








2013 FAHE ANNUAL REPORT



fahe

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Per capita income
for the United States:
\$39,937

Per capita income for
Fahe's service area:
\$18,908

This is a difference of
\$21,029 per year
or the average cost of groceries for
a family of four for almost two years

(US Dept. of Agriculture)

There are
116,380
substandard
houses in Fahe's
service area

We served over
7,000
families with new
or rehabilitated
housing in 2013

But the amount of quality housing still
needed in Appalachia could house each
person currently living in Cincinnati, Ohio

In 2013,
Fahe created
2,733
jobs in Appalachia

But there are still
793,890
people in our five
state footprint that
remain unemployed

This figure is roughly the total global
workforce of UPS and IBM combined



FROM OUR PRESIDENT

Fahe and our members are helping the families of Appalachia at an incredible scale. With your help over the years, we have steadily increased our impact. Our network now serves 7,000 families a year with affordable housing and community development services! Every life touched adds to the narrative of hope for the region. As Fahe's longtime friend and supporter, you have helped us create BIG solutions.

Thinking BIG with Fahe resulted in some impressive numbers—since we were founded 30 years ago, with the help of our member network, Fahe has built or preserved more than 82,000 homes and made over \$454 million in direct investment for a total impact of \$958 million.

While we have accomplished a great deal, much work remains. As you will read in our 2013 Annual report, there still remains a large-scale need. Individuals in Appalachia earn \$21,029 less than the national average income. 116,380 homes are considered substandard.

The need for impact at scale is more important than ever. Big thinking and hard work by outstanding friends and colleagues such as you helped inspire our next BIG goal:

By 2025 Fahe will invest \$1.0 billion dollars to serve 1 million people in Appalachia.

With an exceptional staff and membership, well-established and scale-oriented infrastructure, and inspired and inspiring colleagues, Fahe is more than ready to meet this challenge.

One result of our growth has been that we have outgrown our current facilities. In fact, Fahe staff work from three separate buildings with no space to host meetings with key stakeholders, or our member organizations. Construction on our new facility started late 2013 and we look forward to having everyone under one roof by midyear 2014. We've had an amazing outpouring of encouragement and financial support from our staff, network members, and others because they believe in our mission and understand the impact that adequate facilities can have on morale and productivity.

Together we give the gift of hope to individuals and families across the region, thanks to your commitment to Appalachia and support of Fahe. Our accomplishments are life changing and transformational for people and the communities where they live and work. Thank you, for helping us make a difference.

Jim King
Fahe President and CEO

Construction on the new Fahe office building.



"By 2025 Fahe will invest \$1.0 billion dollars to serve 1 million people in Appalachia."
- Jim King, Fahe President

Those Who Serve


Giving has a special place in the hearts of generous people. Fahe, with our membership, helps thousands of families a year. Often those families want to give back by volunteering their time to build homes for others or by inspiring prospective homebuyers to persevere. Taking this a step further, some individuals have given back to their communities by becoming part of the solution—serving on the board of directors for the organization that originally helped them. In this capacity, they can give back to the community as a whole.

“You take things like water, heat, and going to the bathroom for granted. Most people can walk to their sink and turn on their water. I didn’t have that for years. When I first got my new home, as funny as this may sound, I went and flushed my toilet and cried.” Lynne Bouknight spoke these words as she recalled the intense experience of receiving a new home thanks to Fahe’s Wytheville, Virginia-based member Helping Overcome Poverty’s Existence (HOPE). “That’s why I share my story. That’s why I’m excited to serve on HOPE’s board. I want to help other people get a home and improve their lives. If my presence and my story can make a difference, then I’ll gladly tell anyone.”

Lynne’s heritage is very important to her. Knowing this, her mother gave Lynne the family home and land when she moved

away to Florida. Lynne’s grandfather built the house back in the ‘50s. It was a beautiful and large two-story farmhouse with stone steps and a well in the front yard. After raising her daughter and niece in this home, Lynne continued to live there despite the house’s growing need for repairs. She maintained the house as best she could, but after suffering an aneurysm which paralyzed her left side, she found herself unable to work. Living on a fixed income with compromised health made it impossible to perform the necessary upkeep. Soon Lynne found the house falling down around her.

“It got so bad in the winter. Part of the roof had fallen away and sometimes there would be several inches of snow sitting in the house. The worst part was the lack of water though. The pump for the well



“That’s why I’m excited to serve on HOPE’s board. I want to help other people get a home and improve their lives. If my presence and my story can make a difference, then I’ll gladly tell anyone.”

- Lynne Bouknight



broke and when I bought another one, a dishonest plumber stole my pump. I couldn't afford another one. "

Over the years the condition of the home grew worse and Lynn was reduced to sleeping in the one room that was in good condition in a cherished home with no running water or plumbing. Lynn was sometimes forced to couch surf in other people's homes, sometimes in unsafe conditions.

Finally Lynne was introduced to HOPE and their Home Ownership Director, Kathi Mineer. Through hard work, they were able to get Lynne approved for a small loan but soon learned that it would not be enough to both build a home and demolish the existing (condemned) family home. Through outreach to the community, people began volunteering their time to clear out the old structure. A local contractor donated the equipment necessary to demolish the house and haul away the waste, and the city waived the permit fees for demolition and dumping. The extra time and effort donated by the community was estimated to be valued at \$10,000. Once the site was cleared, a local contractor was hired to build Lynne a cozy two-bedroom home which was completed in April, 2013.

As amazing as Lynne's story is, she is not the only person in our service area who has given back in this manner.

Steve Schultz has also been served and chose to give back through volunteering his time to help others. Steve is 60 years old and has been confined to a wheelchair his entire life due to cerebral palsy. Once a resident of Fahe member Frontier Housing's Boodry Place Apartments in Morehead, Kentucky, Steve went through homebuyer education classes for several months in order to improve his credit so that he could qualify for a mortgage.

"I have a history of activism. I was part of the protests to bring wheelchair accessibility to San Francisco. We worked hard to ensure that everyone had equal rights." Steve has continued to help others by serving on Frontier's board of directors: "I feel very honored to be on the board. I don't feel that I'm anything special, but knowing that I'm helping other people and other families get through the struggles that I have experienced motivates me and moves me deeply."

"Before I lived in Boodry place, I found myself living in a nursing home. It was a terrible experience. It was cramped and you never knew whom you were going to be rooming with. When I moved into

Boodry place, they actually asked me if it was good enough. I had been living in a single room that I shared with a stranger and they asked me if I could in a place that was virtually a palace. I cried. I sat in the middle of the living room and just cried because I was overwhelmed and happy."

"I love being on the board," said Steve. "You get to hear stories about how people get houses and where they were before and where getting a house has taken them. It feels amazing to be part of this. It never occurred to me that my opinion might matter in such important events. I'm honored to participate."

The type of service that Lynne and Steve provide goes beyond just volunteering time—it also brings perspective. Since both have gone through their respective hardships, they bring to the table experi-

ences that many of our clients also face. These are experiences that some members of the board have never encountered. Because of this, they are in a unique place to understand the needs that Fahe and our members are addressing.

Fahe is proud to serve Appalachia in a way that provides residents a chance to get to a place in their life where they can help others. Knowing that many of our clients go on to serve others is one of the greatest rewards.

"There is compassion in the world despite all the bad that we hear about," said Lynne while wiping tears from her eyes. "There is good in the world and I saw it in the hearts of the people in town who helped me. That moved me to give back and to share my story and to help other people get a home so that they can know the joy that I know now."

For some, being able to own an affordable, quality home seems to be the greatest gift. But if you dig deeper, the real gift is the ability to do something more with your life and to give back. The gift that comes from being served is the ability to be able to serve others. Nothing uplifts a soul more than doing good for their fellow man. To be able to give yourself to uplift your entire community is the greatest gift of all.

At Fahe we serve so that families can have the chance in life to get to a point where they too can give back and help others. We do this through community development, affordable housing construction, and job creation.

In 2013 Fahe and our membership network helped empower Appalachia by:

- **Serving over 7,000 families with new or rehabbed housing**
- **Creating 2,733 jobs**
- **Investing \$67,000,000 in community development**

There are thousands of families to help in Appalachia and every day we strive to provide them with the gift of a better life and the gift of having the opportunity to give back to their community.



Teachers' Village

McDowell County, West Virginia is located in the Eastern Coalfields region and is one of the poorest counties in the nation. The area suffers from lack of quality housing, poor infrastructure, and high unemployment:

- McDowell County has lost nearly 100,000 residents since 1965, taking the population from over 120,000 to 22,000.
- One-third of the population is unemployed.
- 70% of the children live in a household where there isn't a working adult.
- 46% of the children in the school system live with someone other than a biological parent.
- Among WV counties, McDowell County constantly ranks at or near the bottom for health, income, and education.
- McDowell County has the fifth highest rate of deaths from drug abuse of any county in the country.
- McDowell County is the 8th poorest county in the U.S.

Faced with these challenges, many former residents decided to leave McDowell County. However, a large group of concerned citizens decided this community is worth fighting for and set forth an initiative known as Reconnecting McDowell. Reconnecting McDowell aims to improve the quality of life for residents by employing an education-focused initiative.

A difficult challenge facing McDowell County is the shortage of teachers living in the area. This is due in part to the lack of quality houses and apartments. The options are very limited, with most options being either homes that are of substandard quality or homes that are in highly isolated locations. This dearth of quality housing hinders McDowell County's



The American Federation of Teachers (AFT) partnered with Fahe and together proposed a solution in the form of a Teacher's Village to be located in the heart of downtown Welch, the county seat of McDowell County.

Pictured: the future site of the Reconnecting McDowell Teachers' Village.

Hillary Clinton referenced the good works being done in McDowell County at the 2013 Clinton Global Initiative America event.



"In a place like McDowell County, West Virginia, the problems didn't start with the latest recession and no single program or investment is going to turn things around. The schools, jobs, infrastructure, public health, it's all connected, and you have to work on all of them at the same time. That's what this new partnership is designed to do."

- Hillary Clinton

ability to compete with other areas in attracting education professionals.

The American Federation of Teachers (AFT) partnered with Fahe and together proposed a solution: a Teachers' Village to be located in the heart of downtown Welch, the county seat of McDowell County. This village will provide teachers with affordable, quality housing and amenities including TV lounges, exercise rooms, a restaurant, and group work areas. It is hoped that the location, quality, and sense of community in the village will attract the needed teachers and provide them an incentive to stay.

A successful model for the Teachers' Village in Baltimore, Maryland inspired the AFT, but Welch County is a vastly different community than Baltimore—rental housing development and funding differ

greatly in rural and urban markets. Fahe became involved because of our vast experience and expertise in connecting Appalachian communities with specialized resources and funding. In this case, one of the resources we brought to the table was the specialized building expertise of Fahe member Community Housing Partners (CHP) located in Christiansburg, Virginia. CHP focuses on creating affordable, energy-efficient, and sustainable homes and communities.

Reconnecting McDowell received national attention during the recent 2013 Clinton Global Initiative America event. Hillary Clinton referenced the good works being done in McDowell County as a model for how American communities can be

reshaped through collaborative work. "In a place like McDowell County, West Virginia, the problems didn't start with the latest recession and no single program or investment is going to turn things around." Clinton said. "The schools, jobs, infrastructure, public health, it's all connected, and you have to work on all of them at the same time. That's what this new partnership is designed to do."

Fahe is proud to be part of Reconnecting McDowell. The Teachers' Village will not only provide a resource to the community revitalization efforts by bringing in educators, it will also create a source of much needed employment for construction companies and suppliers, thus giving a boost to the local economy.

To understand the real depth of need for education reform in McDowell County, consider this: nationwide the unemployment rate as of December 2013 was 6.7%. Across Appalachia, the unemployment rate as of 2013 was 8.4%. In McDowell County, 72% of students come from a home where no one is gainfully employed.

The levels of education in an area factor highly into employment. Nationally, 40.6% of people 25 years old and up have a college degree and 87.65% finish high school. In Appalachia, 17.7% of people 25 and up have a college degree and 62% finish high school. However, in McDowell county only 5.7% of people living in the county have a college degree and only 62% finish high school.

Like many cities in Appalachia, Welch, the county seat of McDowell County, is isolated from many services that are associated with a good infrastructure. There is no public transportation in Welch, and it takes approximately 45 minutes in any direction to reach other towns. This isolation has a negative impact on employment for several reasons. Many businesses simply won't develop in Welch due to the lack of housing and amenities. For people living in Welch, reliable transportation is needed to reach work outside of the community but income is needed to purchase and maintain transportation to begin with. So some folks find themselves stuck in the area without a job or with a low paying job and those who can afford to often leave the county so their family can get ahead.

Blueberry Ridge

Blueberry Ridge Senior Apartments, located in Knox County Tennessee, provides high-quality, affordable housing for low-income seniors. Fahe member Knox Housing Partners (KHP) built these apartments to meet the growing demand of affordable senior housing in Appalachia.

Design is everything in Blueberry Ridge. Energy efficiency plays an important role. First, it saves money for the residents, who are almost exclusively seniors on fixed incomes. Their monthly savings can apply towards other expenses such as costly medication. Second, energy-efficient buildings produce less waste and pollution that harm everyone's environment, causing health and financial problems. Third, these homes are built to last. High-quality construction such as Blueberry Ridge will contribute to the community, providing tax revenue and other resources to their neighborhood for many years.

KHP has been in the business of serving vulnerable populations for over 24 years and knows that the design has to take into account the needs of aging adults. Everything from the color to the horseshoe layout of the apartments was carefully selected to provide a healthy and safe environment for the residents. "One of the things we've done intentionally was

to place the mailboxes on one end of the parking lot and the trash dumpsters on the other," said Ken Block, a project developer at KHP. "There have been lots of studies on exercise and the prevention of dementia, so by having the mail and the trash separate, we are encouraging more movement from the residents." There is also a walking path and gazebo in the center of the complex to help encourage community and socialization. Sixteen separate garden plots are available in four raised beds for residents to grow vegetables and flowers.

Resident Sherry Matthews is a retired human resource manager. Despite planning for her retirement, as the costs of living rose, she realized her fixed income would not be enough to maintain living in her older farmhouse. Affordable apartments such as Blueberry Ridge are a saving grace for seniors such as herself. "This is my second year living here," said Miss Matthews. "This is a good community. We know each other and we take care of



"We built the apartments based on what we felt was needed for them to live well and based on what we could provide and keep the units affordable. LEEDS is a very good checklist and a very good verification process. While we had no rating in mind, we were happy to learn we achieved Platinum."

- Ken Block



Blueberry Ridge was awarded Platinum LEEDS for Home, one of the highest certifications in energy-efficient and eco-friendly building.



Resident Sherry Matthews.

each other. I like the way the apartments are laid out so that we can easily meet and have fellowship. I'm retired, on social security and I was desperate to find a place in a hurry. Everywhere I went there was a long waiting list so I was sort of in a panic. Someone suggested that I look on a senior housing website and I found Blueberry Ridge. It was something that I could afford and I was able to get in fast. We need more apartments like these in the area. If there wasn't an opening here, I might have been out on the street."

Miss Matthews was very impressed with the savings of living at Blueberry Ridge. "Before I moved into Blueberry Ridge, my utility bill was \$200 a month.

Now I'm paying \$40 in the winter and I stay warm and it's almost nothing in the summertime."

Blueberry Ridge was awarded Platinum LEEDS for Home, one of the highest and most recognized certifications in energy-efficient and eco-friendly building. "We didn't set out for platinum when we started," said Ken. "We built the apartments based on what we felt was needed for them to live well and based on what we could provide and keep the units affordable. LEEDS is a very good checklist and a very good verification process. While we had no rating in mind, we were happy to learn we achieved platinum."

In 2012, Fahe held an energy efficiency summit in Johnson City, TN to address energy efficient construction, costs, and appraisals. One of the main topics discussed was affordability for low-income clients. While getting the best rating possible on a home is desirable, sometimes getting the maximum rating places the price out of range. Fahe believes that achieving a balance between affordability and a good quality of life is the most

important thing for families in Appalachia. We find that many of our clients across the network agree.

"These are very good apartments. I'm happy to live here," stated Miss Matthews. "We need more funding or whatever it takes to build more places like this for seniors. Now that I am a senior, I realize how important it is."

Seniors are a vulnerable section of our population with many living on fixed incomes in a time of rising energy costs and increased medical expenses. Appalachian seniors face even tougher times, having to also contend with substandard housing and lack of transportation options.

Did you know?

- 23.9% of seniors in Appalachia live below the poverty line, as opposed to the national average of 15.9%.
- 36.3% of Appalachian seniors are disabled, as opposed to the national average of 26.6%.
- A staggering 23% of seniors in Appalachia live in substandard housing, opposed to the national average of 7.5%.
- There are 122,503 seniors in our service area and 55.8% of these seniors are also responsible for one or more of their grandchildren compared to the national average of 39.8%.
- 23.9% of the seniors raising their grandchildren do so below the poverty line, as opposed to the national average of 15.9%.
- 26.2% raise their grandchildren with no parent present in the home, as opposed to the national average of 13.4%.
- 23% of the seniors in Fahe's service area raise their grandchildren in mobile homes, as opposed to the national average of 7.5%.

PieLab

What does pie have to do with social change in Greensboro, Alabama? Everything. Fahe member Hale Empowerment & Revitalization Organization Inc. (HERO) is known for making the most out of local resources, both natural and human. The utilization of these resources has led to the creation of a thriving thrift store, a bicycle shop that produces bikes from locally grown bamboo, and a unique restaurant known as PieLab.


PieLab's mission is simple: pie + conversation = social change. The design group Project M conceived of the restaurant as only a temporary venture. They wanted to offer pie to get people talking and then let the momentum carry the conversation to wherever it may go. They didn't envision that the small startup would turn into such a community institution in small town Alabama. But PieLab did take off, and because of collaboration with HERO, they were able to claim more substantial accommodations and grow into a permanent fixture of the community.

PieLab is structured to encourage interaction and communication among the patrons. The restaurant has a widespread reputation for good food that brings in members of the community and out-of-towners from all walks of life. It seems there's something about sharing pie that inspires people to linger, leading

to openings for conversation that turns into fellowship and grassroots planning. Long tables are set up so patrons can visit with each other. And take out containers, while available, are strongly discouraged. The atmosphere encourages you to take your time, talk with your neighbors, make new friends, and spark new ideas.

Before the PieLab took up its present location, the shop front was an abandoned building that once detracted from the downtown Greensboro landscape. PieLab brings life and vibrant, youthful energy to the area. It also brings jobs, education, and a chance for a better life for many of the residents.

First, all the profits from the PieLab are donated to HERO to help with their mission of providing affordable housing to Greensboro residents. Secondly, the PieLab trains individuals on its staff in a



It seems there's something about sharing pie that inspires people to linger, leading to openings for conversation that turns into fellowship and grassroots planning.



fast-paced environment to prepare them for better paying and more advantageous jobs. Third, instead of focusing only on the need and the poverty of the area, PieLab focuses on what the community does well—cooking, and nurturing community through good food.

“Creativity is a huge part of what HERO is about,” stated Pam Dorr, Executive Director of HERO. “We look for all the potential resources available to help the families in the area. That’s why contacting Fahe to become a member was so important. Fahe offers us access to a huge partner network and resources that we normally couldn’t get down here. It’s been great learning about Fahe and we can’t wait for future projects together.”

While PieLab has contributed greatly to helping employment and housing in the area, Pam feels that their greatest achievement has been outreach and creating new community involvement. “PieLab is always full,” said Pam. “We’ve measured our community involvement by how many people we have served since the doors opened. By our calculations we have served 31,000 cups of coffee, 96,000 slices of pie, and 50,120 lunches.”

PieLab is expected to stay around for quite a while—nurturing individuals, building community, and fueling inspirational conversation.

Hunger is a growing concern in Appalachia. In the five states that Fahe serves, 2,127,220 households are food stamp recipients. Did you know that the average recipient only receives \$133 worth of food stamps for an entire month? Can you imagine trying to eat well on \$4.38 a day? That’s less than \$1.50 a meal, if the person eats three meals a day. (Source: <http://kff.org/other/state-indicator/avg-monthly-food-stamp-benefits>)

Access to quality, affordable food is important for families to be well-fed and healthy. Because artificial and less nutritious foods are cheaper, currently many households subsist on a poor quality diet, which leads to poor health. (Source: http://articles.washingtonpost.com/2008-02-21/news/36871700_1_food-insecurity-food-insecure-teen-diets)

Even worse, one in six Americans is food insecure. These people are in low-income areas such as Appalachia and sometimes are forced to skip a meal to make ends meet. For some children in the region, school lunch may be the most nourishing meal they have access to all day. (Source: http://www.worldvisionusprograms.org/us_poverty_myths.php)

Hickory Hill Recovery Center


Like many places where poverty has a foothold, Eastern Kentucky has had its fair share of challenges with drug abuse and addiction. In fact, Kentucky has one of the nation's highest rates of prescription drug abuse, which has contributed to the area's high rates of poverty and crime. Chemical dependency is also tied directly into chronic homelessness. Fahe member Kentucky River Community Care (KRCC) is a nonprofit Community Mental Health Center dedicated to improving the health and well being of the people of our region that focuses on mental health issues such as addiction recovery. They work to promote public safety, boost economic well-being, and improve community and individual quality of life.

To battle Kentucky's growing addiction problem, KRCC and Recovery Kentucky, a state-based addiction and recovery organization, celebrated the ground breaking of Kentucky's eleventh recovery center: Hickory Hill Recovery Center for Men. Located in Knott County, Hickory Hill will be constructed on a reclaimed mountain top removal site, reusing old coal land that might otherwise go unutilized. Construction is expected to be finished July 2014 with residents able to move in by December.

Drug usage and the resulting problem of addiction is not only a burden on in-

dividuals and families, but it also costs taxpayers millions of dollars each year to pay for shelters, public hospitals, prisons and other services utilized by offenders. The recovery centers allow people with addiction issues to get the help they need to reintegrate and contribute back to the community. "There are so many folks from our region who have been traumatized by addiction, so many families. This is a resource," said Sheila Allen, Vice President of KRCC.

Hickory Hill will be able to house and serve up to 100 men recovering from drug and alcohol abuse. The recovery process



"There are so many folks from our region who have been traumatized by addiction, so many families. This is a resource."

- Sheila Allen



First Lady Jane Beshear



Hickory Hill groundbreaking ceremony

relies heavily on peer-to-peer mentorship involving former residents of Hickory Hill or other recovery centers. This type of mentoring has a proven rate of success as the men who are doing the mentoring exhibit the qualities that the men going through the program wish to have themselves. Knowing that their mentors are also their peers demonstrates to recovering addicts that it is fully possible to achieve their goal of living addiction free.

Along with peer mentorship, Hickory Hill will provide residents with daily living skills and job responsibilities. The Center will also help them establish new behaviors to gain control of their lives, maintain employment, and eventually obtain permanent housing.

Several important figures in the fight against addiction were at the groundbreaking ceremony in November of 2013. Well-known attendees included Recovery Kentucky Task Force members Kentucky First Lady, Jane Beshear; homebuilder, Don Ball; and the director of Recovery Kentucky, Michael Townsend.

Fahe Consulting and Fahe Capital staff members were also in attendance as they played a vital role in securing and administering the needed funding for Hickory Hill. Fahe helped secure tax credits and other soft money for the facility including \$2.0 million from the Affordable Housing Trust Fund (AHTF) and the HOME Investment Partnership Program (HOME). \$7.5 million in equity was raised from 10

different financial institutions through the utilization of the Low-Income Housing Tax Credits (LIHTC). These funds are a competitive resource and often this area does not receive this type of transaction. Thanks to the funding raised by Fahe, Hickory Hill has no hard debt, which means that income earned by the facility doesn't have to be used to pay off loans but can be used to serve clients.

Hickory Hill will prove to be a great boon for Eastern Kentucky. It will provide much needed assistance in the war against drug abuse, help to stabilize the lives of individuals and families, and provide much needed community development in the form of jobs at the facility and the subsequent contributions from the recovering men.

Recovery centers such as Hickory Hill help save lives.

According to the Centers for Disease Control and Prevention, deaths from drug overdose have been rising steadily over the past two decades and have become the leading cause of injury death in the United States.

- In 2010, among people 25 to 64 years old, drug overdose caused more deaths than motor vehicle traffic crashes.
- In 2011, drug misuse and abuse caused about 2.5 million emergency room visits.
- Men are nearly twice as likely as women to die from drug overdose.
- The Southwest and Appalachia are hardest-hit by drug overdoses. The mortality rate in West Virginia alone has spiked by more than 600 percent since 1999. The rate of drug-related deaths more than quadrupled between 1999 and 2010 in Kentucky, Indiana and Iowa, too.

According to the Kentucky Recovery Center Outcome Study 2013 report:

- 90% of clients reported getting the services they needed to get better, feeling better about themselves, and feeling they were treated with respect.
- 91.6% of clients indicated using illegal drugs 12 months prior to entering a recovery center and only 8.4% reported using illegal drugs on follow up.
- Self-reported depression decreased by 83% and self-reported generalized anxiety decreased by 54%.
- Estimates suggest that for every dollar spent on recovery services there was a \$3.73 return in avoided costs.

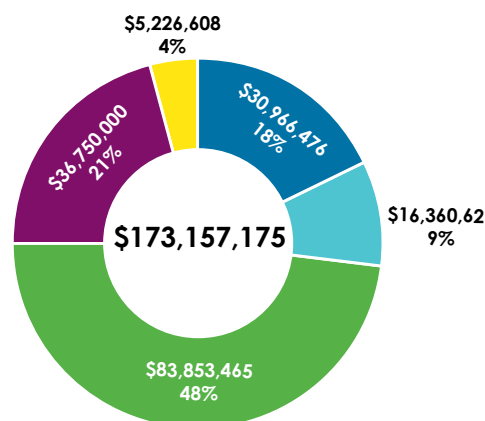
Statement of Activities

June 30, 2012 and 2013

Revenue	2013	2012
Grants and Donations	\$3,429,311	\$4,553,094
Interest and Investment Income	\$1,606,536	\$2,229,757
Income from Operations	\$1,505,761	\$912,612
Total Revenue	\$6,541,608	\$7,695,463
Expenses	2013	2012
Program Services	\$1,604,234	\$1,464,532
General and Administrative	\$2,855,810	\$3,977,237
Membership	\$299,700	\$407,274
Fundraising	\$1,289,474	\$163,804
Total Expenses	\$6,049,218	\$6,012,847
Increase in Net Assets	\$492,390	\$1,682,616

Assets Under Management

- Mortgage Portfolio
- Community Loan Portfolio
- Servicing Portfolio
- Equity Funds
- Other Assets



Statement of Financial Position

June 30, 2012 and 2013

Assets	2013	2012
Cash and Cash Equivalents	\$11,148,695	\$9,636,223
Receivables	\$1,159,051	\$1,691,947
Investments	\$697,137	\$75,700
Property and Equipment-Net	\$934,904	\$738,054
Mortgage Notes Receivable-Net	\$23,967,888	\$23,979,109
Notes Receivable-Net	\$13,714,675	\$13,312,818
Other Assets	\$931,360	\$1,162,409
Total Assets	\$52,553,710	\$50,596,260
Liabilities	2013	2012
Accounts Payable	\$446,390	\$427,813
Notes Payable	\$23,601,141	\$22,210,676
EQ2	\$4,000,000	\$4,000,000
Other Liabilities	\$2,828,188	\$2,772,170
Total Liabilities	\$30,875,719	\$29,410,659
Net Assets	2013	2012
Unrestricted	\$9,282,685	\$8,260,185
Temporarily Restricted	\$11,395,306	\$12,346,582
Permanently Restricted	\$1,000,000	\$578,834
Total Net Assets	\$21,677,991	\$21,185,601
Total Liabilities and Net Assets	\$52,553,710	\$50,596,260



STAFF & BOARD OF DIRECTORS

Staff

Angie Badgett	Melinda Jones	Elsa Reynolds
Norma Bartruff	Jim King	Amy Rogers
David Brock	Suzie Loveday	Jon Rogers
Tina Cain	Laura Meadows	Clay Smith
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Staff list at end of year, FY 2013





MEMBERSHIP

Members Based in Alabama

- Community Action Partnership of North Alabama (CAPNA)
- Hale Empowerment & Revitalization Organization (HERO)

Members Based in Kentucky

- Appalachian Foothills Housing Agency
- Beattyville Housing and Development
- Bell-Whitley Community Action
- Christian Appalachian Project (CAP)
- Christian Outreach with Appalachian People (COAP)
- Community Ventures Corporation (CVC)
- Foothills Community Action Partnership
- Frontier Housing
- Habitat for Humanity of Madison & Clark Counties KY, Inc.
- 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)
- Low-Income Housing Coalition of East Kentucky (LINKS)
- Partnership Housing
- People's Self-Help Housing (PSHH)

Members Based in Tennessee

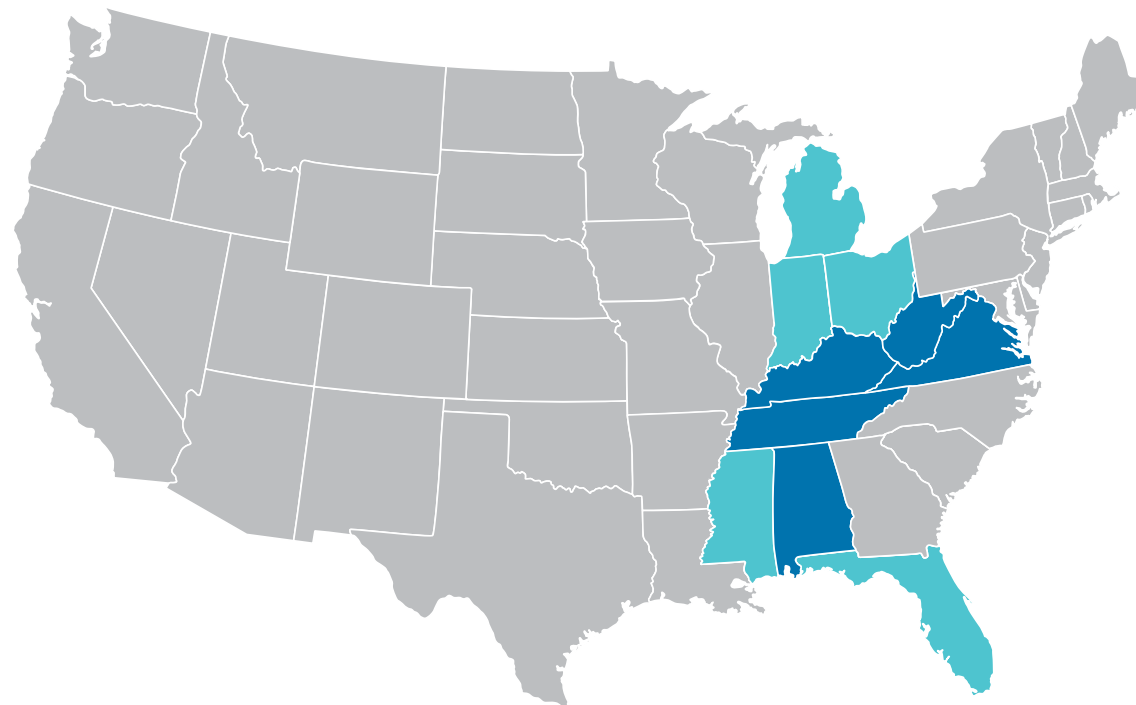
- Aid to Distressed Families of Appalachian Counties (ADFAC)
- Appalachia Habitat for Humanity
- Appalachia Service Project (ASP)
- Blount County Habitat for Humanity
- Chattanooga Neighborhood Enterprise
- Clinch-Powell RC&D Council
- Creative Compassion
- Crossville Housing Authority
- Eastern Eight Community Development
- Foothills Community Development
- Kingsport Housing & Redevelopment Authority (KHRA)
- Knox Housing Partnership (KHP)
- Knoxville Leadership Foundation (KLF)

Members Based in Virginia

- Appalachian Community Action & Development Agency (AppCAA)
- Clinch Valley Community Action
- Community Housing Partners (CHP)
- HOPE, Inc.
- People Inc. of Virginia
- Southeast Rural Community Assistance Project (SERCAP)
- Total Action Against Poverty (TAP)

Member list at end of year, FY 2013

- Core Service Area
- Extended Service Area



Members Based in West Virginia

- Almost Heaven Habitat for Humanity
- Community Resources, Inc. CAP
- Fairmont-Morgantown Housing Authority
- HomeOwnership Center
- Housing Authority of Mingo County
- Randolph County Housing Authority
- Religious Coalition for Community Renewal (RCCR)
- SAFE Housing and Economic Development (SHED)
- Southeastern Appalachian Rural Alliance (SARA)
- Southern Appalachian Labor School (SALS)
- West Virginia Affordable Housing Trust Fund
- Woodlands Development Group



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Bob Adams	Forcht Bank
Almost Heaven Habitat for Humanity	Franciscan Sisters of Mary
Appalachian Regional Commission	Frontier Housing
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Atlantic Philanthropies	F.B. Heron Foundation
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Community Trust Bank	Knox Housing Partnership, Inc
Community Ventures Corporation	Local Initiatives Support Corp (LISC)
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I would like to contribute towards improving life in Appalachia!



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PNC Bank	Bobby Wolfe
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