Partners for the Common Good

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

December 31, 2021 and 2020

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Partners for the Common Good

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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, 2021 and 2020, 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, 2021 and 2020, 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. 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.

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 also 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 auditing standards generally accepted in the United States of America. 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 27, 2022 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 27, 2022

Partners for the Common Good

Statements of Financial Position
December 31, 2021 and 2020

	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, net of impairment	-	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
Commmunity 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

Partners for the Common Good

Statements of Financial Position
December 31, 2021 and 2020

	2020		
	General Fund	Loan Fund	Total
Assets			
Current assets			
Cash and cash equivalents	$ 1,796,881	$ 10,242,071	$ 12,038,952
Loans receivable, current portion	-	14,154,080	14,154,080
Less: allowance for loan losses, current portion	-	(116,065)	(116,065)
Accounts and interest receivable, net of allowance for doubtful interest of $22,765	216,423	263,425	479,848
Prepaid expenses	19,845	-	19,845
Total current assets	2,033,149	24,543,511	26,576,660
Noncurrent assets			
Fixed assets, net	37,650	-	37,650
Real estate owned assets	-	330,135	330,135
Investments	-	513,046	513,046
Loans receivable, net of current portion	-	23,414,240	23,414,240
Less: allowance for loan losses, net of current portion	-	(1,027,074)	(1,027,074)
Deposits	26,250	-	26,250
Total noncurrent assets	63,900	23,230,347	23,294,247
Total assets	$ 2,097,049	$ 47,773,858	$ 49,870,907
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	$ 555,468	$ -	$ 555,468
Accrued interest payable	-	241,921	241,921
Deposits payable	35,000	-	35,000
Commmunity development notes payable, current portion	-	1,845,000	1,845,000
Term notes payable, current portion	-	6,400,000	6,400,000
Total current liabilities	590,468	8,486,921	9,077,389
Noncurrent liabilities			
Community development notes payable, net of current portion	-	8,171,621	8,171,621
Term notes payable, net of current portion	-	16,527,236	16,527,236
PPP loan payable	206,000	-	206,000
Total noncurrent liabilities	206,000	24,698,857	24,904,857
Total liabilities	796,468	33,185,778	33,982,246
Commitments and contingencies	-	-	-
Net assets			
Without donor restrictions			
Undesignated	1,300,581	11,704,053	13,004,634
Board designated	-	735,277	735,277
	1,300,581	12,439,330	13,739,911
With donor restrictions	-	2,148,750	2,148,750
Total net assets	1,300,581	14,588,080	15,888,661
Total liabilities and net assets	$ 2,097,049	$ 47,773,858	$ 49,870,907

See Notes to Financial Statements.

Partners for the Common Good

Statements of Activities
Years Ended December 31, 2021 and 2020

	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

Partners for the Common Good

Statements of Activities
Years Ended December 31, 2021 and 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Grants	$ 50,000	$ 1,050,000	$ 1,100,000
Interest income			
Loan portfolio	1,961,191	-	1,961,191
Investments	61,699	-	61,699
Fees	1,009,628	-	1,009,628
Contributions	82,484	-	82,484
Recoveries	64,108	-	64,108
Unrealized gain on investments	7,261	-	7,261
Net assets released from restrictions	667,306	(667,306)	-
Total revenue and support	3,903,677	382,694	4,286,371
Expenses			
Program services	2,211,068	-	2,211,068
Supporting services			
Management and general	452,048	-	452,048
Resource development	176,257	-	176,257
Total supporting services	628,305	-	628,305
Total expenses	2,839,373	-	2,839,373
Change in net assets	1,064,304	382,694	1,446,998
Net assets, beginning	12,675,607	1,766,056	14,441,663
Net assets, end	$ 13,739,911	$ 2,148,750	$ 15,888,661

See Notes to Financial Statements.

Partners for Common Good

Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	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	249,649	-	-	249,649
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

Partners for Common Good

Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2020			
		Supporting Services		
	Program Services	Management and General	Resource Development	Total
Administrative costs allocated				
Salaries	$ 611,568	$ 218,583	$ 88,862	$ 919,013
Fringe benefits	180,160	83,301	32,522	295,983
Interest	703,078	1,482	-	704,560
Professional fees	406,102	53,007	39,843	498,952
Loan loss provision	169,048	-	-	169,048
Impairment expense	14,712	-	-	14,712
Rent	57,494	15,412	5,389	78,295
Meetings and travel	33,892	7,530	1,730	43,152
Office expenses	13,221	16,467	235	29,923
Depreciation and amortization	2,542	10,387	-	12,929
Loan commitment fees	-	-	7,583	7,583
Dues and subscriptions	9,104	25,749	-	34,853
Miscellaneous	-	4,851	-	4,851
Computer repair and maintenance	-	9,508	-	9,508
Loan distribution fees	9,910	-	-	9,910
Insurance	-	853	-	853
Staff development	-	2,991	-	2,991
Employee morale	237	530	-	767
Bank fees	-	1,397	93	1,490
Total	$ 2,211,068	$ 452,048	$ 176,257	$ 2,839,373

See Notes to Financial Statements.

Partners for the Common Good

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 3,799,181	$ 1,446,998
Adjustments to reconcile change in net assets to net cash flows provided by operating activities		
Unrealized gain on investments	(16,780)	(7,261)
Depreciation and amortization	13,853	12,929
Forgiveness of debt	(306,000)	-
Impairment loss	121,451	14,712
Provision for loan losses	249,649	169,048
Change in operating assets and liabilities		
Increase in accounts and interest receivable	(400,796)	(167,278)
(Increase) decrease in grants receivable	(800,000)	795,373
Increase in prepaid expenses	(46,431)	(15,351)
Increase in accounts payable and accrued expenses	232,170	124,726
Decrease in accrued interest payable	(12,506)	(89,175)
(Decrease) increase in deposits payable	(35,000)	35,000
Net cash provided by operating activities	2,798,791	2,319,721
Cash flows from investing activities		
Purchases of property and equipment	(27,859)	(16,247)
Loans receivable		
New loans provided	(19,998,647)	(13,503,836)
Loan payments received	13,056,009	5,726,318
Net cash used in investing activities	(6,970,497)	(7,793,765)
Cash flows from financing activities		
Proceeds from PPP loan payable	-	206,000
Proceeds from community development and term notes payable	6,495,000	5,803,000
Payments of community development and term notes payable	(3,650,729)	(1,257,186)
Net cash provided by financing activities	2,844,271	4,751,814
Net decrease in cash and cash equivalents	(1,327,435)	(722,230)
Cash and cash equivalents, beginning	12,038,952	12,761,182
Cash and cash equivalents, end	$ 10,711,517	$ 12,038,952
Noncash investing and financing activity		
Real estate owned assets increased for conversion of loan receivable	$ -	$ 344,847
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 839,047	$ 793,735

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, 2021 and 2020.

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 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. At December 31, 2021 and 2020, the Board of Directors has designated $-0- and $735,277, respectively, of net assets without donor restrictions specifically for loan losses.

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, 2021 and 2020 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, 2021, no additional allocations have been awarded.

As of December 31, 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

As of December 31, 2020, the following allocations have been transferred via transactions involving PCG Sub-CDEs 1 through 11:

	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
Allocation transferred as of December 31, 2020	35,000,000	15,000,000	21,600,000
Remaining allocation to be transferred	-	-	13,400,000
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, 2021 and 2020, PCG earned NMTC fees of $1,128,446 and $783,253, 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, 2021, 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:

2022	$ -
2023	-
2024	1,202,500
2025	2,043,108
2026	-
2027	1,404,000
2028	870,997
	$ 5,520,605

As of December 31, 2021, 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, 2021 and 2020. 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 2018 remain open.

Concentration of credit risk

PCG maintains its cash and cash equivalent balances in several accounts in various banks. At times, these balances may exceed the federal insurance limits; 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, 2021.

Note 2 - Liquidity and availability

The following table reflects the PCG's financial assets as of December 31, 2021 and 2020 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, 2021 and 2020:

	2021	2020
Financial assets		
Cash and cash equivalents - general fund	$ 1,513,984	$ 1,796,881
Grants receivable - general fund	300,000	-
Accounts and interest receivable - general fund	603,762	216,423
Financial assets available to meet cash needs for general expenditures within one year	$ 2,417,746	$ 2,013,304

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.

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, 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.

The following table presents informative data by category of financing receivable regarding their age and interest accrual status as of December 31, 2020:

	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	$ -	$ -	$ -	$ -	$ -	$ 1,270,368	$ 1,270,368
Housing	-	-	-	519,814	519,814	19,138,543	19,658,357
Community facility	-	-	-	82,596	82,596	12,357,623	12,440,219
Commercial real estate	-	-	500,000	-	500,000	3,250,656	3,750,656
Working capital	-	-	-	-	-	448,720	448,720
Total	$ -	$ -	$ 500,000	$ 602,410	$ 1,102,410	$ 36,465,910	$ 37,568,320

With the non-performing non-accrual category, PCG had two loans classified as non-performing totaling $602,410 as of December 31, 2020. PCG has modified the two loans and further classified these non-performing loans as TDRs and impaired loans.

In addition, PCG has one loan in the amount of $148,720 that is performing as agreed but has been categorized in the loan loss reserve analysis as impaired, because a portion of the interest accruing on this loan has been deferred and there is a probability it may not be fully collected. PCG has created a specific impairment reserve for the deferred portion of interest.

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, 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

The following table summarizes the loan portfolio by category of loan and the internally assigned credit quality ratings for those categories at December 31, 2020:

	International	Housing	Community facility	Commercial real estate	Working capital	Total
Risk rating						
1 - Low	$ -	$ -	$ -	$ -	$ -	$ -
2 - Moderate	-	6,092,125	2,823,736	942,451	-	9,858,312
3 - Acceptable	1,270,367	11,195,961	9,016,239	2,308,204	-	23,790,771
4 - High	-	1,850,458	517,649	500,000	448,720	3,316,827
5 - Work-out/default	-	519,814	82,596	-	-	602,410
Total	$ 1,270,367	$ 19,658,358	$ 12,440,220	$ 3,750,655	$ 448,720	$ 37,568,320

Allowance for loan losses

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 commerical real estate	Working capital	International	Total
Allowance for loan losses					
Beginning balance	$ 491,448	$ 603,061	$ 14,965	$ 33,665	$ 1,143,139
Charge-offs	-	(38,327)	-	-	(38,327)
Provision for loan losses	231,526	(4,802)	25,454	(2,529)	249,649
Ending balance	$ 722,974	$ 559,932	$ 40,419	$ 31,136	$ 1,354,461

The following table summarizes the allowance for loan losses as of and for the year ended December 31, 2020, by loan category and the amount by category, as evaluated by PCG's risk rating system:

	Housing	Community facility commerical real estate	Working capital	International	Total
Allowance for loan losses:					
Beginning balance	$ 331,617	$ 651,955	$ 18,589	$ 36,641	$ 1,038,802
Charge-offs	-	(64,711)	-	-	(64,711)
Provision for loan losses	159,831	15,817	(3,624)	(2,976)	169,048
Ending balance	$ 491,448	$ 603,061	$ 14,965	$ 33,665	$ 1,143,139

The following is a summary of the current and noncurrent portions of the allowance for loan losses as of December 31, 2021 and 2020:

	2021	2020
Current	$ 136,600	$ 116,065
Noncurrent	1,217,861	1,027,074
Total	$ 1,354,461	$ 1,143,139

The allowance for loan losses as a percentage of loans outstanding at December 31, 2021 and 2020 was 3.07% and 3.04%, 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, 2020, one loan in the amount of $519,814 met the definition of a troubled debt restructuring. The modification made to the loan was in the form of a forbearance, which has been extended through July 1, 2022. The loan loss allowance was adjusted for this loan as a result of reclassifying the loan with a risk rating of 5, however, the principal amount due has not been reduced.

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.

Annual maturities

As of December 31, 2021, future maturities on loans receivable for each of the next five years and thereafter are as follows:

December 31, 2022	$	15,311,144
2023		11,334,058
2024		3,889,228
2025		3,899,246
2026		3,229,401
Thereafter		6,809,554
	$	44,472,631

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, 2021 and 2020:

		2021		2020
Computer equipment and software	$	365,843	$	351,180
Furniture and equipment		45,118		31,922
Total fixed assets		410,961		383,102
Accumulated depreciation		(359,305)		(345,452)
Fixed assets, net	$	51,656	$	37,650

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. As of December 31, 2020, the carrying amount of the REO asset was $330,135, after an impairment of $14,712 was recorded.

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, 2021 and 2020 was $16,780 and $7,261, respectively. The balance of the investment as of December 31, 2021 and 2020 was $529,826 and $513,046, 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, 2021 and 2020, 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, 2021 and 2020:

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

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Pooled investment fund	$ -	$ 513,046	$ -	$ 513,046

Note 8 - Notes payable

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

	2021	2020
Community Development Notes, maturing January 1, 2022 through December 12, 2028, some subject to prior redemption, bearing stated interest at 0% to 3.00%, payable annually, of which all are unsecured.	$ 11,386,621	$ 10,016,621
Term Loans, maturing April 1, 2022 thorugh 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.	24,301,507	22,927,236
Total notes payable	$ 35,688,128	$ 32,943,857

Certain term loans have financial covenant requirements and, as of December 31, 2021, PCG was in compliance with all such requirements.

As of December 31, 2021, 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, 2022	$ 3,538,000	$ 5,825,000	$ 9,363,000
2023	1,848,621	2,676,507	4,525,128
2024	2,585,000	4,000,000	6,585,000
2025	1,040,000	5,600,000	6,640,000
2026	2,340,000	4,200,000	6,540,000
Thereafter	35,000	2,000,000	2,035,000
	$ 11,386,621	$ 24,301,507	$ 35,688,128

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, 2021 and 2020 totaled $3,130,015 and $667,306, 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, 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

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, 2020:

	2019	Additions	Releases	2020
Subject to purpose or passage of time				
Purpose restricted net assets				
Kellogg grant	$ 226,056	$ 300,000	$ (526,056)	$ -
2018 CDFI grant	975,000	-	-	975,000
2020 CDFI grant	-	750,000	-	750,000
Time restricted net assets				
2019 CDFI grant	565,000	-	(141,250)	423,750
Total	$ 1,766,056	$ 1,050,000	$ (667,306)	$ 2,148,750

Note 11 - Commitments and contingencies

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 is $8,750 increasing by 2.5% on the lease anniversary date. PCG extended the lease through July 15, 2022, with the option for additional extension of up to two months. Additionally, on December 17, 2021, PCG executed a new office lease which requires monthly base rent payments in the amount of $16,825.25 increasing by 3%, annually, through the end of the lease term in 2030. Rent expense for the years ended December 31, 2021 and 2020 was $91,767 and $78,295, respectively.

Future minimum lease payments under the operating lease as of December 31, 2021 are as follows:

December 31, 2022	$ 86,126
2023	79,348
2024	153,895
2025	203,056
2026	209,534
	$ 731,959

Note 12 - Related party transactions

During 2021 and 2020, one board member provided consulting services to PCG regarding the development of a new financial product. For the years ended December 31, 2021 and 2020, $11,940 and $31,169 and of consulting services were provided, respectively. As of December 31, 2021 and 2020, $1,025 and $2,546, respectively, remains payable and is 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 2021 and 2020, personnel costs of $359,526 and $290,453 were to be reimbursed to PCG from CDBA and as of December 31, 2021 and 2020, $147,048 and $116,617, respectively, is receivable and included in accounts and interest receivable on the statements of financial position.

Note 14 - Contingency

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. The spread of this virus has caused business disruption domestically in the United States, the area in which PCG primarily operates. PCG is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. PCG's performance in future periods will be heavily influenced by the timing, length, and intensity of any business disruptions from COVID-19 and the related effects on the borrowers' operations and their ability to make required payments on the notes receivable.

Note 15 - 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 27, 2022 (the date the financial statements were available to be issued) and concluded that, other than the loan disbursements in Note 3, 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, 2021

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	$ 2,290,000
COVID-19 CDFI Rapid Response Program	21.024	N/A	N/A	1,826,265
Total Expenditures of Federal Awards				$ 4,116,265

See Independent Auditor's Report.

Notes to Schedule of Expenditures of Federal Awards
December 31, 2021

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, 2021. 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, the financial statements of Partners for the Common Good (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, changes in net assets, 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 27, 2022.

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 27, 2022

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 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, 2021. 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, 2021.

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; 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 27, 2022

Partners for the Common Good

Schedule of Findings and Questioned Costs
December 31, 2021

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 - COVID-19 CDFI Rapid Response	21.024

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee ____ Yes X No

B. Financial Statement Findings

None reported

C. Federal Award Findings and Questioned Costs

None reported

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