




**fahe**  
Strength in Numbers

## 2015 Annual Report



***Fahe is on a mission to eliminate persistent poverty in Appalachia.***

Fahe President Jim King.

**2015 was marked with tremendous accomplishments for Fahe. Once again we made outstanding positive impact in the lives of people in Appalachia through responsible investments in the region, our great advocacy work, strong collaborative model, and our ability to provide innovative solutions to Appalachia's challenges.**

Fahe made an investment of over \$68 million in Appalachia and served over 68,000 people in 2015. These investments provide people with real opportunities and choice that bring about hope and change in Appalachia.

We have made great steps in innovating new efforts, such as our Elderly Initiative. This exciting approach has brought new collaboration across sectors of health and social services to provide comprehensive, person-centered care

to Appalachia's elderly that will increase positive health outcomes and reduce healthcare costs.

Our tireless efforts in Appalachia are being heard at a national level. The collective voice of Fahe's Members united across six states helped to save the USDA 502 Program when it was facing cuts and in 2015 we participated in saving the Home Investment Partnership Program (HOME) which is discussed more in depth in this annual report. Fahe is moving forward to a nation-

al stage thanks to the momentum we have built and we have a real responsibility to put this national voice to use to help bring about opportunity for all.

Looking forward to 2016, we are implementing a new strategic plan that will see our organization utilize our key advantages in finance, innovation, collaboration, advocacy, and communication to break new ground in how we serve Appalachia. We are extending and lending our leadership, capacities, and expertise into new avenues that help Appalachia be a place of choice.

Fahe is on a mission to eliminate persistent poverty in Appalachia. Now is the time to push forward and be bold. Now is the time to work for real, transformational change.





**Fahe is on a mission to eliminate persistent poverty in Appalachia. We uplift people and communities through financing, collaboration, innovation, advocacy, and communication. In 2015, we served over 68,000 people and made a direct investment of over \$68 million in Appalachia.**

Our success, however, transcends geographic borders. While we focus on our service area of six states, our efforts have a national impact on addressing persistent poverty, changing policy, enacting new rules, improving program design, and raising awareness that directly affects the lives of people in both urban and rural communities across the nation.

Fahe's help in saving the HOME Investment Partnerships Program (HOME) perfectly showcases how our regional focus creates national impact. Last year a proposed cut

would have dropped funding for this essential program from \$900 million to \$66 million, rendering it all but useless for families across all 50 states. We rallied our Membership of 50+ nonprofit organizations into action, including contacting legislators to share stories of how the HOME program transforms lives. By presenting a unified voice from one of the poorest areas of the country and joining hands with other organizations across the US, we helped stop the proposed cuts and ensured continued access for thousands of people and families to one of the most important sources of housing

funding available. Our Network accomplished this impact because Fahe empowers our Members with information about changes on the National and State levels and how it will affect their missions and their local communities. In turn, when important action is needed, they are ready at a moment's notice to band together and effect change where it is needed at all levels: local, state, regional, and national.

Our direct ties to organizations with boots on the ground in local communities have also led to great success in another very important



***“Fahe and Frontier Housing saved our lives.”***

Lee and Lucille Allen

program that affects thousands of lives: the 502 Direct Packaging Program. In 2009, Fahe led a group of regional intermediaries to establish a pilot with the USDA Rural Housing Service, creating a non-profit loan packaging system that significantly improved the delivery of 502 Direct mortgages across the nation. The pilot was successful because the Fahe Network's reach and expertise enabled us to deliver highly qualified loan packages to USDA staff on a much shorter timeline than they could achieve on their own. Our visionary non-profit delivery system for 502 Direct loan packaging enabled the USDA staff to significantly increase the volume of lending they

could achieve through this program. It is a great example of a public/nonprofit partnership that greatly benefits everyone involved. As of December, 2015, Fahe's Network has successfully packaged and delivered 732 loans totaling over \$86.4 million. While Fahe has been the leader and largest producer within the 502 Direct Pilot, intermediaries across the nation are building momentum and contributing to the advocacy, and loan volume, needed to transform the pilot into a permanent structure. Our collaborative efforts helped the USDA RD Administrator, Tony Hernandez, change the minds of opponents to become champions of the pilot. Thanks to these efforts,

the pilot will become a permanent program in May, 2016.

The cohesiveness and responsiveness of our Network to protect and enhance programs like HOME and 502 Direct makes a tremendous difference in the lives of people who need our services the most. People like Lee Allen.

Leamon (Lee) Allen has written and performed Bluegrass music for over 50 years. He has traveled across the United States and the world, fueled by his love of performing music. During that time, the thought of home wasn't at the forefront of his mind. However, as he's aged and settled down with his wife, Lucille, having

a safe, secure home they could afford became a priority in his life.

Unfortunately, Lee and Lucille found themselves living on a fixed income and renting a house that wasn't meeting their needs. "One day," recounted Lee, "I was sitting in the living room of the old house and the wind was blowing through and I saw the kitchen floor weaving about and I realized I saw the linoleum was moving off the floor." In addition to needing repairs, snails infested the home, blue mold was rampant, and the home was incredibly cold during the winter despite the abundance of heaters.

Thanks to our advocacy, Fahe Member Frontier Housing was able to help Mr. Allen when he and his wife desperately needed a new place to live. Because of resources like the HOME program, Lee and his wife Lucille now have a safe, quality home. They are able to dedicate their time and talents to helping enrich their community. Lee plays music at events and funerals and Lucille volunteers her time at the nursing homes uplifting the residents by taking care of their hair and nails. The Allens are very grateful for every day they have in their new home because in their own words, "Fahe and Frontier Housing saved our lives."

A solution to persistent poverty won't be crafted overnight, nor will it be achieved by one organization. Fahe collaborates with a variety of organizations, both in Appalachia and across the country to increase the access of resources and knowledge. Together we provide effective solutions to the persistent poverty that affects people in both rural and urban areas. The pursuit of our mission to eliminate persistent poverty creates transformational opportunities for families within and beyond the borders of Appalachia.



Shelby Rector became a rural homeowner thanks to the HOME Program and Fahe's Network. After parting ways with her significant other, Shelby was unable to afford food, rent, and childcare and was forced to move in with her parents and younger brother in their small home. Shelby, her daughter, and all of their belongings shared a single room together.

The combination of work, child care, and living in close quarters with no privacy evolved into a stressful situation for Shelby and the entire family. Luckily, Shelby's mother learned of Southern Tier Housing (a subsidiary of Fahe Member Kentucky Highlands Investment Corporation). She applied and was approved for a house, utilizing HOME funds facilitated through Fahe. Utilizing the HOME Program made her home payments affordable which allows Shelby to save money for other important aspects of her life including her daughter's care and future.

"I would recommend that anyone who is struggling, be they a single mom or not, to ask around for programs in their area. Having a home has changed my life and given me and my daughter a great future. This home and this entire experience have given me a sense of independence I never expected to have. I'm very excited and grateful."

## Statement of Activities

June 30, 2014 and 2015

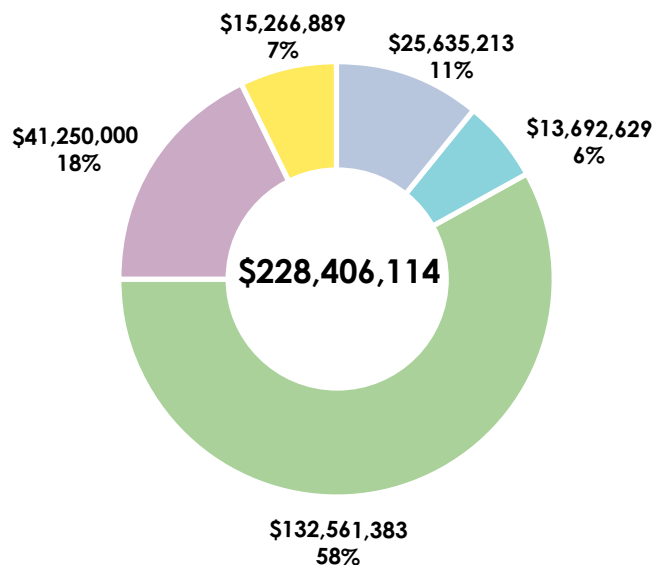
| Revenue                        | 2015               | 2014               |
|--------------------------------|--------------------|--------------------|
| Grants and Donations           | \$5,157,096        | \$ 5,724,549       |
| Interest and Investment Income | \$2,137,416        | \$1,605,952        |
| Income from Operations         | \$1,307,448        | \$1,705,430        |
| <b>Total Revenue</b>           | <b>\$8,601,960</b> | <b>\$9,035,931</b> |

| Expenses                      | 2015               | 2014               |
|-------------------------------|--------------------|--------------------|
| Program Services              | \$5,010,013        | \$3,891,824        |
| General and Administrative    | \$192,976          | \$178,259          |
| Membership                    | \$1,756,338        | \$2,916,391        |
| Fundraising                   | \$320,493          | \$387,886          |
| <b>Total Expenses</b>         | <b>\$7,279,820</b> | <b>\$7,374,360</b> |
| <b>Increase in Net Assets</b> | <b>\$1,322,140</b> | <b>\$1,661,571</b> |

## Assets Under Management

- Mortgage Portfolio
- Community Loan Portfolio
- Servicing Portfolio
- Equity Funds
- Other Assets





## Statement of Financial Position

June 30, 2014 and 2015

| <b>Assets</b>                 | <b>2015</b>         | <b>2014</b>         |
|-------------------------------|---------------------|---------------------|
| Cash and Cash Equivalents     | \$12,207,497        | \$10,503,023        |
| Receivables                   | \$797,981           | \$1,050,590         |
| Investments                   | \$122,338           | \$732,250           |
| Property and Equipment-Net    | \$3,577,460         | \$3,529,626         |
| Mortgage Notes Receivable-Net | \$23,646,484        | \$24,582,684        |
| Notes Receivable-Net          | \$13,349,343        | \$12,216,932        |
| Other Assets                  | \$893,628           | \$700,850           |
| <b>Total Assets</b>           | <b>\$54,594,731</b> | <b>\$53,315,955</b> |

| <b>Liabilities</b>       | <b>2015</b>         | <b>2014</b>         |
|--------------------------|---------------------|---------------------|
| Accounts Payable         | \$585,233           | \$1,034,220         |
| Notes Payable            | \$24,758,258        | \$24,215,818        |
| EQ2                      | \$2,000,000         | \$2,000,000         |
| Other Liabilities        | \$3,038,141         | \$3,182,357         |
| <b>Total Liabilities</b> | <b>\$30,381,632</b> | <b>\$30,432,395</b> |

| <b>Net Assets</b>                       | <b>2015</b>         | <b>2014</b>         |
|---|---------------------|---------------------|
| Unrestricted                            | \$12,574,993        | \$10,286,544        |
| Temporarily Restricted                  | \$10,324,506        | \$11,176,915        |
| Permanently Restricted                  | \$1,313,600         | \$1,427,500         |
| <b>Total Net Assets</b>                 | <b>\$24,213,099</b> | <b>\$22,890,959</b> |
| <b>Total Liabilities and Net Assets</b> | <b>\$54,594,731</b> | <b>\$53,323,354</b> |

## Staff

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Sandy Spurling  
*Appalachia Habitat  
for Humanity*



## The Fahe Network

The Fahe network is a membership of over 50 nonprofit organizations that work in Appalachian communities and provide direct access to essential services such as affordable housing, jobs, and essential community development.

### Alabama

- Community Action Partnership of North Alabama
- Hale Empowerment & Revitalization Organization
- Neighborhood Housing Services of Birmingham

### Kentucky

- Beattyville Housing and Development
- Bell-Whitley Community Action
- Christian Appalachian Project (CAP)
- Christian Outreach with Appalachian People (COAP)
- Community Ventures
- Frontier Housing
- Housing Development Alliance (HDA)
- Housing-Oriented Ministries Established for Service (HOMES)
- KCEOC Community Action Partnership
- Kentucky Highlands Investment Corporation (KHIC)
- Kentucky Mountain Housing Development
- Kentucky River Community Care (KRCC)
- Kentucky River Foothills Development Council, Inc.
- Low-Income Housing Coalition of East Kentucky (LINKS)
- Partnership Housing
- People's Self-Help Housing

### Maryland

- Garrett Co. Community Action Committee

### Tennessee

- Aid to Distressed Families of Appalachian Counties (ADFAC)
- Appalachia Habitat for Humanity
- Appalachia Service Project (ASP)
- Blount County Habitat for Humanity
- Chattanooga Neighborhood Enterprise

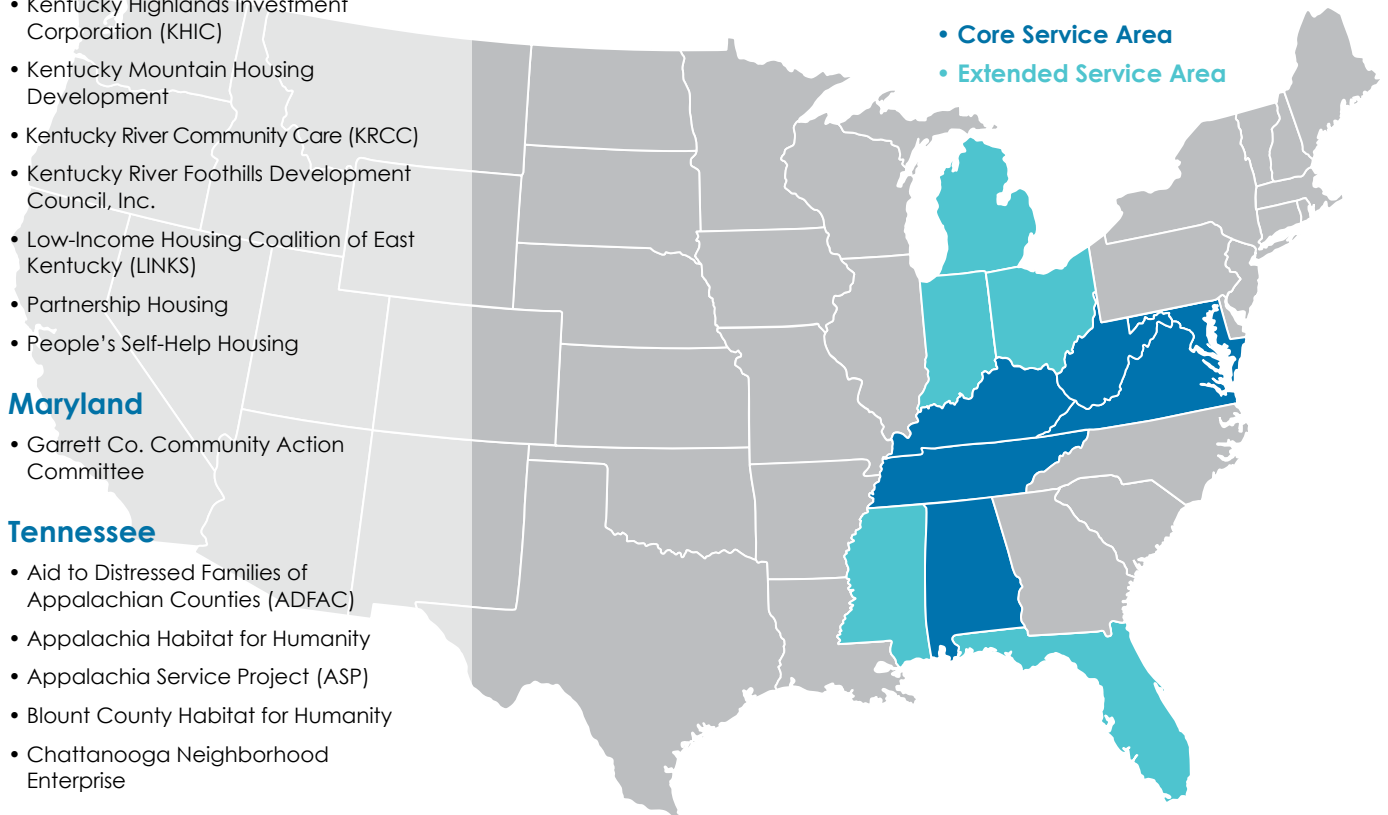
- Clinch-Powell RC&D Council
- Creative Compassion
- Crossville Housing Authority
- Eastern Eight Community Development
- Foothills Community Development
- Kingsport Housing & Redevelopment Authority
- Knox Housing Partnership
- Knoxville Habitat for Humanity
- Knoxville Leadership Foundation

### Virginia

- Appalachian Community Action & Development Agency (AppCAA)
- Community Housing Partners (CHP)
- HOPE, Inc.
- People Inc. of Virginia
- Southeast Rural Community Assistance Project
- Washington Co. VA Habitat for Humanity

### West Virginia

- Almost Heaven Habitat for Humanity
- Community Resources, Inc. CAP
- Fairmont-Morgantown Housing Authority
- HomeOwnership Center
- Housing Authority of Mingo County
- Mon County Habitat for Humanity
- North Central West Virginia Community Action Association
- Randolph County Housing Authority
- Religious Coalition for Community Renewal (RCCR)
- Southern Appalachian Labor School (SALS)
- West Virginia Affordable Housing Trust Fund
- Woodlands Development Group



## Acknowledgements

We gratefully acknowledge the generous support of these organizations and individuals, who, through grants, loans, donations, volunteer work, and the sharing of expertise, contributed to Fahe's success this fiscal year.

|   |  |  |
|---|--|--|
| Appalachian Regional Commission                                 | Ford Foundation                              | People's Self-Help Housing                     |
| Bank of America   | Glenmary Home Missioners                     | Perls Foundation                               |
| Blue Grass Mailing, Data, and Fulfillment                       | HEAD Corporation                             | Phyllis J. Hatfield Trust                      |
| Blue Moon   | Heritage Bank                                | PNC Foundation                                 |
| Bluegrass Community Foundation                                  | Jace Burris                                  | RCIF   |
| Byron and Lee Stookey   | Jones Family Farm                            | Richard C. Chapell Trust                       |
| Carol Vernacchio  | JP Morgan Chase                              | Richard Hamilton                               |
| CDFI Fund   | JP Morgan Chase Foundation                   | Richard Treadway, Jr.                          |
| Central Bank  | Kentucky Bank                                | Rural LISC                                     |
| Central Bank of Madison County                                  | Kentucky Department of Local Government      | Seton Enablement Fund                          |
| Commercial Bank   | Kentucky Housing Corporation                 | Sisters of Loretto                             |
| Congregation of Sisters of the Incarnate Word                   | Kentucky NeighborWorks Alliance              | Tennessee Housing and Development Authority    |
| Danna Wardenaar   | Larry and Paula Withers                      | Tom Bennigson                                  |
| Deutsche Bank   | Linda Miller and Robert Adelberg             | Traditional Bank                               |
| Domestic and Foreign Missionary Society of the Episcopal Church | Lynn and Crit Luallen                        | US Department of Agriculture                   |
| Douglass, Scott Co.   | MACED  | US Department of Housing and Urban Development |
| Eastern Eight Community Development                             | Mary Reynolds Babcock Foundation             | US Department of Treasury                      |
| Elizabeth B. McGraw Foundation                                  | Mc-Graw Hill                                 | VHDA   |
| Emma C. Trevor  | Mercy Investment Services                    | Virginia Organizing Project                    |
| Episcopal Diocese of Iowa Alternative Fund                      | Nazareth Literary and Benevolent Institution | Wells Fargo Bank                               |
| F.B. Heron Foundation   | NeighborWorks America                        | West Virginia Housing Development Fund         |
| Fay M. Chandler Trust   | Oak Hill Fund                                | Whitaker Bank                                  |
| Federal Home Loan Bank  | Ohio Capital Corporation for Housing         | Woodforest National LOC                        |
| Forcht Bank   | Opportunity Finance Network                  | Woodlands Investment Management Account        |
|   | Peoples Exchange Bank                        |  |

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 Equal Housing Opportunity