

# 2016 ANNUAL REPORT



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

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## **Table of Contents**

President's Letter	<b>2</b>
Member Spotlight: COAP	<b>3</b>
How Fahe Works	<b>4</b>
Financial Statements	<b>5</b>
Staff and Board of Directors	<b>7</b>
Members	<b>8</b>
Acknowledgements	<b>9</b>

### **ON THE COVER:**

Clockwise from left: Blake Enlow, Executive Director of COAP. *Photo by Richard Lord*; Pearl Cope, homeowner. *Photo by Richard Lord*; Richard Thomas, owner/operator of R&T Hauling. *Photo by Aaron Phelps*; Tom Carew, Fahe EVP of Advocacy. *Photo by Ben Keeling*



Fahe President Jim King (second from left) speaks during the Uplift America press event held in Berea, KY where Fahe was awarded \$50M for community investment. *Photo by Ben Keeling*



## President's Letter

**T**he current political climate certainly has our full attention. We face funding cuts that could drastically change the scope of our Network's reach in Appalachia. The concern is real; however now that Appalachia and rural America are in the spotlight, there is also a great opportunity.

The way I see things, we can choose to respond in one of two ways: with courage or fear.

The Fahe Network is fiercely mission-minded. We strive to address the tough challenges in our region; however, those challenges pale when focusing on serving the next community, the next family, the next child. We have overcome many barriers in our 36 years of service, including the Great Recession and the danger of dramatic cuts to important sources of funding. We have weathered each of these past challenges, and crafted solutions for the future. When USDA was facing cuts and couldn't effectively deliver 502 Direct loans we collaborated with them and formed

a national packaging program that serves as an excellent model of public-private partnerships. When HOME was under attack, we leveraged the voice of our sizable Network and showed Congress the consequences such cuts would have on families. And we saved the HOME program.

In 2016, we served 75,000 people in housing and community development services. We invested \$73 million dollars into Appalachia. Over our history, through the good times and the really tough times, we have served over 375,000 people with a financial impact of \$1.26 billion.

In 2016, we also completed a bold new 5-year strategic plan (2017-2021) that rallies the expertise of the Fahe Network and collaborative model to fight persistent poverty in new arenas.

I choose to respond with courage.

The Fahe Network is comprised of extraordinary leaders who have already proven their commitment

to uplift their communities even through the tough times. I choose to respond with courage because we collaborate with great regional and national partners who provide support because they believe in our ability to create opportunity in the region. I choose to respond with courage because the need is still here.

With the recent spotlight turned on Appalachia and rural America, there is a renewed interest from outside parties to invest and uplift these areas of our country. I invite these groups to also respond with courage and collaborate with Fahe on our mission to eliminate persistent poverty in Appalachia.

With the clear vision of our new strategic plan and the ability to leverage a large, collective voice, I know Fahe will continue to craft innovative solutions that create transformational change and opportunity for the people of Appalachia.

**Jim King**  
President and CEO



Blake Enlow, Executive Director of COAP, discusses home energy efficiency with Pearl Cope of Benham, KY.  
Photo by Richard Lord.

**F**ahe Members create meaningful, lasting change in Appalachia. These regional leaders exemplify service and dedication to the people in their communities and they do so in one of the toughest areas in the country to operate. We work to ensure that the thousands of Appalachian families who look to our Members for support and service find leaders and resources that strengthen their household and communities.

While Central Appalachia has abundant natural beauty and resources and has produced a proud cultural tradition of artistic endeavors including music, storytelling, and folk art, it also faces significant challenges. The region suffers from chronic economic depression which results in poverty rates that are double and incomes that are less than half of the national average. The economic landscape contributes greatly to social problems such as addiction, personal health issues, and lack of stable and affordable housing to name a few.

Fahe supports our Members through a collaborative Network, providing resources to combat

persistent poverty such as financing, advocacy, and training that are not easily obtained in this area.

"Without Fahe, COAP would simply not be here today serving the housing needs of Harlan, Bell, and Leslie Counties," asserted Blake Enlow, Executive Director of Fahe Member, COAP, located in Harlan, KY. "If it were not for their willingness to find solutions to COAP's financial problems, COAP would have closed seven years ago. If it were not for the guidance given to me, as a new Executive Director, by Fahe, we would have folded. We have been able to grow by having access to training through grant dollars and NeighborWorks Training Institute slots provided by Fahe."

In 2010, COAP and several other Members received specialized training through Fahe around energy efficient building practices. Fahe predicted the training would increase the Member groups' capacity, connect expertise normally found in larger cities to isolated rural areas, improve the market for high-performing homes, and support our Members' ability to bring the Appalachian region up to par with trends in energy efficiency. We utilized the award-winning and nationally recognized NRCERT center managed by Member Community Housing Partners (CHP) in Blacksburg, VA for the training.

Fast forward to 2016—COAP now has a line of business based on



this training that brings in an additional \$70,000/year in revenue, decreasing their dependence on subsidy and improving their ability to pursue their mission. The training also increased COAP's capacity to participate in innovative Pilots—like Benham \$aves and the Appalachia HEAT Squad®—to make rehab financing affordable and accessible for homeowners of all means. Providing energy rehab services and financing also addresses the abundance of substandard housing in Harlan County, decreases monthly utility costs for residents, and provides opportunities for families to improve their credit.

"The value I see from our membership is access," said Blake "We have access to information about the Federal climate and what may be coming in the future. We have access to advocacy so our

voices are heard on the State and Federal levels. We have access to training through grant dollars. We have access to financial products we would not have had if it were not for Fahe."

The energy efficiency training Fahe facilitates for Members like COAP is made possible by investments from funders like the Kentucky Department for Local Government, Oak Hill Fund, the Ford Foundation, and the Appalachian Regional Commission. Our collaborations with Federal and State agencies as well as private investors and foundations create access for families to new financing and products such as the rehab financing described above.

Additionally, Fahe serves as a catalyst for transformative public/private partnerships that strengthen low income communities—a

great example of this is Fahe's recent success in advocating with USDA Rural Development RD to establish the Uplift America program. Uplift created access for Fahe and our Members to \$50 million in community facilities money to be used for long-term, low-interest loans to finance projects such as health clinics and drug recovery centers. Uplift allows for the leveraging of federal resources, banking finance, and private investments to build capacity for the region and organizations that serve persistent and high poverty areas. We also partner with USDA and private banks to provide a two-tiered broker service with our Members allowing them to earn extra income while providing a valuable mortgage service to underbanked areas. Opportunities such as these increase capacity and expertise which enables our Members to do more than they could alone.

Richard Thomas, a former coal miner, became a young entrepreneur in Barbour County, WV thanks to support from Woodlands Community Lender, a local Community Development Financial Institute (CDFI).

At age 27, Richard was happy with his job in the coal mines, making a good wage for the area. However, after receiving a layoff notice with no call back, he decided to take the skills he developed around coal mining and apply them to starting his own business by hauling lumber for various companies.



Despite having a letter of intent from 84 Lumber and significant collateral, the local banks deemed Richard too high risk and turned him down for the loan needed to purchase the trucks.

Richard's insurance agent recommended him to Jennifer Poling of Woodlands Community Lenders, the CDFI branch of Fahe Member Woodlands Development Group. Within a few short weeks, Richard was approved for his loan and his new life began. "It was great to work with a company that wants to see you working and encourages you to succeed," said Richard. "They believe in helping young entrepreneurs achieve their dreams and that support is needed if the area is going to flourish."

Woodlands Community Lenders are based in Elkins, WV and provide low-interest loans to businesses

Richard Thomas was able to start his own business with the help of Fahe Member Woodlands Development Group. *Photo by Aaron Phelps*

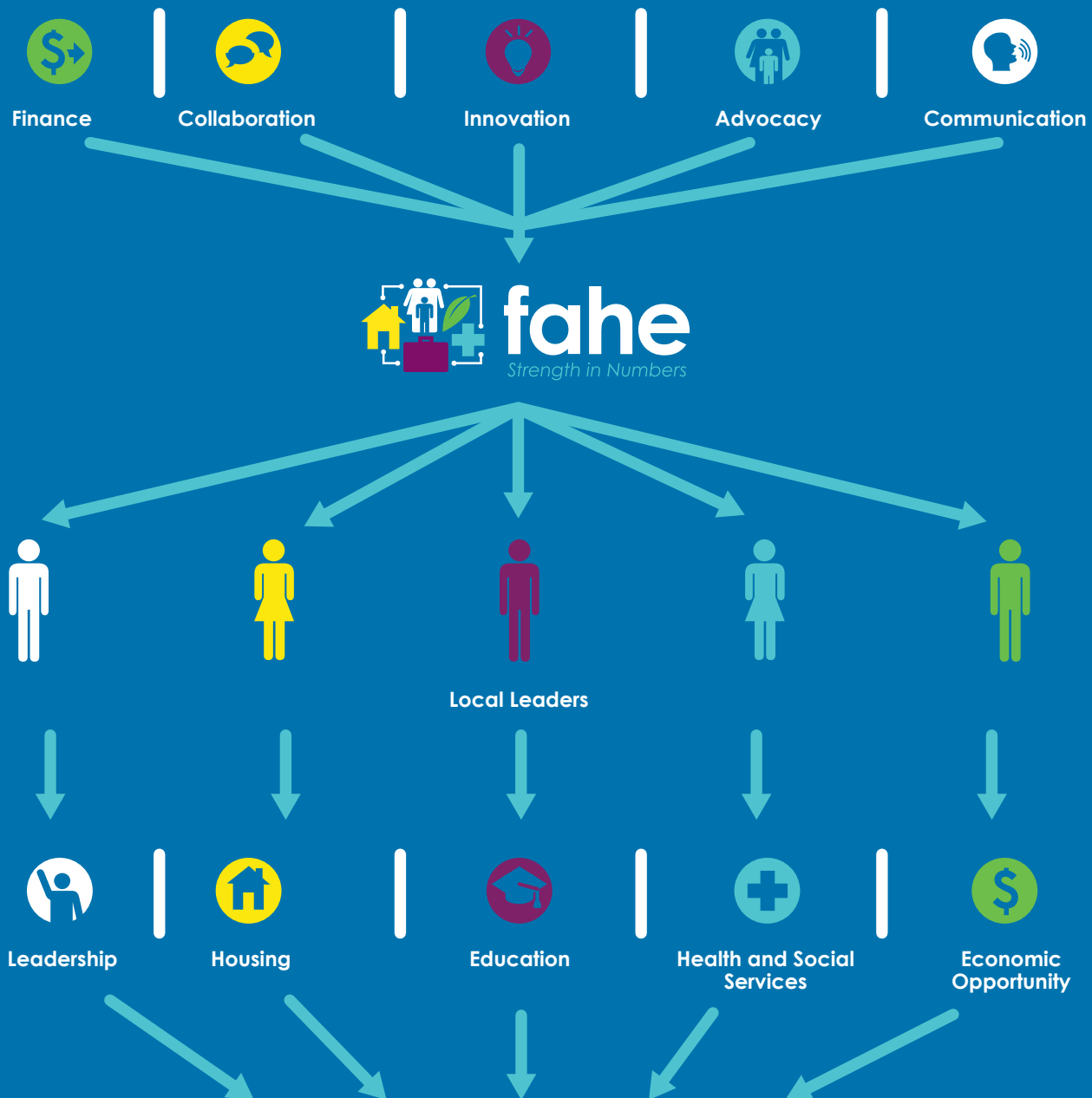
and communities in the Randolph, Tucker, and Barbour County areas. Woodlands participated in the Fahe CDFI Bootcamp, which provided training and technical assistance to Fahe Members on effective engagement and utilization of the CDFI Fund. The CDFI Bootcamp was an effective public/private partnership along with NeighborWorks America and the Wells Fargo Housing Foundation. The participants were dubbed The Wells Fargo Fellows.

"It's pretty exciting to run my own business," said Richard. "It's a lot of responsibility but I'm happy for the opportunity to have responsibility. It's a good thing to go after what you want in life. If you can find a way to achieve that dream and succeed at it, then you should go for it."

"I wouldn't be at work without Woodlands."

# How Fahe Works

Fahe is on a mission to eliminate persistent poverty in Appalachia. We do this by providing our Network of 50+ local leaders with the resources of **finance**, **collaboration**, **innovation**, **advocacy**, and **communication** which allows them to bring **leadership**, **housing**, **education**, **health and social services**, and **economic opportunity** to Appalachia. By working hand-in-hand with our Membership we help the people of Appalachia craft long-lasting solutions for the needs in our region.



## Statement of Activities

June 30, 2015 and 2016

<b>Revenue</b>	<b>2016</b>	<b>2015</b>
Grants and Donations	\$3,448,898	\$5,157,096
Interest and Investment Income	\$1,878,612	\$2,137,416
Income from Operations	\$1,528,065	\$1,307,448
<b>Total Revenue</b>	<b>\$6,855,575</b>	<b>\$8,601,960</b>

<b>Expenses</b>	<b>2016</b>	<b>2015</b>
Program Services	\$4,167,036	\$5,010,013
General and Administrative	\$216,842	\$192,976
Membership	\$1,231,403	\$1,756,338
Fundraising	\$383,338	\$320,493
<b>Total Expenses</b>	<b>\$5,998,619</b>	<b>\$7,279,820</b>
<b>Increase in Net Assets</b>	<b>\$856,956</b>	<b>\$1,322,140</b>

<b>Assets Under Management</b>	<b>2016</b>	<b>2015</b>
Mortgage Lending	\$34,000,000	\$33,000,000
Community Loan Fund Lending	\$13,300,000	\$13,300,000
Loan Servicing Portfolio	6,328 loans	5,956 loans
Total Assets Under Management	\$250,000,000	\$250,000,000

## Statement of Financial Position

June 30, 2015 and 2016

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Cash and Cash Equivalents	\$8,401,072	\$12,207,497
Receivables	\$734,301	\$797,981
Investments	\$130,193	\$122,338
Property and Equipment-Net	\$3,438,332	\$3,577,460
Mortgage Notes Receivable-Net	\$25,352,185	\$23,646,484
Notes Receivable-Net	\$15,334,580	\$13,349,343
Other Assets	\$934,396	\$893,628
<b>Total Assets</b>	<b>\$54,325,059</b>	<b>\$54,594,731</b>

<b>Liabilities</b>	<b>2016</b>	<b>2015</b>
Accounts Payable	\$594,969	\$585,233
Notes Payable	\$23,509,975	\$24,758,258
EQ2	\$2,000,000	\$2,000,000
Other Liabilities	\$3,150,060	\$3,038,141
<b>Total Liabilities</b>	<b>\$29,255,004</b>	<b>\$30,381,632</b>

<b>Net Assets</b>	<b>2016</b>	<b>2015</b>
Unrestricted	\$13,479,557	\$12,574,993
Temporarily Restricted	\$10,139,618	\$10,324,506
Permanently Restricted	\$1,450,880	\$1,313,600
<b>Total Net Assets</b>	<b>\$25,070,055</b>	<b>\$24,213,099</b>
<b>Total Liabilities and Net Assets</b>	<b>\$54,325,059</b>	<b>\$54,594,731</b>



(left) Tom Carew, Fahe's Executive Vice President of Advocacy.  
Photo by Ben Keeling



The Obama Administration's USDA Administrator of Rural Housing, Tony Hernandez, and USDA Undersecretary, Lisa Mensah share a "ta-da" moment with Fahe staff as they visited the Fahe office in 2016. Photo by Ben Keeling

## Staff

Sara Ball  
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Angela Stephens  
Janet Stepp  
Emilee Stites  
Bethany Taylor-Gilbert  
Jackie Weiss  
Crystal Woodard

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Kingsport Housing &  
Redev. Authority

Christal Crouso  
Fairmont-Morgantown  
Housing Authority

Sherry Farley  
Frontier Housing

Michael Haas  
Southeast Rural  
Community Assist. Project

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Randolph County  
Housing Authority

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UK College of Social Work

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Mary Reynolds Babcock  
Foundation

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 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.
- 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
- 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.

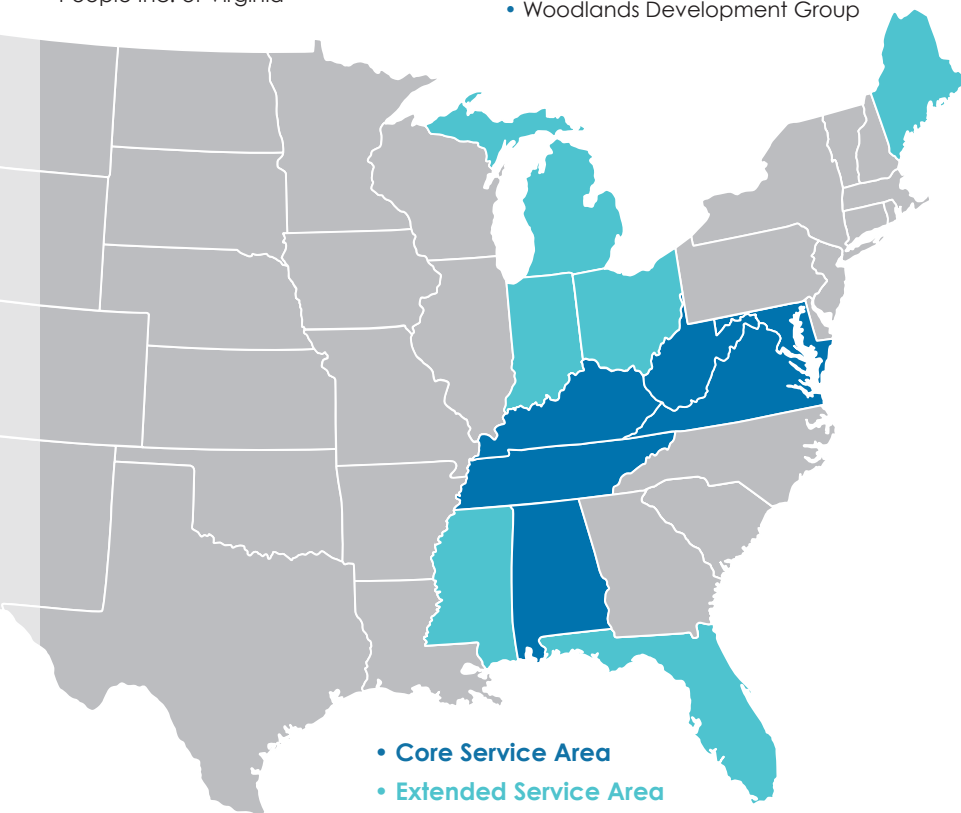
### Virginia

- 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
- 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

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Central Bank of Madison County  
Commerical Bank  
Congregation of Sisters of the Incarnate Word  
James DeWolf Perry V Trust  
Donna Wardenaar  
Deutsche Bank  
Domestic and Foreign Missionary Society of the Episcopal Church  
Hampton Durbin  
Edith Allen  
Emma C. Trevor  
Episocopal Diocese of Iowa Alternative Fund  
Eric Haralson  
Charles R. Heath  
John Heringer  
F.B. Heron Foundation

Fay M. Chandler Trust  
Federal Home Loan Bank  
Glenmary Home Missioners  
HEAD Corporation  
Jones Family Farm  
JP Morgan Chase Foundation  
Kentucky Department of Local Government  
Kentucky Housing Corporation  
Kentucky NeighborWorks Alliance  
Michael C. Kneflin  
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MACED  
Charles Malosh  
Mary Reynolds Babcock Foundation  
Mercy Investement Services  
Nazareth Literary and Benevolent Institution  
NeighborWorks America  
Christopher Norman  
Oak Hill Fund  
Opportunity Finance Network  
People's Self-Help Housing

Perls Foundation  
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PNC Bank  
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Richard C. Chapell Trust  
Richard J. Hale  
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Virginia Organizing Project  
Wells Fargo Bank  
West Virginia Housing Development Fund  
Judy J. Wilson  
Woodforest National LOC  
Woodlands Investment Management Account





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Equal Housing Opportunity