



The 2017

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 strong communities for families to prosper.

What's Inside

- 2** | President's Letter
- 4** | Supporting Local Leaders
- 8** | Appalachia HEAT Squad®
- 9** | Eastern Scholar House
- 10** | Financial Statements
- 11** | Staff and Board of Directors
- 14** | Members
- 15** | Acknowledgements

President's Letter



50+ MEMBER ORGANIZATIONS
80,000 PEOPLE SERVED
\$270 MILLION INVESTED

Local leaders, above all others,
**HAVE THE KNOWLEDGE AND
INSIGHT NEEDED TO CREATE
REAL, LASTING CHANGE**
in their communities.

Dear Friends,

Local leaders are necessary. They tackle real problems and create change in our communities. They are vision-driven people focused on creating opportunity for their families, friends, and neighbors. Local leaders, above all others, have the knowledge and insight needed to create real, lasting change in their communities.

However, one of the challenges these leaders face is predictable and consistent capital. The capacity falters when the money becomes hard to obtain. In some areas, we have great leaders with big ideas that are stifled because of the lack of investment and funding. Capacity follows money. Appalachians are innovative people and if there's an opportunity at hand, they will figure out how to make use of it.

As a backbone organization, Fahe provides the resources local leaders need to grow their capacity and the safety they need to try innovative solutions that

would otherwise prove too risky. This produces resilient and sustainable leaders who in turn create resilient and sustainable communities.

In FY 2017, the Fahe Network served 80,000 people with investments totaling \$270 million which helped fund services such as affordable housing, home repair, improved access to health care and education, and drug and alcohol rehabilitation.

Fahe will continue to support our Members and other local leaders with capital and expertise so they can thrive and continue the good work and bold ideas that transform and provide sustainable opportunity to Appalachia and our rural places.

Thank you,
James King
CEO and President of Fahe

Erika Smith, Owner of Ella, Inc.
in Thomas, WV.



(clockwise from bottom left)
Delmonte Market in Elkins, WV; Jennifer Poling
of Woodlands Community Lenders and client
Richard Thomas of R&T Hauling; Robin Darlington
owner of Countryside Diner and an employee;
4th Street Apartments operated by Randolph
County Housing Authority. All businesses pictured
financed by Woodlands Community Lenders.

Supporting Local Leaders

Fahe supports our Members and other local leaders by providing access to expertise, capital, subsidy, training, and other resources that support and catalyze positive opportunities for the communities and people they serve.

We believe strongly that programs don't solve problems, people do. That's why we support local leaders with resources, opportunities, and access to a large collaborative network.

Since 1980, Fahe has invested \$703.5M generating \$1.4B in finance. This investment was channeled through our Members and community partners, directly changing the lives of 450,000 people.

Elkins, WV

Fahe Member Randolph County Housing Authority (RCHA) in Elkins, WV has made an incredible impact in their community since their founding in 1979. Their leadership touches people's lives beyond their core services areas of home repair, rental, rental assistance, rehab, and construction. RCHA's vision is so extensive it required the

creation of other nonprofits to carry out certain aspects. These organizations include Fahe Member Woodlands Development Group (WDG), founded in 1995, and Fahe Member HomeOwnership Center (HOC), founded in 1998.

RCHA runs and participates in several programs in the region including YouthBuild, Rural Community Development Initiative (RCDI), Healthy Home Program, and the



Section 8 Family Self-Sufficiency Program to name but a few. Annually, RCHA averages \$2.5 million in rental assistance paid to landlords. In 2016, they served 835 households with rental assistance in six counties, and helped facilitate over 6,800 AmeriCorps hours donated by YouthBuild members to community projects.

WDG is a Community Housing Development Organization (CHDO) focused on providing opportunity through sustainable, affordable housing, fostering and financing

entrepreneurship, and supporting economic initiatives. Under WDG's management is Woodlands Community Lenders (WCL), a Community Development Financial Institution. In 2017, WDG and WCL financed the start-up or expansion of 29 businesses, disbursing over \$800,000 to local entrepreneurs and creating 42 jobs. They also secured \$200,000 from the US EPA for Brownfields Clean-up in the city of Thomas. They successfully capitalized a \$1M loan fund for small businesses, and they provided

assistance to private business owners in Elkins, Beverly, Thomas, and Philippi, which supported the redevelopment of over 65,000 square of downtown space.

HOC offers personalized financial advising, credit analysis, and mortgage loans. During their 20 years, they have served over 4,158 people with their services.

These three organizations provide their service areas, which include the cities of Elkins, Thomas, and Philippi with resources that allow their communities to grow and prosper.

29 BUSINESSES
42 JOBS CREATED
\$800,000 FINANCED

Beattyville, KY

Charles Beach, III is the former mayor of Beattyville, KY and a local leader whose passion for his home kicked off the transformation of the small Kentucky town. In 1995, Beattyville had a population of 1,110 and Lee County had a total of approximately 3,000 people. At that time, the unemployment rate was double the state average while the educational attainment rate was half like many small communities in Central Appalachia.

Charlie Beach decided to make a major push to revitalize his town. He started with a traditional model of attempting to bring in industry, but he quickly learned no businesses would come. The reason was there were virtually no standard housing units available for purchase or rent in Beattyville, and the tax base was not sufficient to support basic services like fire protection and trash removal. Mayor Beach sought outside help and together with Fahe developed a plan that would transform the city's housing and tax base for the better.

The first phase of the solution was to develop housing in the form of a subdivision. They needed a developer to oversee construction, provide families with financial counseling, and help them identify and commit to affordable finance. With Fahe's support, the Beattyville Housing & Development Corporation (BHDC) was created to fulfill the role of helping residents connect with opportunities and achieve long-term success as homeowners or renters. With a fee-based, sustainable business model and outstanding leadership, Fahe Member BHDC



became and continues to be an established partner for success, catalyst for change, and leader in the community and the surrounding counties in the region. Wilma Kelly was appointed Director of BHDC and still leads the organization today.

"Wilma Kelly is the foundation of Beattyville Housing," said Beach. "Other counties have sought her advice on funding and projects. She is very talented and continues to bring needed resources to the area."

The creation of Crystal Creek Subdivision provided 50+ families with affordable housing and an increase of approximately \$4.5 million



(clockwise from top)
BHDC Director Wilma Kelly standing before
the Beattyville Water Transmission Plant;
Beattyville Senior Apartments; Former
Beattyville Mayor Charles Beach, III.

to the city's tax base. The availability of quality, affordable housing has attracted the expansion of businesses to the area, resulting in 150 new jobs.

The increase in public-private partnerships in Beattyville also resulted in more community development, including the Lee County Clinic, Beattyville Water Treatment Plant, Lee County water transmission and storage tank, Red Bud Housing, and Beattyville Senior Apartments.

"I am a big fan of Fahe," said Beach. "The organization does an outstanding job in supporting the area. We will continue to see lots of success with the leadership they provide."



(left) Appalachia HEAT Squad home energy auditors perform a blower door test. (right) A duct work test to measure air leakage in the home.

Appalachia HEAT Squad

Appalachia HEAT Squad® (AHS) is an innovative program inspired by NeighborWorks of Western Vermont's HEAT Squad and supported in part by the Appalachian Regional Commission. The goal of the AHS program is two-fold. For families, it provides a needed service in the area through home audits and access to affordable energy efficient improvements that allow families to save money on utility bills. For the community at large, the program provides training and a new source of revenue for local housing and construction businesses.

AHS has proven to be beneficial for the current three participating Members. They have been able to hire and train new employees, establish new sources of revenue, and have a new added benefit to the community they serve. Through innovation, these Members are becoming more resilient and are able to offer services that not only serve low-income households, but all households that make up their communities.

The program started with three Kentucky Fahe Members: Housing Development Alliance, HOMES, and COAP. The program is a success and receives praise from local families, state representatives, and local businesses. Launched in Kentucky, the program expanded into Virginia and will one day grow to serve the rest of Central Appalachia.



(left) Attendees of the ESH child development program and family members paint stones for their rock garden. (right) Partners and investors speak at the ESH ribbon cutting.



Eastern Scholar House

Fahe supported Member Kentucky River Foothills' development of the Eastern Scholar House (ESH) by utilizing our collaborative expertise to secure regional and national resources. Located in Richmond, KY, ESH prioritizes services for single parents furthering their education beyond high school. ESH removes some of the common barriers single parents face when attempting to go back to school by combining on-campus affordable housing with free onsite childcare and education.

"ESH is providing the support mechanisms for 39 families to overcome barriers that will move them to self-sufficiency," stated ESH Program Director Melissa Gross. "The program supplies the tools that let heads of household break free of generational poverty."

Along with providing families access to affordable housing, the program also requires children to be enrolled in the on-site child development center. Child development services are administered through Fahe Member Kentucky River Foothills Development Council, Inc.'s (KRFDC) Early Head Start / Head Start program. The child development facility includes five classrooms for children, offices for program staff, meeting space, a playground, and a computer lab.

"One of the biggest motivations to go back to school was my son," said Whitney Ballew, a resident of ESH. "I wanted to show my son that even if you take a break [from school] or come from different paths, you can still pursue your dreams." Whitney chose to live at ESH while she attended school not only for the support system and income-based rent, but also because it provides her son with the right environment for positive, healthy growth.

"Not only am I pursuing my dreams in industrial psychology," said Ballew, "but my son has the opportunity to pursue his dreams because he's attending Head Start. The Eastern Scholar House is a blessing because I didn't think I would make it. I wouldn't be here without their support."

Statement of Activities

June 30, 2016 and 2017

Revenue	2016	2017
Grants and Donations	\$3,448,898	\$8,843,299
Interest and Investment Income	\$1,878,612	\$1,695,878
Income from Operations	\$1,528,065	\$2,240,242
Total Revenue	\$6,855,575	\$12,779,419
Expenses	2016	2017
Program Services	\$4,167,036	\$4,271,816
General and Administrative	\$216,842	\$209,671
Membership	\$1,231,403	\$1,726,632
Fundraising	\$383,338	\$472,222
Total Expenses	\$5,998,619	\$6,680,341
Increase in Net Assets	\$856,956	\$ 6,099,078

Assets Under Management	2016	2017
Mortgage Lending	\$34,000,000	\$43,000,000
Community Loan Fund Lending	\$13,300,000	\$28,000,000
Loan Servicing Portfolio	6,328 loans	6,193 loans
Total Assets Under Management	\$250,000,000	\$261,000,000

Statement of Financial Position

June 30, 2016 and 2017

Assets	2016	2017
Cash and Cash Equivalents	\$8,401,072	\$10,912,805
Receivables	\$734,301	\$3,452,485
Investments	\$130,193	\$138,600
Property and Equipment-Net	\$3,438,332	\$3,347,638
Mortgage Notes Receivable-Net	\$25,352,185	\$25,001,417
Notes Receivable-Net	\$15,334,580	\$15,958,482
Other Assets	\$934,396	\$1,729,701
Total Assets	\$54,325,059	\$60,541,128

Liabilities	2016	2017
Accounts Payable	\$594,969	\$689,655
Notes Payable	\$23,509,975	\$22,338,539
EQ2	\$2,000,000	\$3,000,000
Other Liabilities	\$3,150,060	\$3,343,801
Total Liabilities	\$29,255,004	\$29,371,995

Net Assets	2016	2017
Unrestricted	\$13,479,557	\$14,430,914
Temporarily Restricted	\$10,139,618	\$15,303,760
Permanently Restricted	\$1,450,880	\$1,434,459
Total Net Assets	\$25,070,055	\$31,169,133
Total Liabilities and Net Assets	\$54,325,059	\$60,541,128



Staff

Sara Ball
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
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Brittney Murphy
Sara Morgan
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Aaron Phelps
Vonda Poynter
Jamie Puckett
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Elsa Reynolds
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Clay Smith
Myralee Smith-Cowley
Susan Smith Mullins
Tammy Sparks
Angela Stephens
Bethany Taylor Gilbert
Jackie Weiss

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Consultant

Maria Catron
Kingsport Housing &
Redev. Authority

Christal Crouso
Fairmont-Morgantown
Housing Authority

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

Justin Maxson
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.
- 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.
- Mountain T.O.P.

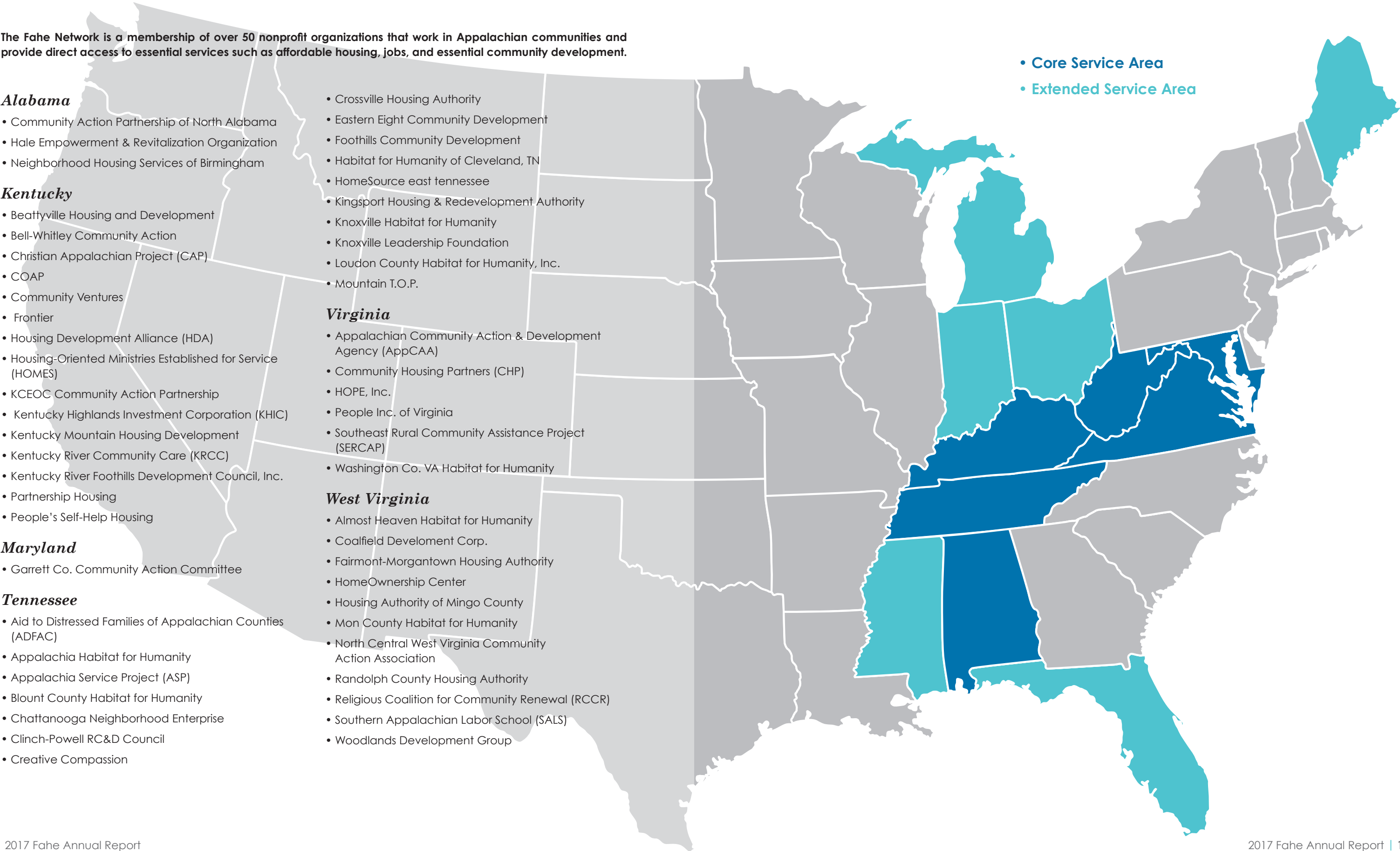
Virginia

- 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

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- Blue Moon
- Brotherhood of St. Andrew at St. John's Cathedral
- Byron and Lee Stookey
- CDFI Fund
- Central Bank
- Central Bank of Madison County
- Commercial Bank
- Deutsche Bank
- Domestic and Foreign Missionary Society of the Episcopal Church
- Donna Wardenaar
- Edith Allen
- Emma C. Trevor
- Episcopal Diocese of Iowa Alternative Fund
- Eric Haralson
- F.B. Heron Foundation
- Federal Home Loan Bank
- Glenmary Home Missioners
- HEAD Corporation
- James DeWolf Perry V Trust
- Joe Belden
- Jones Family Farm
- JP Morgan Chase Foundation
- Kentucky Department of Local Government
- Kentucky Housing Corporation
- Linda Miller and Robert Adelberg
- 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
- Perls Foundation
- Phyllis J. Hatfield Trust
- Pinnacle Bank
- RCIF
- Richard C. Chapell Trust
- 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
- Woodlands Investment Management Account

Fahe will continue
TO SUPPORT OUR
MEMBERS AND OTHER
LOCAL LEADERS
with capital and expertise...



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Equal Housing Opportunity