	-	121,451
Provision for loan losses	(91,144)	211,322
Loan write-offs	51,338	38,327
Gain on sale of real estate owned assets	(75,598)	-
Change in operating assets and liabilities		
Decrease (increase) in accounts and interest receivable	22,751	(400,796)
Decrease (increase) in grants receivable	300,000	(800,000)
Decrease (increase) in prepaid expenses	13,676	(46,431)
Increase in accounts payable and accrued expenses	273,068	232,170
Increase (decrease) in accrued interest payable	35,032	(12,506)
Decrease in deposits payable	-	(35,000)
Net cash provided by operating activities	1,284,659	2,798,791
Cash flows from investing activities		
Purchases of property and equipment	(80,486)	(27,859)
Proceeds from sale of real estate owned assets	340,782	-
Loans receivable		
New loans provided	(14,381,159)	(19,998,647)
Loan payments received	18,048,626	13,056,009
Net cash provided by (used in) investing activities	3,927,763	(6,970,497)
Cash flows from financing activities		
Proceeds from community development and term notes payable	3,675,000	6,495,000
Payments of community development and term notes payable	(2,237,570)	(3,650,729)
Net cash provided by financing activities	1,437,430	2,844,271
Net increase (decrease) in cash and cash equivalents	6,649,852	(1,327,435)
Cash and cash equivalents, beginning	10,711,517	12,038,952
Cash and cash equivalents, end	$ 17,361,369	$ 10,711,517
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 932,459	$ 839,047
Right-of-use assets obtained in exchange for lease liabilities	$ 1,312,174	$ -

See Notes to Financial Statements.

Note 1 - Organization and summary of significant accounting policies

Description of organization and activities

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:

- Broaden interest and involvement in the community investment movement;
- Provide opportunities for faith-based investors to share a portion of their financial resources with the economically poor by investing in intermediary agencies;
- Model alternative approaches to the production of goods and services; and
- 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.

Basis of presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as codified by the Financial Accounting Standards Board ("FASB ASC").

Reclassifications

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation.

Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash equivalents

PCG considers all highly-liquid instruments with a maturity at the date of acquisition of three months or less to be cash equivalents.

Accounts receivable

Receivables are carried at original invoice amounts less an estimate for doubtful receivables based on a periodic review of all outstanding amounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management believes all amounts included in accounts receivable to be collectible. Accordingly, there is no provision for doubtful accounts receivable as of December 31, 2022 and 2021.

Participation loans receivable

PCG purchases participation interests in loans from outside investors during the normal course of business. Prior to purchasing an interest, PCG conducts an analysis of both the borrower and the lending partner reviewing the capital structure, asset quality, management earnings and impact of the lending partner (See Note 3).

Loans and participation loans receivable

Loans and participation loans receivable are carried at unpaid principal balances, less an allowance for loan losses. The allowance for loan losses is increased by the loan loss expenses charged to the change in net assets and decreased by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on PCG's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. PCG's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons deemed relevant by management. Loans are placed on non-accrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on non-accrual loans is recognized only to the extent cash payments are received.

Fixed assets

Fixed assets in excess of $1,000 are capitalized and stated at cost. PCG provides for depreciation and amortization using the straight-line method over the estimated useful lives of the various classes of property as follows:

Furniture and equipment	7 years
Computer equipment and software	3 years

Real estate owned assets

Real estate owed assets consists of real property acquired through foreclosure or in lieu of foreclosure. At the time of acquisition, real estate owned assets are carried at the current fair value of the property, less estimated selling costs. Subsequent to acquisition, gains or losses on sale are recorded to noninterest income and the periodic revaluation of real estate owned assets are credited only to the extent of previous losses recognized or charged to noninterest expense. Net costs of maintaining and operating acquired properties are expensed as incurred.

Fair value of financial instruments

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Revenue recognition

Interest on loans is recognized over the term of the loan and is calculated using the interest method on principal amounts outstanding.

Commitment fees, as well as certain direct costs, are recognized at the inception of the loan receivable.

Contributions received are recorded as support with donor restrictions or support without donor restrictions, depending on the existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires or is satisfied in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, either when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from donor restrictions. All expenses are reported in net assets without donor restrictions.

PCG recognizes grants and contributions 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.

Classification of net assets
Net assets are classified based on the existence or absence of donor-imposed restrictions as follows:

> *Net assets without donor restrictions* are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.
>
> *Net assets with donor restrictions* are stipulated by donors for specific operating purposes, for the acquisition of property and equipment, or are time restricted. These include donor restrictions requiring the net assets to be held in perpetuity or for a specific term with investment return specified for a specific purpose.

Donated-in-kind materials and services
Donated materials and services are recorded at fair market value at the date of donation. Donated services are recognized in the financial statements at their fair value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills, and the services would typically need to be purchased if not donated; or

- The services enhance or create an asset.

During the years ended December 31, 2022 and 2021, there were no in-kind donations of materials or services.

New Markets Tax Credits
In 2016, 2017, and 2020, PCG received New Markets Tax Credit ("NMTC") allocations of $35 million, $15 million, and $35 million, respectively, from the U.S. Department of Treasury's CDFI Fund. PCG has created 13 subsidiary CDEs ("Sub-CDEs") to initiate transactions using the allocated tax credits. These affiliates were formed as limited liability companies and are audited separately. PCG is the managing member of each Sub-CDE. However, PCG does not consolidate the Sub-CDEs into its financial statements as it was determined that the Sub-CDEs do not meet the requirements of FASB ASC 810 for consolidation into PCG's financial statements as PCG does not have control. In addition, as the amount of investment in the Sub-CDEs is considered immaterial, PCG does not record the investments using the equity method of accounting. The purpose of the Sub-CDEs is to obtain Qualified Equity Investments ("QEIs") from investors, make qualified investments in Qualified Active Low-Income Community Businesses ("QALICBs"), and engage in such other activities which qualify for the NMTC pursuant to Section 45D of the Internal Revenue Code.

During 2021, PCG closed two additional Sub-CDEs and transferred the remaining $13,400,000 of its 2020 NMTC allocation. As of December 31, 2021, PCG had fully deployed its NMTC allocations. As of December 31, 2022, no additional allocations have been awarded.

As of December 31, 2022 and 2021, the following allocations have been transferred via transactions involving PCG Sub-CDEs 1 through 13:

	2016 Allocation	2017 Allocation	2020 Allocation
PCG Sub CDE 1, LLC	$ 5,500,000	$ -	$ -
PCG Sub CDE 2, LLC	7,000,000	-	-
PCG Sub CDE 3, LLC	6,000,000	-	-
PCG Sub CDE 4, LLC	6,000,000	-	-
PCG Sub CDE 5, LLC	5,500,000	-	-
PCG Sub CDE 6, LLC	5,000,000	-	-
PCG Sub CDE 7, LLC	-	6,000,000	-
PCG Sub CDE 8, LLC	-	9,000,000	-
PCG Sub CDE 9, LLC	-	-	7,500,000
PCG Sub CDE 10, LLC	-	-	7,100,000
PCG Sub CDE 11, LLC	-	-	7,000,000
PCG Sub CDE 12, LLC	-	-	6,400,000
PCG Sub CDE 13, LLC	-	-	7,000,000
Allocation transferred as of December 31, 2021	35,000,000	15,000,000	35,000,000
Remaining allocation to be transferred	-	-	-
Total allocation	$ 35,000,000	$ 15,000,000	$ 35,000,000

NMTC fees are composed of Sub-Allocation Fees, Asset Management Fees, and Tax and Accounting Fees earned from the Sub-CDEs. Sub-Allocation Fees are recognized when a Sub-CDE makes its qualified investments in QALICBs or as otherwise earned in accordance with the terms of the individual CDE Fee Agreement. Asset Management Fees and Tax and Accounting Fees are recognized annually as services are performed in accordance with the CDE Fee Agreement. During the years ended December 31, 2022 and 2021, PCG earned NMTC fees of $618,992 and $1,128,446, respectively, which are included in fees revenue on the statements of activities.

NMTCs are contingent upon a Sub-CDE's ability to maintain compliance with various rules and regulations and applicable sections of Section 45D of the Internal Revenue Code over a seven-year period ("the compliance period"). Failure to maintain compliance will result in the recapture of previously taken NMTCs and the loss of future NMTCs. PCG provides guarantees on the delivery of the NMTCs to the investor members of the Sub-CDEs. In the event that an NMTC recapture event were to occur, PCG would be required to pay a recapture amount to the investor member of the related Sub-CDE. The recapture amount is limited to the total fees paid and to be paid by the specific Sub-CDE to PCG over the compliance period, unless the recapture is due to fraud, gross negligence or willful misconduct on the part of PCG. As of December 31, 2022, the outstanding NMTC recapture guarantees PCG has provided were $5,520,605. PCG has received four allocations and has not experienced a recapture event related to the NMTC guarantees; consequently, PCG believes that the likelihood of a recapture event is remote.

The recapture guarantees expire over the following seven-year periods:

2023	$ -
2024	1,202,500
2025	2,043,108
2026	-
2027	1,404,000
2028	870,997
	$ 5,520,605

As of December 31, 2022, 13 of the Sub-CDEs were active. The allocation of PCG's NMTCs have been achieved through investments from the following banks: JP Morgan Chase Bank, Capital One Bank, PNC Bank, Wells Fargo Bank, Northern Trust Bank, M&T Bank and US Bank.

Expense allocations
The costs of providing the program services and management activities have been summarized on a functional basis in the statement of activities. Expenses are charged directly to program or supporting services categories based on specific identification and certain indirect expenses have been allocated based on estimates of time and effort as determined by management.

Income taxes
PCG is exempt from income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended December 31, 2022 and 2021. In addition, PCG has been determined by the Internal Revenue Services to be a "qualifying charity" within the meaning of Section 509(a) of the Internal Revenue Code. PCG is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and PCG has no other tax positions which must be considered for disclosure. Income tax returns filed by PCG are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open.

Concentration of credit risk
PCG maintains its cash and cash equivalent balances in several accounts in various banks. At December 31, 2022, the total uninsured balance was $15,553,101; however, PCG has not experienced any losses with respect to its bank balances in excess of government-provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2022.

Recently adopted accounting pronouncement
PCG adopted Accounting Standards Update 2016-02 (as amended), *Leases* ("Topic 842") on January 1, 2022. Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for most leases. PCG elected and applied the following transition practical expedients when initially adopting Topic 842:

- To apply the provisions of Topic 842 at the adoption date, instead of applying them to the earliest comparative period presented in the financial statements.

- The package of practical expedients permitting PCG to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

PCG recognized the following as of September 15, 2022, the lease commencement date (see Note 11), in connection with Topic 842:

Operating lease right-of-use assets	$	1,312,174
Operating lease liabilities	$	1,312,174

The adoption did not have a material impact on PCG's net income for the year ended December, 31, 2022.

Right-of-use assets and lease liabilities
PCG presents its right-of-use assets and lease liabilities for operating leases separately on its balance sheet. Further, see Note 11 regarding the Company's right-of-use assets for operating leases and lease liabilities.

Note 2 - Liquidity and availability

The following table reflects the PCG's financial assets as of December 31, 2022 and 2021 reduced by the amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year and board designated net assets. These board designations could be drawn upon if the board approved that action.

The following is the net financial assets available for general expenditures during the next year as of December 31, 2022 and 2021:

	2022	2021
Financial assets		
Cash and cash equivalents - general fund	$ 1,534,750	$ 1,513,984
Grants receivable - general fund	300,000	300,000
Accounts and interest receivable - general fund	619,662	603,762
Financial assets available to meet cash needs for general expenditures within one year	$ 2,454,412	$ 2,417,746

PCG has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 3 - Loans receivable

Nature of lending activities

PCG has certain lending policies and procedures in place that are designed to ensure that the loan portfolio maintains an acceptable level of risk. Management reviews and updates these policies and procedures on a regular basis. The Loan Committee and the Board of Directors approve any changes to policies. A reporting system supplements the review process by providing management with frequent reports related to loan quality, concentrations of credit, loan delinquencies, and non-performing and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

Loans originated by PCG and for which there is the ability to hold for the foreseeable future, or until either maturity or earlier prepayment, are measured at the outstanding principal amount net of an allowance for loan losses. Management's views regarding the foreseeable future and, consequently, its intent with respect to holding these loans may change due to changes in business strategies, the economic environment of the market in which PCG operates, general market conditions, and the availability of various government programs in which PCG participates.

Loans are modified through troubled debt restructurings ("TDR") when necessary. Loans are considered troubled debt when they meet the modification criteria established in FASB ASC 310-40. Modifications include changes to interest rates, principal and interest payment terms, loan maturity dates and collateral. Under PCG policy, in accordance with FASB ASC 310-40, such loans are considered impaired loans. The respective loans are then evaluated to determine if additional allowance within the allowance for loan losses is needed.

PCG finances both direct loans and loans in participation with other Community Development Financial Institutions ("CDFIs"). For direct loans, PCG conducts an analysis of the potential borrowers' financial status and projections, loan structure, collateral and project mission. For participation loans, PCG conducts an analysis of both the borrower and the lending partner reviewing the capital structure, asset quality, management earnings and impact of the lending partner.

Loan terms for the direct loans receivable include maturity dates through December 17, 2024 and interest rates ranging from 3.75-7.48%. Loan terms for the participation loans receivable include maturity dates through June 1, 2064 and interest rates ranging from 3.35-10.01%. Security for the loans varies and includes mortgages, fixed assets and equipment, reserve accounts, and security interests in tax credits, while some loans are unsecured.

Aging and interest accrual status

The following table presents informative data by category of financing receivable regarding their age and interest accrual status as of December 31, 2022:

	30-59 days past due	60-89 days past due	90+ days still accruing	Non-performing non-accrual	Total	Current	Total loans
Loan type							
International	$ -	$ -	$ -	$ -	$ -	$ 585,976	$ 585,976
Housing	-	-	-	519,814	519,814	21,153,906	21,673,720
Community facility	-	-	-	-	-	13,366,841	13,366,841
Commercial real estate	-	-	-	-	-	4,809,957	4,809,957
Working capital	-	-	-	-	-	260,832	260,832
Total	$ -	$ -	$ -	$ 519,814	$ 519,814	$ 40,177,512	$ 40,697,326

With the non-performing non-accrual category, PCG had one loan classified as non-performing totaling $519,814 as of December 31, 2022.

The following table presents informative data by category of financing receivable regarding their age and interest accrual status as of December 31, 2021:

	30-59 days past due	60-89 days past due	90+ days still accruing	Non-performing non-accrual	Total	Current	Total loans
Loan type							
International	$ -	$ -	$ -	$ -	$ -	$ 1,245,421	$ 1,245,421
Housing	-	-	-	519,814	519,814	26,762,105	27,281,919
Community facility	2,498,330	-	500,000	56,500	3,054,830	6,258,917	9,313,747
Commercial real estate	-	-	500,000	-	500,000	5,688,693	6,188,693
Working capital	-	-	300,000	-	300,000	142,851	442,851
Total	$ 2,498,330	$ -	$ 1,300,000	$ 576,314	$ 4,374,644	$ 40,097,987	$ 44,472,631

With the non-performing non-accrual category, PCG had two loans classified as non-performing totaling $576,314 as of December 31, 2021. PCG modified the two loans during 2020 and further classified these non-performing loans as TDRs and impaired loans.

Risk ratings

PCG assigns internal credit classifications at the inception of each loan. These ratings are reviewed by PCG management on a monthly basis. Criteria for determining risk ratings include the following:

1. Low risk - Fully amortizing or firm take-out source; strong cash flow (> 1.5) Debt Service Ratio ("DSR") and collateral Loan to Value ("LTV") (< 75%); very experienced borrower and lead lender, if applicable, known to PCG.

2. Average risk - Balloon structure/refinance required; good cash flow (> 1.2) DSR and collateral LTV (75-90%); experienced borrower and lead lender, if applicable.

3. Acceptable risk - Higher risk loan structure (bridge/construction); higher LTV (> 90%) and lower DSR (< 1.1); less experienced borrower and/or lead lender, if applicable.

4. High risk - Source of take-out is speculative; unsecured or inadequate collateral; history of delinquency (>60 days past due ("dpd") or 3 X 30 dpd within 12 months); reporting or compliance issues; uncooperative borrower and/or lead lender.

5. Work-out/default - Delinquency (>90 dpd or 2 X 60 dpd within 12 months); loan is collateral dependent and collateral and guarantees, if any, are inadequate.

The following table summarizes the loan portfolio by category of loan and the internally assigned credit quality ratings for those categories at December 31, 2022:

	International	Housing	Community facility	Commercial real estate	Working capital	Total
Risk rating						
1 - Low	$ -	$ -	$ -	$ -	$ -	$ -
2 - Moderate	-	3,321,767	2,850,271	-	-	6,172,038
3 - Acceptable	585,976	16,673,604	9,516,570	4,809,957	-	31,586,107
4 - High	-	1,158,535	1,000,000	-	260,832	2,419,367
5 - Work-out/default	-	519,814	-	-	-	519,814
Total	$ 585,976	$ 21,673,720	$ 13,366,841	$ 4,809,957	$ 260,832	$ 40,697,326

The following table summarizes the loan portfolio by category of loan and the internally assigned credit quality ratings for those categories at December 31, 2021:

	International	Housing	Community facility	Commercial real estate	Working capital	Total
Risk rating						
1 - Low	$ -	$ -	$ -	$ -	$ -	$ -
2 - Moderate	-	6,477,138	1,525,703	921,040	-	8,923,881
3 - Acceptable	1,245,421	18,795,628	6,722,169	4,767,653	-	31,530,871
4 - High	-	1,498,714	1,000,000	500,000	300,000	3,298,714
5 - Work-out/default	-	519,814	56,500	-	142,851	719,165
Total	$ 1,245,421	$ 27,291,294	$ 9,304,372	$ 6,188,693	$ 442,851	$ 44,472,631

Allowance for loan losses

The following table summarizes the allowance for loan losses as of and for the year ended December 31, 2022, by loan category and the amount by category, as evaluated by PCG's risk rating system:

	Housing	Community facility and commercial real estate	Working capital	International	Total
Allowance for loan losses					
Beginning balance	$ 722,974	$ 559,932	$ 40,419	$ 31,136	$ 1,354,461
Provision for loan losses	(126,962)	77,701	(30,377)	(11,506)	(91,144)
Ending balance	$ 596,012	$ 637,633	$ 10,042	$ 19,630	$ 1,263,317

The following table summarizes the allowance for loan losses as of and for the year ended December 31, 2021, by loan category and the amount by category, as evaluated by PCG's risk rating system:

	Housing	Community facility and commercial real estate	Working capital	International	Total
Allowance for loan losses:					
Beginning balance	$ 491,448	$ 603,061	$ 14,965	$ 33,665	$ 1,143,139
Provision for loan losses	231,526	(43,129)	25,454	(2,529)	211,322
Ending balance	$ 722,974	$ 559,932	$ 40,419	$ 31,136	$ 1,354,461

The following is a summary of the current and noncurrent portions of the allowance for loan losses as of December 31, 2022 and 2021:

	2022	2021
Current	$ 126,332	$ 136,600
Noncurrent	1,136,985	1,217,861
Total	$ 1,263,317	$ 1,354,461

The allowance for loan losses as a percentage of loans outstanding at December 31, 2022 and 2021 was 3.10% and 3.05%, respectively, of PCG's loan portfolio. The allowance for loan losses is based on management's estimates using PCG's risk rating system, with decisions to upgrade or downgrade based on the following factors: (1) current payment status; (2) borrower performance; (3) transaction size and complexity; (4) covenant compliance; (5) collateral; and (6) expectation of repayment.

Troubled debt restructuring
During the year ended December 31, 2021, one loan in the amount of $314,726 met the definition of a trouble debt restructuring. The modification made to the loan was in the form of a forbearance, which has been extended through February 21, 2022. The loan returned to performing status during 2022. During the year ended December 31, 2022, no loans were classified as troubled debt restructured.

Annual maturities
As of December 31, 2022, future maturities on loans receivable for each of the next five years and thereafter are as follows:

December 31, 2023	$ 15,294,168
2024	7,288,893
2025	4,360,724
2026	1,520,252
2027	3,032,394
Thereafter	9,200,895
	$ 40,697,326

As of December 31, 2021, PCG had $4,555,000 in loan commitments not yet closed. As of the date of this report, PCG has made an additional $1,055,000 in loan commitments. As of December 31, 2021, PCG also had a balance of $7,346,592 pending disbursement from existing loans in the portfolio that are partially disbursed. These types of loans are characterized by revolving balances, construction draws, or other similar disbursement criteria.

Note 4 - Fixed assets

Fixed assets are comprised of the following as of December 31, 2022 and 2021:

	2022	2021
Computer equipment and software	$ 387,335	$ 365,843
Leasehold improvements	6,169	-
Furniture and equipment	97,943	45,118
Total fixed assets	491,447	410,961
Accumulated depreciation	(374,470)	(359,305)
Fixed assets, net	$ 116,977	$ 51,656

Note 5 - Real estate owned assets

Real estate owned ("REO") assets are originally recorded at fair value upon transfer of the loans to REO. Subsequently, REO assets are carried at the lower of carrying value or fair value. The fair value of REO assets is based on independent appraisals or pending sales transactions less anticipated selling costs. Appraised values may be discounted based upon management's historical knowledge and changes in the market conditions from the time of the appraisal. During 2020, a non-performing loan receivable in the amount of $344,847 was converted to REO. PCG held a 12.2593% interest in the REO asset at the time of foreclosure. VCC Bank, the senior lender of the original loan receivable, also holds an ownership interest in the REO asset and is paying costs to maintain the property until it can be sold. As such, PCG's ownership interest in the REO asset is being diluted and was reduced to 11.59% as of December 31, 2021. As of December 31, 2021, the carrying amount of the REO asset was $208,684, after an impairment of $121,451 was recorded.

During 2022, a second non-performing loan receivable in the amount of $56,500 was converted to REO. PCG held a .34313% interest in the REO asset at the time of foreclosure. Baltimore Community Lending and The Harbor Bank of Maryland also held interest in the REO asset.

During 2022, PCG's REO assets were sold. PCG received proceeds in the amount of $425,459, which was net of various amounts due to VCC Bank, Baltimore Community Lending and The Harbor Bank of Maryland, resulting in a gain on sale of REO assets in the amount of $75,598.

Note 6 - Investments

PCG invested $500,000 in the MicroVest Short Duration Fund, LP (the "Fund") on October 1, 2013. PCG is given the option annually to withdraw the investment. Investment returns are calculated by the Fund on the net asset value of the partnership as calculated at the end of each month. The returns are reinvested in the Fund and are included in unrealized gain on investments on the accompanying statements of activities. Unrealized gain on investments for the years ended December 31, 2022 and 2021 was $15,239 and $16,780, respectively. The balance of the investment as of December 31, 2022 and 2021 was $545,065 and $529,826, respectively.

Note 7 - Fair value measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities PCG has the ability to access.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Fair value methods and assumptions on investments consisting of PCG's investment in the Fund are based on observable values of the Fund's net assets and reported with Level 2 inputs. For the years ended December 31, 2022 and 2021, there were no transfers into or out of Level 3 of the fair value hierarchy.

The following table presents PCG's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2022 and 2021:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Pooled investment fund	$ -	$ 545,065	$ -	$ 545,065

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Pooled investment fund	$ -	$ 529,826	$ -	$ 529,826

Note 8 - Notes payable

Notes payable consisted of the following at December 31, 2022 and 2021:

	2022	2021
Community Development Notes, maturing February 1, 2023 through December 12, 2028, some subject to prior redemption, bearing stated interest at 0% to 3.00%, payable annually, of which all are unsecured.	$ 10,766,621	$ 11,386,621
Term Loans, maturing January 1, 2023 through December 18, 2032, some subject to prior redemption, bearing stated interest at 1.00% to 4.25%, payable annually, of which certain loans are secured by related loans receivable and cash in collateralized bank accounts.	26,358,937	24,301,507
Total notes payable	$ 37,125,558	$ 35,688,128

During the year ended December 31, 2021, a loan with an outstanding principal balance of $100,000 was forgiven by the associated lender.

Certain term loans have financial covenant requirements and, as of December 31, 2022, PCG was in compliance with all such requirements.

As of December 31, 2022, future maturities on the notes payable for each of the next five years and thereafter are as follows:

	Community Development Notes	Term Loans	Total
December 31, 2023	$ 1,848,621	$ 5,750,000	$ 7,598,621
2024	2,585,000	4,000,000	6,585,000
2025	1,500,000	8,800,000	10,300,000
2026	2,340,000	4,200,000	6,540,000
2027	2,458,000	2,140,065	4,598,065
Thereafter	35,000	1,468,872	1,503,872
	$ 10,766,621	$ 26,358,937	$ 37,125,558

Note 9 - Paycheck Protection Program

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Air, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program ("PPP") to provide small business loans. In April 2020, PCG obtained a PPP loan directly from Sunrise Banks in the amount of $206,000. The note was unsecured, matured in April 2022 and bore interest at a fixed annual rate of 1%, with the first six months of interest deferred. PCG believes it used all the proceeds from the note for qualifying expenses which are classified as program and supporting services expenses on the accompanying statements of activities.

During year ended December 31, 2021, the loan and accrued interest were fully forgiven.

Note 10 - Net assets with donor restrictions

PCG has received certain grants designated by the donor for specific uses. If these restrictions were met during the year that the grant was received, the grant was classified as without donor restrictions. Net assets released from restrictions by satisfying time or purpose restrictions for the years ended December 31, 2022 and 2021 totaled $815,000 and $3,130,015, respectively.

Net assets with donor restrictions consisted of net assets designated for specific purposes or with time restrictions as follows for the year ended December 31, 2022:

	2021	Additions	Releases	2022
Subject to purpose or passage of time				
Purpose restricted net assets				
2020 CDFI grant	$ 562,500	$ -	$ (187,500)	$ 375,000
2022 CDFI grant	-	690,000	(345,000)	345,000
Time restricted net assets				
2019 CDFI grant	282,500	-	(282,500)	-
Total	$ 845,000	$ 690,000	$ (815,000)	$ 720,000

Net assets with donor restrictions consisted of net assets designated for specific purposes or with time restrictions as follows for the year ended December 31, 2021:

	2020	Additions	Releases	2021
Subject to purpose or passage of time				
Purpose restricted net assets				
2018 CDFI grant	$ 975,000	$ -	$ (975,000)	$ -
2020 CDFI grant	750,000	-	(187,500)	562,500
2021 CDFI grant	-	1,826,265	(1,826,265)	-
Time restricted net assets				
2019 CDFI grant	423,750	-	(141,250)	282,500
Total	$ 2,148,750	$ 1,826,265	$ (3,130,015)	$ 845,000

Note 11 - Operating leases

During 2016, PCG signed a lease agreement for office space, commencing on September 1, 2016 and with a term of 67.5 months. The monthly base rent under this lease agreement was $8,750 increasing by 2.5% on the lease anniversary date. PCG extended the lease through July 15, 2022.

During 2022, PCG entered into a new office lease agreement (the "Lease") with National Housing Center Corporation effective September 15, 2022 through September 30, 2030, with an option to renew for 5 additional years. The terms of the Lease require monthly base rent payments in the amount of $16,825 increasing by 3%, annually, through the end of the Lease term.

At lease commencement, PCG recognizes a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the Lease liability. PCG remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract.

PCG determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the PCG estimates its incremental borrowing rate as the discount rate. PCG's incremental borrowing rate, which is determined at either lease commencement or when a lease liability is remeasured, is an estimate of the interest rate it would pay on a collateralized borrowing, for an amount equal to the amount and currency of denomination of the lease payments, over a period commensurate with the lease term and in a similar economic environment.

For accounting purposes, the PCG's lease commenced on the earlier of (i) the date upon which PCG obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for PCG lease coincides with the contractual effective date. PCG's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of PCG and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless PCG determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or non-exercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum non-cancellable contractual term. When the exercise of a renewal option or non-exercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

PCG includes variable rental payments based on a rate or an index such as the Consumer Price index (CPI) in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred.

The components of lease cost reflected in the statements of activities and functional expenses for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Operating lease cost	$ 131,978	$ 91,767

As the Company adopted Topic 842 effective January 1, 2022, prior period amounts have not been adjusted and continue to be reported in accordance with the Company's historic accounting under Accounting Standards Codification 840, *Leases*. Lease costs for the years ended December 31, 2022 and 2021 are presented as lease expense on the accompanying statements of activities and functional expenses.

Other information related to the leases as of December 31, 2022 was as follows:

Year ended December 31, 2022	
Cash paid included in the measurement of lease liability	$ -
Weighted-average remaining lease term	7.8 years
Weighted-average discount rate	2.77%

PCG has elected to use its incremental borrowing rate for real estate leases and has elected to use risk-free rates as the discount rate for its lease. PCG uses rates on U.S. government securities for periods comparable with lease terms as risk-free rates.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities and a reconciliation to present value of lease liabilities as of December 31, 2022:

Year ending December 31,	Operating leases
2023	$ 82,062
2024	144,850
2025	202,254
2026	208,712
2027	215,352
Thereafter	664,973
Total lease payments	1,518,203
Less interest	(171,012)
Present value of lease liabilities	1,347,191
Less current portion of lease liabilities	45,503
Noncurrent portion of lease liabilities	$ 1,301,688

Note 12 - Related party transactions

During 2021, one board member provided consulting services to PCG regarding the development of a new financial product. For the year ended December 31, 2021, $11,940 of consulting services were provided. As of December 31, 2022 and 2021, $-0- and $1,025, respectively, remain payable and are included in accounts payable and accrued expenses on the statement of financial position.

Note 13 - Cost sharing arrangement

PCG works closely with Community Development Bankers Association ("CDBA") including the sharing of personnel under a cost sharing arrangement. During 2022 and 2021, personnel costs of $560,867 and $359,526 were to be reimbursed to PCG from CDBA and as of December 31, 2022 and 2021, $133,120 and $147,048, respectively, is receivable and included in accounts and interest receivable on the statements of financial position.

Note 14 - Subsequent events

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the statement of financial position date, require disclosure in the accompanying notes. Management evaluated the activity of PCG through April 25, 2023 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Partners for the Common Good

Schedule of Expenditures of Federal Awards
December 31, 2022

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Pass-through to Subrecipient	Total Federal Expenditures
Department of the Treasury: (Direct Programs)				
Community Development Financial Institutions Program	21.020	N/A	N/A	$ 2,005,000
COVID-19 CDFI Rapid Response Program	21.024	N/A	N/A	1,826,265
Total Expenditures of Federal Awards				$ 3,831,265

See Independent Auditor's Report.

Notes to Schedule of Expenditures of Federal Awards
December 31, 2022

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of Partners for the Common Good ("PCG") under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of PCG, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of PCG.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect cost rate

PCG has not elected to use the 10% de minimus indirect cost rate allowed under Uniform Guidance.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Partners for the Common Good

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of Partners for the Common Good, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 25, 2023 which includes an emphasis-of-matter for a change in accounting principle.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Partners for the Common Good's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Partners for the Common Good's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partners for the Common Good's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Partners for the Common Good's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partners for the Common Good's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Partners for the Common Good's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Bethesda, Maryland
April 25, 2023

Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Partners for the Common Good

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Partners for the Common Good's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Partners for the Common Good's major federal program for the year ended December 31, 2022. Partners for the Common Good's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Partners for the Common Good complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Partners for the Common Good and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Partners for the Common Good's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Partners for the Common Good's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Partners for the Common Good's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Partners for the Common Good's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Partners for the Common Good's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Partners for the Common Good's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Partners for the Common Good's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the entity's internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CohnReznick LLP

Bethesda, Maryland
April 25, 2023

Partners for the Common Good

Schedule of Findings and Questioned Costs
December 31, 2022

A. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:		Unmodified		
Internal control over financial reporting:				
• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major federal programs:				
• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?		Yes	X	None reported
Type of auditor's report issued on compliance for major federal programs:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?		Yes	X	No

Identification of the major federal program:

Name of Federal Program or Cluster	Assistance Listing No.
U.S. Department of Treasury - Community Development Financial Institutions Program	21.020

Dollar threshold used to distinguish between Type A and Type B programs:		$750,000		
Auditee qualified as low-risk auditee	X	Yes		No

B. Financial Statement Findings

None reported

C. Federal Award Findings and Questioned Costs

None reported

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