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On the cover: Homeowner Laurie Davis (left) celebrates her new home with Linda Sabino of JustChoice Lending.

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The poverty we face in Appalachia is intentional. It is the result of gross mistreatment of coal miners and the extraction of our wealth over decades. Because of this poverty, our people have been labeled as unworthy in the national narrative, and we see that same sentiment reflected in the level of investment we receive in comparison to the rest of the country.

In spite of this sentiment, the Fahe Network has always asserted that the region should be valued and invested in. During FY2019, the home office in Berea, KY made total direct investments of $123.4M, and all of Fahe $320M, serving 80,000 people. Since 1980 we have invested $1.5B in the region, directly changing the lives of 616,694 people.

The Fahe Network is able to achieve such accomplishments because of three important aspects:

• Trust. We leverage that trust to achieve a common goal bigger than any of us can achieve alone.
• Everyone’s success matters to the whole group. It’s really that simple, yet the level of trust and cooperation we have within the Fahe Network and the communities we serve has taken years to cultivate. And it’s worth it. When we invest the time and energy on these important relationships, this mutual trust, anything is possible and it becomes our catalyst for game changing work.

Now is the time to champion the communities that have been left behind. Our mission to end persistent poverty is going to hit the notion that we’re unworthy head on. The issues here in Appalachia are not so different than those encountered across the country. What could we accomplish if we grow our trust and desire for mutual success? Can you imagine if every community truly was valued and invested in?

Jim King, Fahe CEO & President

Strength in Numbers: FY2019 Stats and Figures

80,940
People Served in 2019

616,694
People Served Since 1980

FY19 direct Network investment
$123.4 Million

Total Historical Financial Impact
$1.5 Billion

The Fahe network employs 4,086 people across the Central Appalachian region.

“During FY2019, the home office in Berea, KY made total direct investments of $123.4M, and all of Fahe $320M, serving 80,000 PEOPLE. Since 1980 we have invested $1.5B in the region, directly changing the lives of 616,694 PEOPLE.” — JIM KING, FAHE CEO & PRESIDENT
Appalachia has long suffered due to chronic underinvestment. The once prevalent extraction-based industries, such as coal and logging, siphoned off natural resources. The lack of sustainability in the process left a vacuum of opportunity for the future generations after communities failed due to their dependencies on these once prosperous industries. Now we have a decline in workforce and future leaders as many young people leave the region for places of greater opportunity. The 50+ Members of the Fahe Network create impact in the region with a proven methodology despite limited investment. To bring impact at a scale to create opportunity for all in our region, we, along with our allies across the nation, are calling for game-changing investment that eclipses anything previously received.
Estimated philanthropic investments in Appalachia total well below $50 per person where the national average is $400 per person. In areas like New York City and San Francisco, the investments reach almost $2,000 and $4,000 per person respectively. Despite the low level of investment we see in the region, in FY2019, the Fahe Network served 80,940 people with housing and community development services. We made a total direct investment of $123.4 Million. Since 1980 we have invested $3.7B in the region and directly changed the lives of 763,000 people. Fahe is able to achieve such impact with investment that are relatively small in comparison to the rest of the country because of our strong relationships and deep reaching platform that allows us to connect investments directly to the boots on the ground leadership who can have the most impact in the region. Imagine what the high-impact leaders of the Fahe Network could achieve in Appalachia if the region were to receive an investment closer to the average of $400 per person.

2019 Services and Programs

FY2019 also saw the unveiling of new services and the strengthening of existing programs.

The Persistent Poverty Working Group

Fahe is a leader of the Persistent Poverty Working Group (PPWG), a national coalition of nonprofit organizations serving Appalachia, the Mississippi Delta, the Rio Grande Valley, and Native American Communities. PPWG members serve the nearly 400 persistent poverty counties across the country which are home to over 20 million people. We work together across geographical boundaries to share knowledge and expertise that empowers our ability to break the cycle of poverty.

The PPWG seeks to end the systemic poverty we face in this country by addressing the core issues, such as chronic underinvestment and exploitation of vulnerable peoples. The Persistent Poverty Working Group has achieved considerable success in establishing public/private partnerships and positively influencing decision makers and federal agencies to prioritize persistent poverty areas in the administration of impactful programs.

We are daring to dream of what it would really take to eliminate persistent poverty in our country.

We are daring to dream of what it would really take to eliminate persistent poverty in our country. The investments we see in persistent poverty areas are trivial in comparison to investments made in other parts of the country. As one of the wealthiest nations in the world, we have more than enough resources to help break the cycle of poverty we face in these areas of the country. We are setting an audacious and ambitious goal to eliminate persistent poverty in our country by 2040: we know that by working together and focusing on what we have in common (rather than what makes us different) and pursuing shared goals, we can build the political will needed to secure the investments it will take to create lasting change on the ground in Persistent Poverty Areas.

Recovery

The drug crisis in Appalachia has reached an all-time high. Appalachian men ages 25 to 44 experience a 72 percent higher overdose mortality rate versus males in other parts of the country. For Appalachian women ages 25 to 34, the rate is 92 percent higher. West Virginia and Kentucky, two states in Fahe’s service area, were rated 1st and 3rd respectively in the nation for overdose deaths.

The threat drug addiction poses to the health and safety of our communities is too great to ignore. Fahe strongly believes a multi-sector collaborative approach is needed to address the issue. Since 1980, we have used our expertise in collaboration to connect local leaders and communities with national-level resources and opportunities. Fahe is using that same collaborative expertise to partner with local stakeholders such as drug recovery experts, local employers, government officials, and community members in order to make a real difference in our communities and the lives of people facing addiction.

Fahe has been instrumental in the financing and development of several recovery centers across the state of Kentucky. Since the inception of Recovery Kentucky (a joint effort between the Department of Local Government, the Department of Corrections, and Kentucky Housing Corporation) Fahe has helped secure funding for four recovery centers, resulting in 100 beds and generating $43M in savings for Kentucky.
In 2019, we increased the scope of our operations and impact of our Recovery Taskforce by convening more partners than ever before to deepen our multi-sector response to the region’s harrowing drug crisis. Working closely with employers, law makers, recovery specialists, housing experts, state agencies, and dozens of locally-based partners, we have begun to implement a whole new set of interventions.

**Kentucky Access to Recovery**

Fahe serves as the program administrator for the Kentucky Access to Recovery Program (KATR), in partnership with the State of Kentucky and the Kentucky Cabinet for Health and Family Services. KATR provides people in recovery who cannot access services by other means a way to access essential services such as transportation, childcare, and housing. The program received federal funding of $3.7M from the Substance Abuse and Mental Health Services Administration (SAMHSA). KATR currently provides access to services in a fourteen county area in Kentucky with offices located in Jefferson, Boone, and Letcher Counties.

The Appalachian Regional Commission (ARC) awarded Fahe $1M in POWER funding to expand a reemployment model (based on a successful Lexington, Kentucky model—DV8 Kitchen). POWER Funding enables Fahe to expand the DV8 model into six coal-impacted counties in eastern KY over the next three years, providing paid internships for 30 people in addiction recovery, placing them with 30 unique employers, and providing informational training sessions designed to lift the stigma many employers have about people going through recovery.

**The drug crisis in Appalachia has reached an all-time high.**

Many times recovery programs are more centrally located in or around urban centers. But thanks to Fahe’s partnership in this program, and our deep connections to rural communities through our Members, people in recovery living in more rural and remote areas will also benefit from KATR.

**Transformative Employment**

The Appalachian Regional Commission (ARC) awarded Fahe $1M in POWER funding to expand a reemployment model (based on a successful Lexington, Kentucky model—DV8 Kitchen). POWER Funding enables Fahe to expand the DV8 model into six coal-impacted counties in eastern KY over the next three years, providing paid internships for 30 people in addiction recovery, placing them with 30 unique employers, and providing informational training sessions designed to lift the stigma many employers have about people going through recovery.

**Advocacy**

Fahe has made great strides in reclaiming our communities and our people with modest investments. We have learned that if you dare to dream about something bigger and better, leverage your partnerships with trusted friends and allies, you can accomplish more than you first believed. Appalachians are worthy of receiving the same level of investment as the rest of the country and when we are able to secure that level of funding, we can reach higher and truly make sure that no community is left behind in America.
### Statement of Activities
June 30, 2018 and 2019

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Donations</td>
<td>$3,480,651</td>
<td>$3,599,700</td>
</tr>
<tr>
<td>Interest and Investment Income</td>
<td>$2,190,064</td>
<td>$2,571,024</td>
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<tr>
<td>Income from Operations</td>
<td>$2,058,223</td>
<td>$1,727,473</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$7,728,938</strong></td>
<td><strong>$7,898,197</strong></td>
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<table>
<thead>
<tr>
<th>Expenses</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>$4,855,088</td>
<td>$5,222,547</td>
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<tr>
<td>General and Administrative</td>
<td>$227,608</td>
<td>$195,943</td>
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<tr>
<td>Membership</td>
<td>$2,092,087</td>
<td>$1,903,640</td>
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<tr>
<td>Fundraising</td>
<td>$431,286</td>
<td>$555,026</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$7,606,069</strong></td>
<td><strong>$7,877,156</strong></td>
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</table>

| Increase in Net Assets        | $122,869   | $21,041    |

<table>
<thead>
<tr>
<th>Assets Under Management</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Mortgage Lending</td>
<td>$59,000,000</td>
<td>$63,364,537</td>
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<tr>
<td>Community Development Lending</td>
<td>$11,000,000</td>
<td>$35,626,923</td>
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<tr>
<td>Loan Servicing Portfolio</td>
<td>6,093 loans</td>
<td>6,096 loans</td>
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<td><strong>Total Assets Under Management</strong></td>
<td><strong>$258,000,000</strong></td>
<td><strong>$316,876,464</strong></td>
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</table>

### Statement of Financial Position
June 30, 2018 and 2019

<table>
<thead>
<tr>
<th>Assets</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$11,494,597</td>
<td>$11,949,074</td>
</tr>
<tr>
<td>Receivables</td>
<td>$3,219,733</td>
<td>$1,561,335</td>
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<tr>
<td>Investments</td>
<td>$152,416</td>
<td>$180,318</td>
</tr>
<tr>
<td>Property and Equipment-Net</td>
<td>$3,362,074</td>
<td>$3,244,715</td>
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<tr>
<td>Mortgage Notes Receivable-Net</td>
<td>$24,844,592</td>
<td>$26,516,064</td>
</tr>
<tr>
<td>Notes Receivable-Net</td>
<td>$19,573,823</td>
<td>$25,205,887</td>
</tr>
<tr>
<td>Other Assets</td>
<td>$1,317,457</td>
<td>$1,531,517</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$63,964,692</strong></td>
<td><strong>$70,188,910</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$851,655</td>
<td>$698,354</td>
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<tr>
<td>Notes Payable</td>
<td>$25,501,125</td>
<td>$32,071,511</td>
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<tr>
<td>EQ2</td>
<td>$3,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>$3,319,910</td>
<td>$2,106,002</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$32,672,690</strong></td>
<td><strong>$38,875,867</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$15,192,198</td>
<td>$16,191,367</td>
</tr>
<tr>
<td>Temporarily Restricted</td>
<td>$16,099,804</td>
<td>$15,121,676</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>$31,292,002</strong></td>
<td><strong>$31,313,043</strong></td>
</tr>
</tbody>
</table>

| Total Liabilities and Net Assets | **$63,964,692** | **$70,188,910** |
Fahe Staff

Kelsey Adams
Kyle Baker
Sara Ball
John Blankenship
David Brock
Tina Cain
Pam Carender
Chissy Cash
James Caudill
Matthew Coburn
Alex Dadok
Maj Dasher
Maureen Duncan
James Edington
Norma Edwards
Jessica Estes
Jeneene Estridge
Daytines Ferreras
Kent Hall
Vanessa Haste
Sarah Haskins
David Howard
Joy Huffman
Jessie Hunt
Pam Johnson
Tyler Johnson
Melinda Jones
Jim King
John Laidlaw
Crystal Lawson
Janel Lawson
Rebecca Legenza
Colby Lilly
Jessica MacPherson
Dollie Martin
Bob McGaughey
Chad McPherson
Laura Meadows
Kacee Miller
Sara Morgan
Kodi Mullins
Brittney Murphy
Dwain Neetley
Anthony Newman
Tina Parker
Kyle Parsley
Aaron Phelps
Vonda Poynter
Jannie Puckett
Justin Rabnott
Bla Reynolds
Linda Sabino
Daniel Sexton
Clay Smith
Myralee Smith-Cowley
Susan Smith Mullins
Tammey Sparks
Angelo Stephens
Joshua Stewart
Kat Stigers
Bethany Taylor Gilbert
Deborah Thompson
Whitney Valentine
Ashley Vickary
Jackie Weiss
Kristi Williams

Fahe Board of Directors

Joseph Belden
Consultant

Maria Calton
Kingsport Housing & Redevelopment Authority

Chritional Cruso
Fairmont-Morgantown Housing Authority

Dreana Gentry
Partners for Education at Berea College

Karen Jacobson
Randolph County Housing Authority

Andy Kegeley
HOPE, Inc.

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

Jake Powell
Community Housing Partners

Pictured: moments from the 2019 Fahe Annual Meeting, which was held September 9-11, 2019 in Knoxville, TN. Activities included discussion with Fahe Spring Retreat collaborative groups, the annual Fahe awards ceremony, participation in a joint Fahe/NWA Rural Initiatives membership conference, and a tour of local Fahe Membership projects.
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.

Members based in Alabama
2. Hale Empowerment & Revitalization Organization
3. Neighborhood Concepts
4. Neighborhood Housing Services of Birmingham

Members based in Kentucky
1. Beattyville Housing and Development
2. Bell-Whitley Community Action
3. Christian Appalachian Project (CAP)
4. COAP
5. Community Ventures
6. Frontier
7. Housing Development Alliance (HDA)
8. Housing Oriented Ministries Established for Service (HOMES)
9. KCEOC Community Action Partnership
10. Kentucky Highlands Investment Corporation (KHIC)
11. Kentucky Mountain Housing Development
12. Kentucky River Community Care (KRCC)
14. Partnership Housing
15. People’s Self-Help Housing

Members based in Maryland
1. Garrett Co. Community Action Committee

Members based in Tennessee
1. Aid to Distressed Families of Appalachian Counties (ADFAC)
2. Appalachian Habitat for Humanity
3. Appalachia Service Project (ASP)
4. Blount County Habitat for Humanity
5. Clinch-Powell RC&D Council

Members based in Virginia
1. Appalachian Community Action & Development Agency (AppCAA)
2. Community Housing Partners (CHP)
3. HOPE, Inc.
4. People Inc. of Virginia
5. Southeast Rural Community Assistance Project (SERCAP)
6. Washington Co. VA Habitat for Humanity

Members based in West Virginia
1. Almost Heaven Habitat for Humanity
2. Farmont-Margontown Housing Authority
3. Coalfield Development Corp.
4. HomeOwnership Center
5. Housing Authority of Mingo County
6. Mon Valley Habitat for Humanity
7. North Central West Virginia Community Action Association
8. Randolph County Housing Authority
9. Religious Coalition for Community Renewal (RCCR)
10. Southern Appalachian Labor School (SALS)
11. 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. We would also like to thank the Fahe staff who, in addition to their paid duties, regularly provide cash and in-kind donations in support of our mission.

- Andrew Schenker
- Appalachia HEAT Squad®
- Appalachian Community Federal Credit Union
- Appalachian Regional Commission
- Banc of America Community Development Corporation
- Bank of America
- Berea Chamber of Commerce
- Byron and Lee Stookey
- CDRI Fund
- Central Bank
- Clients of the Sustainability Group, part of Loring Wolcott & Coolidge Trust
- Commercial Bank
- Compass Bank
- Congregation of the Sisters of the Incarnate Word
- Congregation of the Sisters of St. Joseph
- Craft, Noble & Company
- David Roswell
- Deutsche Bank
- Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America
- Emma C. Trevor
- Eric Haralson
- Fannie Mae
- Federal Home Loan Bank
- Foundation for Appalachian Kentucky
- Freddie Mac
- Glenmary Home Missioners
- HEAD Corporation
- Jones Family Farm
- JP Morgan Chase Foundation
- Just Transition Fund of the Rockefeller Family Fund
- Kentucky Department of Local Government
- Kentucky Farm Bureau
- Kentucky Housing Corporation
- Lynn and Crit Luallen
- McBrayer
- MACED
- Maureen Flannery
- Mercy Investment Services
- NeighborWorks America
- Ohio Capital Corporation for Housing
- Opportunity Finance Network
- Paula and Larry Withers
- People’s Self-Help Housing
- Phil Brown Insurance Agency
- Pinnacle Bank
- PNC Bank, National Association
- Prosperity Now
- Religious Communities Impact Fund, Inc.
- Robert Wood Johnson Foundation
- Rural LISC
- Sara and John Morgan
- Seton Enablement Fund
- Substance Abuse and Mental Health Services Administration
- Sylvia Jones and Vickie Jones
- Sisters of Charity of Nazareth
- Tennessee Housing and Development Authority
- US Department of Agriculture
- US Department of Housing and Urban Development
- US Department of Treasury
- VCC Bank
- VHDA
- Virginia Organizing Project
- Wells Fargo Bank
- Wells Fargo Housing Foundation
- West Virginia Housing Development Fund
- Woodforest National Bank

Top: Fahe Member Kentucky River Foothills celebrates the groundbreaking of their 100th home with homeowner Shay Powell (center).

Right: Homeowner Brian Reppert poses in front of his new home purchased with a 502 Direct Mortgage Loan received through Fahe’s mortgage division, JustChoice Lending.

Bottom: Sarah Bates (far right), Executive Director of Fahe Member Creative Compassion Inc., celebrates with Philip (center) and his two children on the closing of their new home.