



Resilient

The 2018 Fahe Annual Report



fahe
Strength in Numbers

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.

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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.

President's Letter



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.

50+
MEMBER
ORGANIZATIONS
85,754
PEOPLE SERVED
\$258 MILLION
CAPITAL UNDER
MANAGEMENT

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

Creating RESILIENT COMMUNITIES

"Good things happen when people have affordable options," stated Mae Humiston, CDFI Manager of Redbud Financial Alternatives. Redbud is a Community Development 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 offered education and solutions to credit and debt issues which also provided affordable credit for people who couldn't access traditional financial assistance.

Among Redbud's first clients were the Fugates, a family whose livelihood was previously dependent on the coal industry. As coal work declined, the Fugates found themselves 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 lending to meet their needs. These services fill a financial need but at a great cost to consumers. Payday lending loans have high fees and short repayment periods. The aver-

\$822.50
AVERAGE REPAYMENT
ON A \$350 PAYDAY
LOAN IN KENTUCKY

\$2.9 MILLION
PAID INTO CHECK
CASHING LOAN FEES
IN PERRY COUNTY,
KENTUCKY IN 2008

age 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 repeats 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. That's money which could have been applied to people's homes, savings, and even taxes for the

community. On top of that, many of these check cashing agencies are based out of state, so the revenue they make leaves the community altogether.

The Fugates were forced to make a similar decision to meet their financial needs. However, instead of a payday lender, the Fugates turned to a seemingly legitimate online debt consolidation service. They were scammed out of their money and their unpaid debts went to collections. The collection debts on their credit report became a barrier that prevented the Fugates from accessing their bank for refinancing of their mortgage. So instead, they reached out to Redbud about consolidating their debt and addressing the collection bills.

Redbud isn't simply an alternative to predatory lenders. It is an alternative that allows borrowers to become more resilient. Along with affordable loans, they provide clients with credit and financial counseling 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



Redbud's CDFI Manager, Mae Humiston.

person and how. Could we possibly trap them into debt ourselves? I'm proud to say that we're highly confident in our borrowers."

However, despite success with their current client load and a great reception from the local community, including the chamber of commerce and some local banks, Redbud was in need of financial support to increase their capacity.

"An investment loan from Fahe provides the opportunity to expand our pilot phase so we can continue to test out our ideas and build on those that have already proven successful," said Mae. "An act of confidence from Fahe

shows other investors that Redbud is worth the risk."

"In 2015, Fahe launched a new strategic plan to address our strategic charges of leadership, housing, education, health and well-being, and economic opportunity," said Sara Morgan, Fahe's Chief Operating Officer. "The Loan to Redbud Financial Alternatives is emblematic of our dedication to strengthen existing leadership and our desire to address economic opportunity for the people in our communities."

Redbud helped the Fugates to identify the best approach to addressing their collections and helped them keep their home.

Redbud offered the family a debt consolidation loan at affordable monthly payments. With the collections 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 building systems that enable and uplift the potential of our rural places, allowing 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.

"JustChoice Lending has allowed my husband to step back from work and enjoy his life and grandchildren," said Lesa. The Kilbourns have both been happy employed in the surgery unit at the local hospital for several decades. But getting away from long hospital hours has been near impossible due to the incredibly high mortgage and interest payments on their home. Besides their work lives, the Kilbourns enjoy spending time with their six grandkids and taking care of the rescue dogs they foster. "My husband is 69 years old and work-



ing full time," said Lesa. "I want him to have a break so he can enjoy getting to paint and spending time with our grandchildren."

The reduction in mortgage allows the Kilbourns the opportunity to become a more resilient household with the ability to save and circulate more money into the community. "It just took a burden off of us," said Lesa. "JustChoice Lending has made it possible for us to have a life."

"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

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 af-

fordable 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.

**OVER 1500
FAMILIES SERVED**

**LEADING 80+
502 DIRECT PACK-
AGING PARTNERS**

**\$205 MILLION
502 DIRECT
FINANCING**

Uplifting **RESILIENT LEADERS**

Mariah Triplett admits she may have never learned about King-sport 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



Mariah Triplett (third from right) with her fellow CHEF interns and Fahe staff.

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 SAMHSA (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

Revenue	2017	2018
Grants and Donations	\$8,843,299	\$3,480,651
Interest and Investment Income	\$1,695,878	\$2,190,064
Income from Operations	\$2,240,242	\$2,058,223
Total Revenue	\$12,779,419	\$7,728,938

Expenses	2017	2018
Program Services	\$4,271,816	\$4,855,088
General and Administrative	\$209,671	\$227,608
Membership	\$1,726,632	\$2,092,087
Fundraising	\$472,222	\$431,286
Total Expenses	\$6,680,341	\$7,606,069
Increase in Net Assets	\$6,099,078	\$122,869

Assets Under Management	2017	2018
Mortgage Lending	\$43,000,000	\$59,000,000
Community Loan Fund Lending	\$28,000,000	\$11,000,000
Loan Servicing Portfolio	6,193 loans	6,039 loans
Total Assets Under Management	\$261,000,000	\$258,000,000

Statement of Financial Position

June 30, 2017 and 2018

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

Liabilities	2017	2018
Accounts Payable	\$689,655	\$851,655
Notes Payable	\$22,338,539	\$25,501,125
EQ2	\$3,000,000	\$3,000,000
Other Liabilities	\$3,343,801	\$3,319,910
Total Liabilities	\$29,371,995	\$32,672,690

Net Assets	2017	2018
Unrestricted	\$14,430,914	\$15,192,198
Temporarily Restricted	\$15,303,760	\$15,095,682
Permanently Restricted	\$1,434,459	\$1,004,122
Total Net Assets	\$31,169,133	\$31,292,002
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
Marj 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
Janel 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
Myralea 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 Assist. 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.

Alabama

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

Kentucky

- Beattyville Housing and Development
- Bell-Whitley Community Action
- Christian Appalachian Project (CAP)
- COAP
- Community Ventures
- Frontier
- 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.
- 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
- Clinch-Powell RC&D Council
- Creative Compassion

- Crossville Housing Authority
- Eastern Eight Community Development
- Foothills Community Development
- Habitat for Humanity of Cleveland, TN
- HomeSource east tennessee
- Kingsport Housing & Redevelopment Authority
- Knoxville Habitat for Humanity
- Knoxville Leadership Foundation
- Loudon County Habitat for Humanity, Inc.
- Mountain T.O.P.

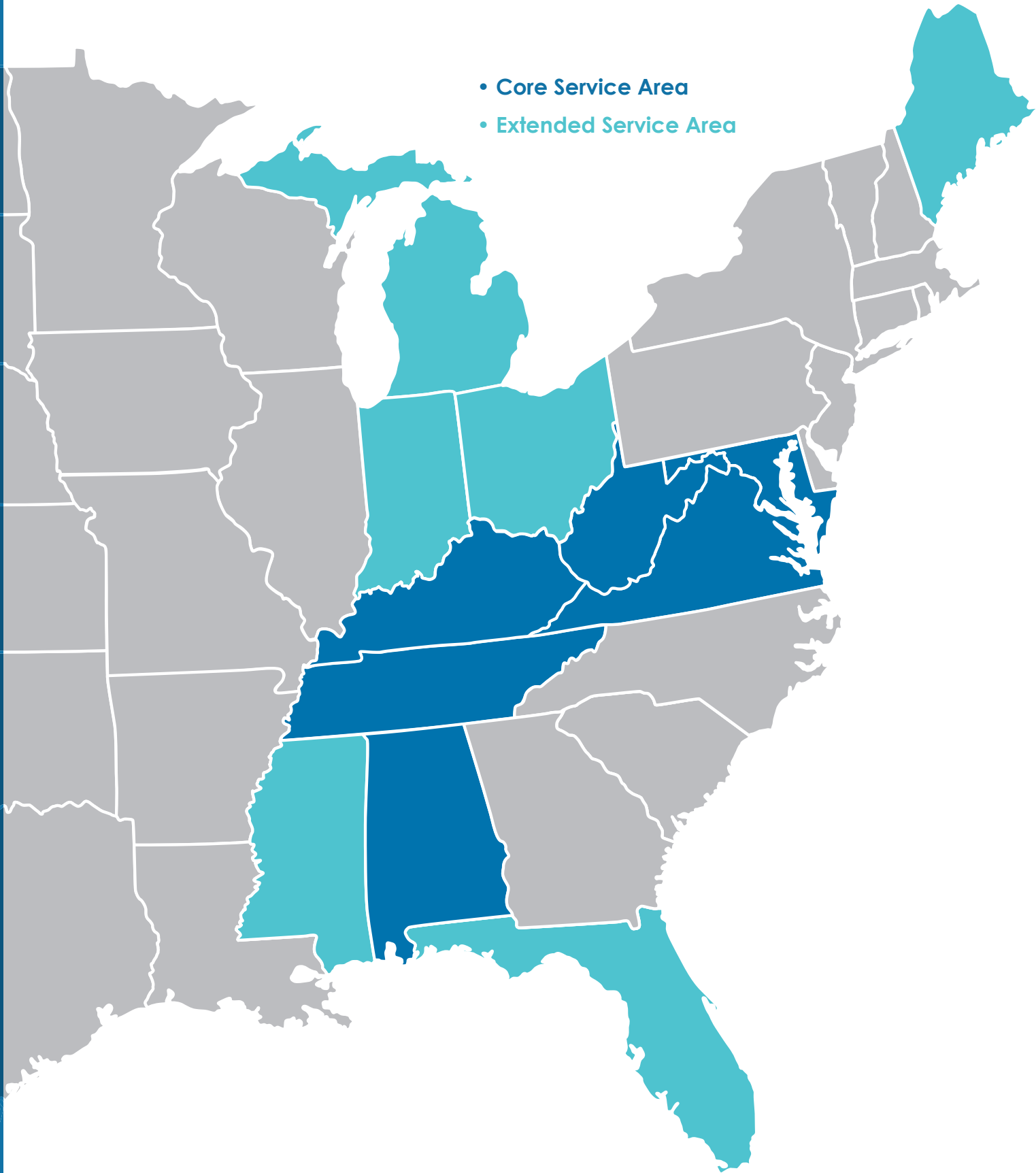
Virginia

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

West Virginia

- Almost Heaven Habitat for Humanity
- Coalfield Development Corp.
- 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)
- Woodlands Development Group

- Core Service Area
- Extended Service Area



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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Strength in Numbers

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Equal Housing Opportunity