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

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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
Presidential Letter

The 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

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
Fahe 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
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 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

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Donations</td>
<td>$3,448,898</td>
<td>$5,157,096</td>
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<tr>
<td>Interest and Investment Income</td>
<td>$1,878,612</td>
<td>$2,137,416</td>
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<tr>
<td>Income from Operations</td>
<td>$1,528,065</td>
<td>$1,307,448</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$6,855,575</strong></td>
<td><strong>$8,601,960</strong></td>
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### Expenses

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>$4,167,036</td>
<td>$5,010,013</td>
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<tr>
<td>General and Administrative</td>
<td>$216,842</td>
<td>$192,976</td>
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<tr>
<td>Membership</td>
<td>$1,231,403</td>
<td>$1,756,338</td>
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<tr>
<td>Fundraising</td>
<td>$383,338</td>
<td>$320,493</td>
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<td><strong>Total Expenses</strong></td>
<td><strong>$5,998,619</strong></td>
<td><strong>$7,279,820</strong></td>
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<tr>
<td><strong>Increase in Net Assets</strong></td>
<td><strong>$856,956</strong></td>
<td><strong>$1,322,140</strong></td>
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### Assets Under Management

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Lending</td>
<td>$34,000,000</td>
<td>$33,000,000</td>
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<tr>
<td>Community Loan Fund Lending</td>
<td>$13,300,000</td>
<td>$13,300,000</td>
</tr>
<tr>
<td>Loan Servicing Portfolio</td>
<td>6,328 loans</td>
<td>5,956 loans</td>
</tr>
<tr>
<td><strong>Total Assets Under Management</strong></td>
<td><strong>$250,000,000</strong></td>
<td><strong>$250,000,000</strong></td>
</tr>
</tbody>
</table>
# Statement of Financial Position

## June 30, 2015 and 2016

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

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

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

Sara Ball
Norma Edwards
David Brock
Tina Cain
Pam Carender
Tom Carew
Chrissy Cash
Matthew Coburn
Jeanine Corbitt
Marj Dasher
Alisha Denny
Jeneene Estridge
Eric Haralson
Sarah Hoskins
David C. Howard Jr.
Pam Johnson
Melinda Jones
Jim King
Janel Martin
Bob McGaughey
Chad McPherson
Laura Meadows
Kacee Miller
Sara Morgan
Susan L. Smith Mullins
Brittney Murphy
Anthony Newman
Tina Parker
Aaron Phelps
Vonda Poynter
Jamie Puckett
Justin Rabnott
Elsa Reynolds
Amy Rogers
Linda Sabino
Daniel Sexton
Clay Smith
Myralee Smith-Cowley
Tammy Sparks
Angela Stephens
Janet Stepp
Emilee Stites
Bethany Taylor-Gilbert
Jackie Weiss
Crystal Woodard

Board of Directors

Colin Arnold
Community Housing
Partners Design Studio

Joseph Belden
Housing Assistance
Council

Maria Catron
Kingsport Housing &
Redev. Authority

Christal Crouso
Fairmont-Morgantown
Housing Authority

Sherry Farley
Frontier Housing

Michael Haas
Southeast Rural
Community Assist. Project

Karen Jacobson
Randolph County
Housing Authority

Diane N. Loeffler
UK College of Social Work

Justin Maxson
Mary Reynolds Babcock
Foundation

Jackie Mayo
HomeSource
east tennessee

Scott McReynolds
Housing Development
Alliance

Lina Page
Opportunity Finance
Network

(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
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

**Virginia**
- Appalachian Community Action & Development Agency (AppCAA)
- Community Housing Partners (CHP)
- HOPE, Inc.
- People Inc. of Virginia

**West Virginia**
- Almost Heaven Habitat for Humanity
- Fairmont-Morgantown Housing Authority
- HomeOwnership Center
- Housing Authority of Mingo County
- Men’s Cooperative Housing Authority
- 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

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.

Appalachian Regional Commission
Bank of America
Blue Moon
Theresa Brion
Byron and Lee Stookey
CDFI Fund
Central Bank
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
Episcopal 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
Larry and Paula Withers
Linda Miller and Robert Adelberg
Lynn and Crit Luallen
MACED
Charles Malosh
Mary Reynolds Babcock Foundation
Mercy Investment Services
Nazareth Literary and Benevolent Institution
NeighborWorks America
Christopher Norman
Oak Hill Fund
Opportunity Finance Network
People’s Self-Help Housing
Perls Foundation
Phyllis J. Hatfield Trust
PNC Bank
RCIF
Richard C. Chapell Trust
Richard J. Hale
Shamus Roller
Maureen Rude
Rural LISC
Seton Enablement Fund
Tennessee Housing and Development Authority
US Department of Agriculture
US Department of Housing and Urban Development
US Department of Treasury
VHDA
Virginia Organizing Project
Wells Fargo Bank
West Virginia Housing Development Fund
Judy J. Wilson
Woodforest National LOC
Woodlands Investment Management Account