PARTNERS FOR THE COMMON GOOD

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

Years Ended December 31, 2016 and 2015

DELEON & STANG
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

PARTNERS FOR THE COMMON GOOD
Financial Statements

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DELEON & STANG
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Partners for the Common Good
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Partners for the Common Good (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

DeLeon & Stang

DeLeon & Stang, CPAs
Gaithersburg, Maryland
April 24, 2017

DELEON & STANG
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

PARTNERS FOR THE COMMON GOOD
Statements of Financial Position
December 31, 2016 and 2015

	2016			2015		
	General Fund	**Loan Fund**	**Total**	**General Fund**	**Loan Fund**	**Total**
ASSETS						
Current assets:						
Cash and cash equivalents	$ 1,182,657	$ 4,395,411	$ 5,578,068	$ 351,583	$ 8,592,210	$ 8,943,793
Certificates of deposit	-	-	-	-	1,000,000	1,000,000
Loans receivable, current portion	-	4,101,522	4,101,522	-	6,096,066	6,096,066
Less, loan loss reserve, current portion	-	(151,227)	(151,227)	-	(504,640)	(504,640)
Grants receivable	100,000	-	100,000	-	-	-
Accounts and interest receivable	347,146	-	347,146	99,205	-	99,205
Prepaid expenses	23,129	-	23,129	13,154	-	13,154
Total current assets	1,652,932	8,345,706	9,998,638	463,942	15,183,636	15,647,578
Noncurrent assets:						
Fixed assets, net	92,866	-	92,866	89,296	-	89,296
Loans receivable, net of current portion	-	20,518,300	20,518,300	-	13,726,563	13,726,563
Less, loan loss reserve, net of current portion	-	(756,535)	(756,535)	-	(490,702)	(490,702)
Deposits	33,499	-	33,499	7,500	-	7,500
Total noncurrent assets	126,365	19,761,765	19,888,130	96,796	13,235,861	13,332,657
Total Assets	$ 1,779,297	$ 28,107,471	$ 29,886,768	$ 560,738	$ 28,419,497	$ 28,980,235
Liabilities and Net Assets						
Current liabilities:						
Accrued expenses	$ 225,888	$ -	$ 225,888	$ 337,327	$ -	$ 337,327
Accrued interest payable	-	210,131	210,131	-	191,969	191,969
Community development notes payable, current portion	-	3,033,000	3,033,000	-	1,425,000	1,425,000
Term notes payable, current portion	-	3,200,000	3,200,000	-	1,450,000	1,450,000
Total current liabilities	225,888	6,443,131	6,669,019	337,327	3,066,969	3,404,296
Long-term debt:						
Community development notes payable, net of current portion	-	5,727,500	5,727,500	-	6,765,500	6,765,500
Term notes payable, net of current portion	-	8,787,618	8,787,618	-	10,023,152	10,023,152
Total long-term debt	-	14,515,118	14,515,118	-	16,788,652	16,788,652
Total Liabilities	225,888	20,958,249	21,184,137	337,327	19,855,621	20,192,948
Net assets:						
Unrestricted	1,453,409	6,825,993	8,279,402	223,411	8,563,876	8,787,287
Unrestricted: Board designated	-	323,229	323,229	-	-	-
Temporarily restricted	100,000	-	100,000	-	-	-
Total net assets	1,553,409	7,149,222	8,702,631	223,411	8,563,876	8,787,287
Total Liabilities and Net Assets	$ 1,779,297	$ 28,107,471	$ 29,886,768	$ 560,738	$ 28,419,497	$ 28,980,235

PARTNERS FOR THE COMMON GOOD
Statements of Activities
For the Years Ended December 31, 2016 and 2015

Revenue and support:	**Unrestricted**	**Temporarily Restricted**	**2016 Total**	**Unrestricted**	**Temporarily Restricted**	**2015 Total**
Grants	80,000	$ 200,000	$ 280,000	$ 274,500	$ -	$ 274,500
Interest income:						
Loan portfolio	1,247,793	-	1,247,793	1,052,364	-	1,052,364
Community development certificates of deposit	848	-	848	299	-	299
Investments	11,412	-	11,412	16,372	-	16,372
Fees	176,116	-	176,116	71,178	-	71,178
Contributions	56,647	-	56,647	35,568	-	35,568
Other revenue	-	-	-	16,923	-	16,923
Net assets released from restrictions	100,000	(100,000)	-	2,496,756	(2,496,756)	-
Total revenue and support	1,672,816	100,000	1,772,816	3,963,960	(2,496,756)	1,467,204
Expenses:						
Program services	1,294,731	-	1,294,731	1,185,231	-	1,185,231
Supporting services:						
Management and general	484,283	-	484,283	474,867	-	474,867
Resource development	78,458	-	78,458	177,292	-	177,292
Total supporting services	562,741	-	562,741	652,159	-	652,159
Total expenses	1,857,472	-	1,857,472	1,837,390	-	1,837,390
Change in net assets	(184,656)	100,000	(84,656)	2,126,570	(2,496,756)	(370,186)
Net assets, beginning of year	8,787,287	-	8,787,287	6,660,717	2,496,756	9,157,473
Net assets, end of year	$ 8,602,631	$ 100,000	$ 8,702,631	$ 8,787,287	$ -	$ 8,787,287

PARTNERS FOR THE COMMON GOOD
Statement of Functional Expenses
For the Year Ended December 31, 2016

		Supporting services		
	Program Services	**Management and general**	**Resource Development**	**2016 Total**
Administrative costs allocated:				
Salaries	$ 384,832	$ 228,000	$ 46,127	$ 658,959
Fringe benefits	94,557	56,022	11,333	161,912
Rent	39,055	23,139	4,681	66,875
Office expenses	13,337	45351	2,030	60,718
Dues and subscriptions	25,015	7,229	-	32,244
Professional fees	147,457	64,765	5,000	217,222
Legal fees	47,065	7,881	-	54,946
Meetings and travel	21,555	26,469	9,287	57,311
Computer repair and maintenance	-	10,067	-	10,067
Marketing and website	-	4,043	-	4,043
Interest	407,488	-	-	407,488
Loan loss expense	73,449	-	-	73,449
Loan distribution fees	9,188	-	-	9,188
Credit reporting service	2,448	-	-	2,448
Staff development	200	98	-	298
Depreciation	29,085	11,219	-	40,304
Total	$ 1,294,731	$ 484,283	$ 78,458	$ 1,857,472

PARTNERS FOR THE COMMON GOOD
Statement of Functional Expenses
For the Year Ended December 31, 2015

		Supporting services		
	Program Services	**Management and general**	**Resource Development**	**2015 Total**
Administrative costs allocated:				
Salaries	$ 351,297	$ 205,476	$ 106,052	$ 662,825
Fringe benefits	102,279	59,824	30,877	192,980
Rent	-	67,074	-	67,074
Office expenses	6,886	34,711	2,949	44,546
Dues and subscriptions	25,977	2,483	-	28,460
Professional fees	62,842	47,371	28,316	138,529
Legal fees	50,932	12,826	-	63,758
Meetings and travel	16,971	23,511	9,098	49,580
Computer repair and maintenance	630	2,446	-	3,076
Marketing and website	-	2,800	-	2,800
Interest	441,213	-	-	441,213
Loan loss expense	76,275	-	-	76,275
Loan distribution fees	11,289	-	-	11,289
Credit reporting service	4,802	-	-	4,802
Staff development	6,300	-	-	6,300
Depreciation	27,538	16,345	-	43,883
	$ 1,185,231	$ 474,867	$ 177,292	$ 1,837,390

See Accompanying Notes to Financial Statements.

PARTNERS FOR THE COMMON GOOD
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities:		
Change in net assets	$ (84,656)	$ (370,186)
Adjustments to reconcile change in net assets		
to net cash used in operating activities:		
Depreciation	40,304	43,883
Donated principal of outstanding notes payable	(51,617)	(200,000)
Allowance for loan loss	73,449	76,275
Change in operating assets and liabilities:		
Accounts and interest receivable	(247,941)	(51,956)
Prepaid expenses	(9,975)	10,174
Grants receivable	(100,000)	334,590
Accrued expenses	(111,439)	100,276
Accrued interest payable	18,162	(1,044)
Net cash used in operating activities	(473,713)	(57,988)
Cash Flows From Investing Activities:		
(Purchase of) Proceeds from community development certificates of deposit	1,000,000	(1,000,000)
Cash received from real-estate owned	-	197,384
Purchases of property and equipment	(43,874)	(46,683)
Loans receivable:		
New loans provided	(13,380,237)	(6,960,865)
Loan payments received	8,583,044	5,234,911
Net cash used in investing activities	(3,841,067)	(2,575,253)
Cash Flows From Financing Activities:		
Proceeds from community development and term notes payable	1,920,000	135,000
Curtailments of community development and term notes payable	(970,945)	(1,280,683)
Net cash provided by (used in) financing activities	949,055	(1,145,683)
Net decrease in cash and cash equivalents for the year	(3,365,725)	(3,778,924)
Cash and cash equivalents at, beginning of year	8,943,793	12,722,717
Cash and cash equivalents at, end of year	$ 5,578,068	$ 8,943,793

See Accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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.

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, 2016 and 2015, 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 Codification topics Accounting for Contributions Received and Contributions Made, and 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.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. PCG's governing Board may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.

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 permanently by PCG. There were no permanently restricted net assets as of December 31, 2016 and 2015.

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.

Revenue Recognition

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

Loan origination and commitment fees, as well as certain direct origination costs, are recognized at the inception of the loan receivable. These fees are written off when a loan is placed on nonaccrual status.

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.

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.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificates of Deposit

Certificates of deposit are recorded at fair value which approximates cost and accumulated interest.

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 as of December 31, 2016 and 2015.

Loans Receivable

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. Loans are placed on nonaccrual 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 nonaccrual loans is recognized only to the extent cash payments are received.

Fair Value Measurements

PCG complies with the Statement of Financial Accounting Standards Codification topic Fair Value Measurements. This defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The three levels of the fair value hierarchy under this topic are described below:

Basis of Fair Value Measurement

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

Fixed Assets

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 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.

Tax Exempt Status

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. 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.

Accounting for Income Taxes

PCG complies with the provisions of Financial Accounting Standards Board Codification Topic Accounting for Uncertainty in Income Taxes. For the years ended December 31, 2016 and 2015, no unrecognized tax provision or benefit exists.

Tax returns are subject to examination by federal and state taxing authorities, generally for three years after filing. PCG's returns for the years ended 2013 through 2015 are open to such examination.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 concentrations of credit risk include cash deposits with commercial banks. PCG's cash management policies limit its exposure to credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash deposits may, however exceed the FDIC insurable limits at times throughout the year. Management does not consider this a significant concentration of credit risk.

NOTE 3 LOANS RECEIVABLE

Loans receivable at December 31, 2016 consisted of the following:

Maturity	Principal	Interest Rate
2017	$ 4,101,522	3.50% to 7.75%
2018	3,661,493	3.00% to 8.00%
2019	6,475,083	4.50% to 8.50%
2020	2,377,917	4.50% to 7.25%
2021	1,941,550	3.00% to 7.125%
2022 - 2031	6,062,257	4.75% to 6.50%
	$ 24,619,822	

As of December 31, 2016 and 2015, the loan loss reserve for these loans receivable was $907,762 and $995,342, respectively.

As of December 31, 2016, PCG had $1,648,818 in loan commitments outstanding but not yet disbursed. As of March 15, 2017, PCG had closed $874,318 of the loan commitment that were outstanding at December 31, 2016. At this date, PCG had also disbursed an additional $825,750 in loans and had approved and committed an additional $2,450,000 in loans.

NOTE 3 LOANS RECEIVABLE (Continued)

As of December 31, 2016, PCG also had balance of $2,212,207 pending disbursement form existing loans in the portfolio that are partially disbursed. These types of loans are characterized by revolving balances, construction draws, etc.

NOTE 4 FIXED ASSETS

Fixed assets at December 31, 2016 and 2015 were recorded at cost, as shown below:

	2016	2015
Computer equipment and software	$ 313,436	$ 270,758
Furniture and equipment	7,633	6,437
Total property and equipment	321,069	277,195
Less, accumulated depreciation	(228,203)	(187,899)
Fixed assets, net	$ 92,866	$ 89,296

Depreciation expense for the years ended December 31, 2016 and 2015 was $40,304 and $43,883, respectively.

NOTE 5 CREDIT QUALITY

Loan Origination/Risk Management

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 Advisory 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.

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.

NOTE 5 CREDIT QUALITY (Continued)

The following table represents an aging of loans by category as of December 31, 2016:

	30-59 Days Past Due	60-89 Days Past Due	90+ Days Still Accruing	Non-performing Non-accrual	Total Past Due	Current	Total Loans
Loan Type:							
International	$ -	$ -	$ -	$ -	$ -	$ 2,050,000	$ 2,050,000
Housing	300,000	-	-	-	300,000	8,578,971	8,878,971
Community Facility	-	-	-	964,453	964,453	9,038,771	10,003,224
Commercial Real Estate	-	-	-	-	-	3,331,219	3,331,219
Working Capital	-	-	-	-	-	356,408	356,408
Total	$ 300,000	$ -	$ -	$ 964,453	$ 1,264,453	$ 23,355,369	$ 24,619,822

Within the non-performing non-accrual category PCG had two loans classified as a non-performing, totaling $964,453 as of December 31, 2016.

Credit Quality Indicators

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

NOTE 5 CREDIT QUALITY (Continued)

The following table summarizes the loan portfolio by category of loan and the internally assigned credit quality ratings for those categories at December 31, 2016:

	International	Housing	Community Facility	Commercial Real Estate	Working Capital	Total
Risk Rating						
1 - Low	$ -	$ 1,029,544	$ 1,024,936	$ 495,450	$ 5,304	$ 2,555,234
2 - Average	1,750,000	2,087,703	3,109,314	1,500,000	167,304	8,614,321
3 - Acceptable	300,000	5,372,255	4,904,521	1,335,769	-	11,912,545
4 - High	-	389,469	-	-	183,800	573,269
5 - Workout/Default	-	-	964,453	-	-	964,453
	$ 2,050,000	$ 8,878,971	$ 10,003,224	$ 3,331,219	$ 356,408	$ 24,619,822

Allowance for Loan Loss

The following table summarizes the allowance for loan losses as of and for the year ended December 31, 2016, by loan category and the amount by category, as evaluated by PCG's risk rating system:

	Housing	Community Facility Commercial Real Estate	Working Capital	International	Total
Allowance for loan losses:					
Beginning Balance	$ 348,733	$ 513,614	$ 64,346	$ 68,649	$ 995,342
Charge-offs	(129,151)	(31,877)	-	-	(161,028)
Recoveries	-	-	-	-	-
Provision for loan losses	7,798	145,990	(47,566)	(32,774)	73,448
Ending balance	$ 227,380	$ 627,727	$ 16,780	$ 35,875	$ 907,762

The following is a summary of the activity in the allowance for loan losses at December 31, 2015:

Balance at beginning of year	$ 1,309,200
Charge-offs, net of recoveries	(390,133)
Provision for loan losses	76,275
Balance at end of year	$ 995,342

NOTE 5 CREDIT QUALITY (Continued)

The following is a summary of the current and non-current portions of the allowance for loan losses at December 31:

	2016	2015
Current	$ 151,227	$ 504,640
Non-current	756,535	490,702
Totals	$ 907,762	$ 995,342

The allowance for loan losses as a percentage of loans outstanding at December 31, 2016 and 2015 was 3.69% and 5.02%, 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.

NOTE 6 NOTES PAYABLE

Notes payable consisted of the following at December 31, 2016:

	2016	2015
Community Development Notes, maturing October 28, 2014 through June 9, 2024 some subject to prior redemption, bearing stated interest at 0% to 3.00%, payable annually	$ 8,760,500	$ 8,190,500
Term Loans, maturing January 1, 2016 through September 20, 2021, some subject to prior redemption, bearing stated interest at 1.00% to 4.00%, payable annually	11,987,618	11,473,152
Total Notes Payable	$ 20,748,118	$ 19,663,652

Future maturities of the notes payable are as follows as of December 31, 2016:

Years Ending December 31,	Development Notes	Term Loans	Totals
2017	$ 3,033,000	$ 3,200,000	$ 6,233,000
2018	1,197,500	673,618	1,871,118
2019	1,600,000	2,425,000	4,025,000
2020	845,000	500,000	1,345,000
2021	1,785,000	5,189,000	6,974,000
Thereafter	300,000	--	300,000
Totals	$ 8,760,500	$ 11,987,618	$ 20,748,118

NOTE 7 COMMITMENTS

In December 2010, PCG signed a sub-lease agreement for office space commencing on January 1, 2011 and expiring on March 31, 2016. The base monthly rent under the lease is $5,417 increasing at six percent per year on the lease anniversary date.

During 2016, PCG signed a lease agreement for office space in the same building, commencing on September 1, 2016 and with a term 67 ½ months. The monthly base rent under this lease agreement is $8,750 increasing each year by 3% on the lease anniversary date.

Future minimum lease payments under the operating lease as of December 31, 2016, are as follows:

Year Ending December 31,	
2017	$ 92,422
2018	94,732
2019	97,100
2020	99,528
2021	116,877
2022	34,659
Total	$ 535,318

Rent expense for the years ended December 31, 2016 and 2015 was $66,875 and $67,074, respectively.

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets (restricted for time or purpose indicated) at December 31, 2016 and 2015 are as follows:

	2016	2015
Purpose restricted	$ 100,000	$ -
Total	$ 100,000	$ -

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS (Continued)

During the years ended December 31, 2016 and 2015, net assets were released from restrictions consisted of the following:

	2016	2015
Financial assistance	$ -	$ 2,453,806
Purpose restricted	100,000	42,950
Total	$ 100,000	$ 2,496,756

NOTE 9 BOARD DESIGNATED NET ASSETS

The Board of Directors of PCG have designated unrestricted net assets of $323,229 and $0, as of December 31, 2016 and 2015, respectively, to meet the additional loan loss reserve requirements of one of its lenders.

NOTE 10 SUBSEQUENT EVENTS

PCG has evaluated subsequent events for potential required disclosure through April 24, 2017, which is the date financial statements were available to be issued.