Fahe is on a MISSION TO ELIMINATE PERSISTENT POVERTY in Appalachia.

Our Network of 50+ locally rooted nonprofits is building resilient communities for families to prosper.
It is not enough to simply help a place. We must make sure our communities across the country are resilient and secure so they are able to weather any adversity which may come their way. As a backbone organization, Fahe secures Appalachian communities by providing resources and bolstering local leaders who drive the dreams of their communities.

Despite facing some of the highest levels of persistent poverty in the country, the Fahe Network continues to make progress in community development in Appalachia through affordable housing, improved access to healthcare and education, and increased economic opportunities. We constantly seek out new partners and innovations such as convening a Drug Recovery Task Force in order to do our part in the fight against the opioid epidemic.

In FY2018, the Fahe Network moved Appalachia towards greater resiliency by serving 85,754 people. We made a total direct investment of $81 million. Our total capital under management, including investments managed and loans serviced topped $258 million.

Fahe and our Members actively shape communities through effective leadership and access to resources which allows our communities to withstand and recover from difficult situations. Building these resilient communities is an important and vital step as we work toward creating a thriving Appalachia and ensuring that no place is left behind.

James King, CEO and President of Fahe
“Good things happen when people have affordable options,” stat-
ed Mae Humiston, CDFI Manager of Redbud Financial Alternatives. Redbud is a Community Develop-
ment Financial Institution (CDFI) founded by Fahe Member Housing Development Alliance (HDA) located
in Hazard, KY. Redbud’s mission is to provide equitable consumer and mortgage financial products that help clients achieve housing and overall financial stability.

Redbud was conceived after an internal review of HDA clients revealed a high percentage of the people requesting their services were ineligible due to credit and
debt issues. Perry County and the surrounding areas were in need of an in-person resource which of-
fered education and solutions to credit and debt issues which also provided affordable credit for peo-
ple who couldn’t access traditional financial assistance.

Among Redbud’s first clients were the Fugates, a family whose liveli-
hood was previously dependent on the coal industry. As coal work declined, the Fugates found them-

selves facing increasing debt, including a mortgage payment exceeding $1,000 every month.

To make ends meet, low-income people are often forced to make
suboptimal financial choices due to lack of access to affordable
loans, particularly for short term problems such as vehicle repairs.
Many people turn to payday lend-
ing to meet their needs. These ser-
ves fill a financial need but at a
great cost to consumers. Payday
lending loans have high fees and
short repayment periods. The aver-
geage payday loan customer cannot
pay back the original loan amount
plus interest on the due date, so
instead, they renew the loan for a
fee, and this cycle typically re-
ppeats for months. In Kentucky, the
average repayment on a $350
payday loan is $822.50, well over
$450 in fees and interest for an APR
exceeding 300%. A 2008 financial
report states that in Perry County,
Kentucky alone, $2.9 million was
paid into check cashing loan fees
in Perry County, Kentucky in 2008.

Redbud isn’t simply an alternative to predatory lenders. It is an al-
ternative that allows borrowers to become more resilient. Along with
affordable loans, they provide cli-
ents with credit and financial coun-
seling so they have information to
make informed choices on how to
build their assets.

“Redbud takes a high touch with all of our clients,” stated Mae.
“We take a deep look at income, spending habits, and credit. Half
of our conversations are about if a loan from Redbud will help the
person and how. Could we possibly trap them into debt ourselves? I’m
proud to say that we’re highly con-
fident in our borrowers.”

However, despite success with their current client load and a great re-
ception from the local community, including the chamber of com-
merce and some local banks, Red-
bud was in need of financial sup-
port to increase their capacity.

“In 2015, Fahe launched a new stra-
tegic plan to address our strategic
charges of leadership, housing,
education, health and well-being,
and economic opportunity,” said
Sara Morgan, Fahe’s Chief Operat-
ing Officer. “The Loan to Redbud Fi-
nancial Alternatives is emblematic
of our dedication to strengthen ex-
isting leadership and our desire to
address economic opportunity for
people in our communities.”

Redbud helped the Fugates to
identify the best approach to ad-
ressing their collections and
helped them keep their home.

Redbud offered the family a debt consolidation loan at affordable
monthly payments. With the col-
lections off of their report and their
credit score improving with each
Redbud payment they make, the
Fugates were able to go to the
bank with dignity, find a way to
stay in their home, and escape the
devastating impact of a company
that took advantage of a family in
a desperate situation.

By increasing their capacity with a
loan through Fahe, Redbud is build-

ing systems that enable and uplift
the potential of our rural places, al-

lowing people and communities to
become resilient and thrive.
Supporting RESILIENT HEROES

JustChoice Lending offers special incentives to service professionals such as teachers, healthcare workers, police officers, and firemen through the Hometown Hero program. These incentives make homes more affordable and make our service areas more attractive to the people who perform these essential jobs in Appalachia.

Bob and Lesa Kilbourn work as a surgical technician and scheduler respectively at a local hospital in Berea, KY. Their lives were improved dramatically when JCL was able to reduce their interest rate and cut their mortgage payments in half through refinancing with the Hometown Hero incentive.

“It just took a burden off of us. JustChoice Lending has made it possible for us to have a life.”

Lesa Kilbourn, JustChoice Lending customer

From page 76.

Providing RESILIENT LENDING

During the first quarter of FY 2018, Fahe’s mortgage division, JustChoice Lending (JCL), celebrated National Homeownership Month by closing their one thousandth USDA 502 Direct Loan totaling over $123.6 million. But that was just the start for JCL during FY2018.

JCL continued to strengthen homeownership in the region by providing 571 home loans totaling $59M: an increase from $43M in FY2017. JCL’s 502 Direct Lending grew impressively from $26M to $44M (included in the above numbers).

JCL is the only nonprofit third party originator for Freedom Mortgage, providing precious access to affordable secondary market capital for families across Appalachia through an established nonprofit Broker Network. JCL is also a nationally-recognized expert in USDA 502 loan products. They advise nonprofits across the nation on how to administer the USDA 502 Direct program, resulting in earned income opportunities and access to mortgage dollars for the low-income households they serve.

JCL currently leads a network of 80+ 502 Direct packaging partners in 18 states and has delivered over 1,500 families with $205M of 502 Direct financing.
Mariah Triplett admits she may have never learned about Kingsport Housing and Redevelopment Authority if she hadn’t participated in Fahe’s Community Housing & Economic Fellowship (CHEF) internship program in 2017. Mariah wasn’t sure if she would stay in Appalachia after college. Now she serves as the Executive Administrative Coordinator recruiting and supporting the staff which in turn ensures KHRA’s community is receiving the best possible service.

The CHEF program provides internship opportunities for emerging professionals within the Appalachian region. With support from Rural LISC, Fahe’s CHEF Program connects Appalachian students to internships within Fahe’s nonprofit Member Network, creating opportunities to develop and retain leaders who will shape our region’s future.

During her time as an intern at KHRA, Mariah’s responsibilities included the development of an annual report as well as evaluating procurement policies to ensure they met state and federal regulations. Mariah also utilized this opportunity to connect with KHRA clients during community events.

“My internship with KHRA taught me how deeply the agency works with the community and for the greater good,” said Mariah. “It uplifts people in not just housing but other aspects of their lives. My time with CHEF also allowed me to interact with other Fahe Members and I see the depth of connection and care isn’t limited to KHRA.”

In addition to her HR roles, Mariah is a SAMSHA (Substance Abuse and Mental Health Services Administration) certified trauma informed care trainer. She’s helping KHRA to become a trauma informed organization which will allow staff to better recognize and respond in an informed way to the signs and symptoms of trauma in the people they serve.

“When I was looking for intern positions, my professor told me ‘when the right position comes around, you’ll know it,’” said Mariah. “She was right. The CHEF internship was made for me. It fit perfectly and changed my life. Being with KHRA allows me to not only earn a living, but connect to the community and really make a difference.”

As a backbone organization, Fahe secures Appalachian communities by providing resources and bolstering local leaders who drive the dreams of their communities.
### Statement of Activities

**June 30, 2017 and 2018**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Donations</td>
<td>$8,843,299</td>
<td>$3,480,651</td>
</tr>
<tr>
<td>Interest and Investment Income</td>
<td>$1,695,878</td>
<td>$2,190,064</td>
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<tr>
<td>Income from Operations</td>
<td>$2,240,242</td>
<td>$2,058,223</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$12,779,419</strong></td>
<td><strong>$7,728,938</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>$4,271,816</td>
<td>$4,855,088</td>
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<tr>
<td>General and Administrative</td>
<td>$209,671</td>
<td>$227,608</td>
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<tr>
<td>Membership</td>
<td>$1,726,632</td>
<td>$2,092,087</td>
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<tr>
<td>Fundraising</td>
<td>$472,222</td>
<td>$431,286</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$6,680,341</strong></td>
<td><strong>$7,606,069</strong></td>
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</tbody>
</table>

**Increase in Net Assets** $6,099,078 $122,869

### Statement of Financial Position

**June 30, 2017 and 2018**

<table>
<thead>
<tr>
<th>Assets</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$10,912,805</td>
<td>$11,494,597</td>
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<tr>
<td>Receivables</td>
<td>$3,452,485</td>
<td>$3,219,733</td>
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<tr>
<td>Investments</td>
<td>$138,600</td>
<td>$152,416</td>
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<tr>
<td>Property and Equipment-Net</td>
<td>$3,347,638</td>
<td>$3,362,074</td>
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<tr>
<td>Mortgage Notes Receivable-Net</td>
<td>$25,001,417</td>
<td>$24,844,592</td>
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<tr>
<td>Notes Receivable-Net</td>
<td>$15,958,482</td>
<td>$19,573,823</td>
</tr>
<tr>
<td>Other Assets</td>
<td>$1,729,701</td>
<td>$1,317,457</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$60,541,128</strong></td>
<td><strong>$63,964,692</strong></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$689,655</td>
<td>$851,655</td>
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<tr>
<td>Notes Payable</td>
<td>$22,338,539</td>
<td>$25,501,125</td>
</tr>
<tr>
<td>EQ2</td>
<td>$3,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>$3,343,801</td>
<td>$3,319,910</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$29,371,995</strong></td>
<td><strong>$32,672,690</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$14,430,914</td>
<td>$15,192,198</td>
</tr>
<tr>
<td>Temporarily Restricted</td>
<td>$15,303,760</td>
<td>$15,095,682</td>
</tr>
<tr>
<td>Permanently Restricted</td>
<td>$1,434,459</td>
<td>$1,004,122</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>$31,169,133</strong></td>
<td><strong>$31,292,002</strong></td>
</tr>
</tbody>
</table>

| Total Liabilities and Net Assets      | **$60,541,128** | **$63,964,692** |
Staff
Kelsey Adams
Sara Ball
John Blankenship
David Brock
Tina Cain
Pam Carender
Chrissy Cash
Matthew Coburn
Alex Dadok
Mary Dasher
Norma Edwards
Jeneene Estridge
Kent Hall
Sarah Hoskins
David Howard
Jessie Hunt
Pam Johnson
Tyler Johnson
Melinda Jones
Jim King
John Laidlaw
Crystal Lawson
Janet Lawson
Colby Lilly
Dallie Martin
Bob McGaughey
Chad McPherson
Laura Meadows
Kacee Miller
Sara Morgan
Brittney Murphy
Anthony Newman
Tina Parker
Kyle Parsley
Aaron Phelps
Vonda Poynter
Jamie Puckett
Justin Rabnott
Elsa Reynolds
Linda Sabino
Daniel Sexton
Clay Smith
Myralee Smith-Cowley
Susan Smith Mullins
Tammy Sparks
Angela Stephens
Katy Stigers
Bethany Taylor Gilbert
Deborah Thompson
Jackie Weiss

Board of Directors
Joseph Belden
Consultant
Maria Catron
Kingsport Housing &
Redev. Authority
Christal Crouso
Fairmont-Morgantown
Housing Authority
Melinda Fairhurst
People, Inc.
Dreama Gentry
Partners for Education
at Berea College
Michael Haas
Southeast Rural
Community Asst. Project
Karen Jacobson
Randolph County
Housing Authority
Diane N. Loeffler
UK College of Social Work
Seth Long
HOMES, Inc.
Jackie Mayo
HomeSource
east tennessee
Scott McReynolds
Housing Development
Alliance
Lina Page
Opportunity Finance
Network
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.

Alaska
- Alaska Human Services (AHS)
- Anchorage Community Action Agency (ACAA)
- Central Council of Tlingit Haida Indian Tribes of Alaska (CCTHI)
- Bristol Bay Native Corporation (BBNC)
- Chugach Area Council (CAC)
- Gwich’in Council of Chiefs
- Kuskokwim Area Council (KAC)
- North Slope Borough
- Arctic Region Unified Command

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.
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.

- Andrew Schenker
- Appalachian Regional Commission
- Bank of America
- Byron and Lee Stookey
- CDFI Fund
- Central Bank
- Central Bank of Madison County
- Clients of the Sustainability Group, part of Loring Wolcott & Coolidge Trust
- Commercial Bank
- Congregation of the Sisters of Charity of the Incarnate Word
- Deutsche Bank
- Domestic and Foreign Missionary Society of the Episcopal Church
- Emma C. Trevor
- Eric Haralson
- F.B. Heron Foundation
- Federal Home Loan Bank
- Glenmary Home Missioners
- HEAD Corporation
- Joe Belden
- Jones Family Farm
- JP Morgan Chase Foundation
- Kentucky Department of Local Government
- Kentucky Housing Corporation
- Lynn and Crit Luallen
- MACED
- Mary Reynolds Babcock Foundation
- Mercy Investment Services
- Nazareth Literary and Benevolent Institution
- NeighborWorks America
- Opportunity Finance Network
- Paula and Larry Withers
- People’s Self-Help Housing
- Pinnacle Bank
- RCIF
- Robert Wood Johnson Foundation
- Rural LISC
- Ruth Hays
- Seton Enablement Fund
- Tennessee Housing and Development Authority
- Tom Carew
- US Department of Agriculture
- US Department of Housing and Urban Development
- US Department of Treasury
- VHDA
- Virginia Organizing Project
- Wells Fargo Bank
- Wells Fargo Housing Foundation
- West Virginia Housing Development Fund
- Woodforest National LOC

Fahe and our Members ACTIVELY SHAPE COMMUNITIES THROUGH EFFECTIVE LEADERSHIP AND ACCESS TO RESOURCES which allows our communities to withstand and recover from difficult situations.
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