



— 2019 —
**ANNUAL
REPORT**

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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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President's Letter

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.

We are using our collaborative work to increase our impact, and now we are leveraging that toward greater advocacy. Appalachia, as well as other areas of persistent poverty around the country, such as the Deep South, Native American Lands, the Rio Grande Valley, suffer from chronic underinvestment. Fahe is leading a coalition of similar organizations, currently known as the Persistent Poverty Working Group (PPWG) which serves these areas. We combine our strength and collective voice to help focus the impact we have already made in our individual regions to focus on the country as a whole.

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



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



Reclaiming Appalachia

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.

Rural Initiatives Membership Conference attendees visit River Place on the Clinch, an ecotourism destination owned and operated by Fahe Member Clinch-Powell RC&D.

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 is 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 for Local Government, the Department of Corrections, and Kentucky Housing Corporation) Fahe has helped secure funding for four recovery centers, resulting in 500 beds and generating \$43M in savings for Kentucky.



Top: David Lipsetz (HAC) moderates a discussion with members of Partners For Rural Transformation. Ed Sivak(HOPE), Chrystel Cornelius, and Jim King (Fahe).

Left: Kentucky Governor Matt Bevin attends the ribbon cutting for Sky Hope Recovery Center for Women in Somerset, KY.

Right: Fahe Strategic Programs staff who lead our recovery programs.



Homeowner Laurie Davis (center) celebrates her new home with staff from Fahe and USDA RD, including the Administrator for Rural Housing Service, Bruce Lammers (left).

Meet Laurie Davis

When Laurie Davis first approached JustChoice Lending, she had been living in a storage shed for four years. Laurie found the shed to be the most affordable option after the death of her husband and the loss of her previous home.

"Even though I lived next to my parent's home, there wasn't any room inside. The storage shed was the best option for me to have a space to sleep and still be around to help care for my father. It wasn't the best situation. I had to carry water back from their home to mine and over the years the lifestyle wore me down."

JustChoice Lending was able to work with Laurie on becoming credit ready. They walked her through the process of managing her limited income and were soon able to help Laurie secure a USDA 502 Direct home loan.

"I didn't know I could have a home again after my husband's death. I feel very grateful to have a proper roof over my head again and a place for my grandchild to come and visit that I'm proud of. — LAURIE DAVIS

Now Laurie lives in a comfortable, safe home with running water that will allow her to age in safety and comfort.

"I didn't know I could have a home again after my husband's death. I feel very grateful to have a proper roof over my head again and a place for my grandchild to come and visit that I'm proud of.

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 specialist, 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 a 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 drug crisis in Appalachia has reached an all-time high.

Transformative Employment

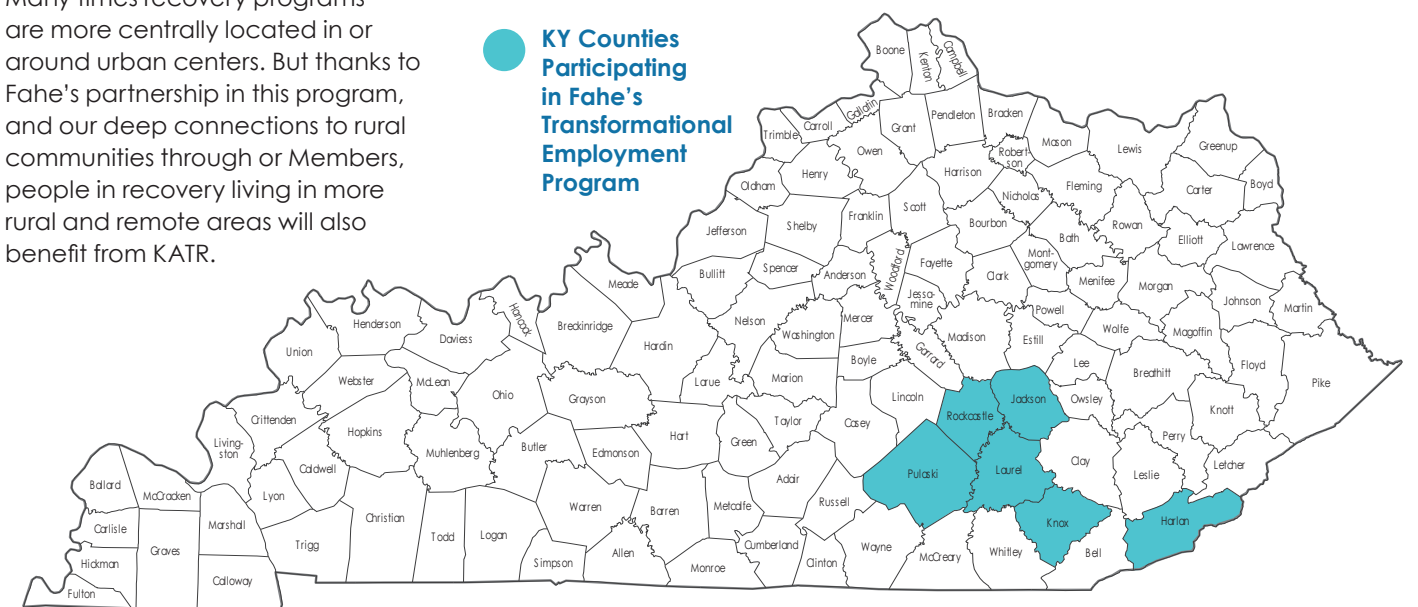
The Appalachian Regional Commission (ARC) awarded Fahe \$1M in POWER funding to expand a reemployment model (based on a successful Lexington, Kentucky model—DV8 Kitchen). POWER Funding enables Fahe to expand the DV8 model into six coal-impacted counties in eastern KY over the next three years, providing 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 our outreach and advocacy work with our Members and partners. Working with the Persistent Poverty Group, we were successful in the promotion of the 10-20-30 model which encourages targeting at least 10 percent of USDA RD investments towards persistent poverty communities – counties were 20 percent or more of the population has lived below the poverty line for the last 30 years.

The Fahe Network 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 friend 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.

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.



Statement of Activities

June 30, 2018 and 2019

Revenue	2018	2019
Grants and Donations	\$3,480,651	\$3,599,700
Interest and Investment Income	\$2,190,064	\$2,571,024
Income from Operations	\$2,058,223	\$1,727,473
Total Revenue	\$7,728,938	\$7,898,197

Expenses	2018	2019
Program Services	\$4,855,088	\$5,222,547
General and Administrative	\$227,608	\$195,943
Membership	\$2,092,087	\$1,903,640
Fundraising	\$431,286	\$555,026
Total Expenses	\$7,606,069	\$7,877,156
Increase in Net Assets	\$122,869	\$21,041

Assets Under Management	2018	2019
Mortgage Lending	\$59,000,000	\$63,364,537
Community Development Lending	\$11,000,000	\$35,626,923
Loan Servicing Portfolio	6,039 loans	6,096 loans
Total Assets Under Management	\$258,000,000	\$316,876,646

Statement of Financial Position

June 30, 2018 and 2019

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

Liabilities	2018	2019
Accounts Payable	\$851,655	\$698,354
Notes Payable	\$25,501,125	\$32,071,511
EQ2	\$3,000,000	\$4,000,000
Other Liabilities	\$3,319,910	\$2,106,002
Total Liabilities	\$32,672,690	\$38,875,867

Net Assets	2018	2019
Unrestricted	\$15,192,198	\$16,191,367
Temporarily Restricted	\$16,099,804	\$15,121,676
Total Net Assets	\$31,292,002	\$31,313,043
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

Chrissy Cash

James Caudill

Matthew Coburn

Alex Dadok

Marj Dasher

Maureen Duncan

James Edington

Norma Edwards

Jessica Estes

Jeneene Estridge

Dayrines Ferreras

Kent Hall

Vanessa Haste

Sarah Hoskins

David Howard

Joy Huffman

Jessie Hunt

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Tyler Johnson

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Jim King

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Crystal Lawson

Janel Lawson

Rebecca Legenza

Colby Lilly
- Jessica MacPherson

Dallie Martin

Bob McGaughey

Chad McPherson

Laura Meadows

Kacee Miller

Sara Morgan

Kodi Mullins

Brittney Murphy

Dwain Neeley

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

Joshua Stewart

Katy Stigers

Bethany Taylor Gilbert

Deborah Thompson

Whitney Valentine

Ashley Vickery

Jackie Weiss

Kristi Williams

Pictured: moments from the 2019 Fahe Annual Meeting, which was held September 9-8, 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.



Fahe Board of Directors

- Joseph Belden

Consultant

Maria Catron

Kingsport Housing & Redev. Authority

Christal Crouso

Fairmont-Morgantown Housing Authority

Dreama Gentry

Partners for Education at Berea College

Karen Jacobson

Randolph County Housing Authority

Andy Kegley

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



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.

Members based in Alabama

- 1. Community Action Partnership of North 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)
- 13. Kentucky River Foothills Development Council, Inc.
- 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. Appalachia Habitat for Humanity
- 3. Appalachia Service Project (ASP)
- 4. Blount County Habitat for Humanity
- 5. Clinch-Powell RC&D Council

- 6. Creative Compassion
- 7. Crossville Housing Authority
- 8. Eastern Eight Community Development
- 9. Foothills Community Development
- 10. HomeSource east tennessee
- 11. Kingsport Housing & Redevelopment Authority
- 12. Knoxville Habitat for Humanity
- 13. Knoxville Leadership Foundation
- 14. Loudon County Habitat for Humanity, Inc.
- 15. Mountain T.O.P.

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. Fairmont-Morgantown 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

----- Core 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. 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
 - CDFI Fund
 - Central Bank
 - Clients of the Sustainability Group, part of Loring Wolcott & Coolidge Trust
 - Commercial Bank
 - Compass Bank
 - Congregation of the Sisters of Charity 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.





fahe
Strength in Numbers

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 Equal Housing Opportunity