



Discover the NEW Frontier

FRONTIER HOUSING 2008 ANNUAL REPORT

Building homes. Fulfilling dreams, every day.

DEDICATED TO THE BOODRY FAMILY — GLEN AND PATSY BOODRY

...our organization itself has had a long life,
with an ability to adapt and change over the years
which gives us confidence regarding our future.

Commit with Us —

To expanding our work

Frontier Housing has moved from repairing homes, to building homes, to creating safe and livable neighborhoods. We know that lowering the cost of homes, alone, does not guarantee affordable living. A viable neighborhood assures long term appreciation of the home. An energy efficient home and a reasonable commute to work saves money monthly. Floor plans, bathrooms and kitchens designed to accommodate family members with physical disabilities allows for special needs and aging in place. These basic, vital elements support wealth building for our communities' families.

To improving ourselves

BY MEETING PERFORMANCE STANDARDS

Frontier's Construction Team Hits a Home Run with 30 Day Challenge! As a performance measure, Frontier set a goal for its construction team to complete a multi-section manufactured home in 30 days. Prior to this home installation, our construction team had completed 24 manufactured homes, with an average completion time of 87 days. The team finished this house in 26 calendar days; 61 days faster than the average time. Quality was maintained and the lessons learned will be applied to future homes.

BY STAYING UP TO DATE

During August 2008, ten members of Frontier Housing's staff attended a NeighborWorks® America Training Institute in Chicago, Illinois. While there, staff trained in areas of loan compliance and servicing, public speaking, credit, multi-family asset management and building stronger community partnerships.



To quality

FRONTIER QUALITY ASSURANCE STANDARDS FOR SINGLE FAMILY HOMES

- Our customer received homebuyer education and was prepared for the responsibilities of their loan and homeownership.
- Our customer received a quality home; built to Frontier specifications with quality workmanship.
- Our customer was treated with the highest ethical standards and received transparent and total pricing with all costs disclosed early in our relationship with our customer.
- Our customer received a fair, responsible loan and every effort was made to package finance for a sustainable outcome for wealth creation.

To effective communication

We welcome you to visit us on the web, www.frontierhousing.org. We post news frequently to keep you informed about the New Frontier.



Each of the families served has had
to make commitments and join their efforts
with others to reach the goal of a safe,
affordable energy efficient home.

Our experience as a community housing nonprofit in northeast Kentucky has enabled us to build relationships and participate in larger networks at the state, regional and national levels.

Collaborate with Us —

Engaging with our partners

The recent economic shockwaves felt around the world have made collaboration among nonprofits to create solutions more urgent than ever. Frontier is expanding our commitment to the Berea Performance Compact – a cooperative agreement among Federation of Appalachian Housing Enterprises (FAHE) members. Frontier currently leads the team working on manufactured housing; providing technical assistance, product delivery and program design to other FAHE members.

We participate in the loan servicing initiative by contracting with FAHE to service our loans at a significant cost savings. Frontier also participates in the multi-family housing initiative by utilizing the expertise of our Compact partners to provide development and management services in our multi-family rental projects. Frontier was the first customer for both of these initiatives. We will join the Volunteer Appalachia initiative to bring volunteers to our region. Plans are maturing for an expansion of the Compact capabilities to include a green building initiative.

What binds us each to all?

GEOGRAPHY

RURAL CULTURE

NETWORKS & FUNDERS

COMMON LANGUAGE & VALUES

PERSISTENT POVERTY

INDIVIDUALISTIC SPIRIT,
BUT A COLLECTIVE "WE"

CONGRATULATIONS

In November 2008 The Lodestar Foundation announced 30 semi-finalists for The Collaboration Prize, an award presented to the most successful collaboration in the nonprofit world. Among them is the Federation of Appalachian Housing Enterprises (FAHE), which was selected from a field of 644 nominations. FAHE's nomination also recognizes the "Compact" leaders: **Frontier Housing, Morehead, KY**; Community Housing Partners, Christiansburg, VA; Appalachia Service Project, Johnson City, TN.

SHARING OUR EXPERIENCE

Frontier launched their mentoring program for Berea Performance Compact members using manufactured housing during 2008. H.O.P.E., Helping Overcome Poverty's Existence, Inc., in Wytheville, VA was the first of four nonprofits in the initiative to complete a home. Unlike Frontier, who spent five months building their first multi-section manufactured home; H.O.P.E. had theirs done in 30 days.

DEEPENING OUR TIES

Commitment to community is at the heart of Frontier Housing's mission. For example, Morehead State University supported Edna Schack, MSU Professor of Education, during her sabbatical as a



DR. EDNA SCHACK

volunteer with Frontier. Her focus included building awareness of Frontier's energy efficient features of their site-built and manufactured homes. To do this she authored newspaper columns and articles. You can find them on our website

www.frontierhousing.org.

Another project in the planning stages is the Morehead-Rowan County Repair Affair. This is a community-wide service event to improve the homes of low-income and elderly homeowners. Frontier is collaborating with the Morehead-Rowan County Chamber of Commerce Leadership Academy, MSU, and the Gateway Community Services Organization.

Frontier and Morehead State University are working in collaboration to develop a Scholar House, a housing and education initiative developed by Kentucky Housing Corporation. This program is designed to help individuals pursue an education, while living in a supportive environment. They receive counseling, workshops and support from neighbors and staff while fulfilling academic training as a full-time student.



At Frontier, we are proud to build homes to fit hard-working families like yours.
Our goal is to help you build the home of your dreams.

Celebrate with Us —

Boodry Place, A Multigenerational Community - The Dream is Complete

Boodry Place, an apartment complex in downtown Morehead, welcomed its first residents beginning in early July and was completely leased by November. In this ideal location for residential living, older adults enjoy close proximity to shopping, doctors and meals. Families with disabled children are able to receive the services and care they need on-site. The building meets Universal Design criteria and incorporates “green” design; utilizing energy and water conservation measures and sustainable materials.

Boodry Place was named for Glen Boodry, long-time friend, supporter and board member of Frontier Housing. “This is the kind of facility that Glen thought Morehead needed,” said Patsy Boodry, widow of Glen. “He would have been proud to have his name on it.” The project was co-developed by Frontier Housing of Morehead, and Community Housing Partners Corporation out of Christiansburg, VA.

The facility offers an adult community room where residents can entertain guests and have get-togethers. There is also a community room for children, where they can play and have room for physical therapy sessions. For more details about Boodry Place and a comprehensive listing of the development team, the project and service partners involved, visit www.frontierhousing.org.



MATURING OF THE COMMUNITY AT EDGEWOOD

When Frontier acquired the land for a subdivision of single family homes, we decided to create a team to bring together: manufactured housing, good site design, near a regional employment center, using homebuyer education and offering equitable financing. This development surpasses requirements in a rural county setting with responsible provision of water and sewer, landscaping, walks, driveways, street lamps and signage. Because there are no planning and zoning requirements in 90% of our service area, our subdivision can be an important demonstration of attention to streetscape amenities, and how cul-de-sacs foster a small neighborhood feel.



Frontier has established a relationship with Clayton Homes, the leading home manufacturer in the nation. Together we assure that our homes not only meet the requirements of the U.S. Department of Housing and Urban Development and USDA Rural Development, but also meet the Design Standards of Kentucky Housing Corporation's Universal and Minimum Design.

Walking around the streets of Edgewood, all of the commitment, decisions, collaboration and hard work fall into the background as you notice this secure, well-maintained community of happy homeowners and their families celebrating life.



Frontier invests time, money, and energy in building stronger communities. This year we have invested over \$9 million in our communities; \$4.5 million in new single-family home investments and \$4.5 million in new rental investments.

We need to continue efforts to “be adaptable” to change,
and to see opportunities where others see barriers.



President and CEO

Dear Friends,

It is with pride and gratitude we share the accomplishments of 2008 in this Annual Report. These projects are a fine reflection of our community, our partners, our staff and the people we help to find good, decent places to live. All of you involved in Frontier Housing have shown commitment, and a wonderful collaborative spirit to bring about the good works that we celebrate this year. Your time, energy, trust and investment are appreciated and respected.

The Frontier staff and board of directors have embraced our Strategic Plan, *Deepening Our Ties 2008-2013*, knowing that the quality of our organizational performance will inspire all of you to continue your relationship with Frontier. As a member of the national NeighborWorks® network, Frontier Housing has maintained classification as an Exemplary Organization. Meeting this highest rating for organizational health and performance standards, enables Frontier to gain access to a powerful battery of training, research, technical assistance and funding opportunities.

On a national level, this year has been fraught with a deepening crisis in the housing market, with mortgages, and the overall economy. Now is a time when our habit of thrift, of being outside of the bursting high dollar “bubble”, will serve us well. However, the impact of these serious problems nationwide has generated a scramble to assign blame and some would heap it on efforts to increase access to affordable housing. Please visit our website, www.frontierhousing.org for links to credible sources who explain why low-income residents are not, by definition, poor credit risks. Frontier offers Homebuyer Education Workshops. Analysis of loan performance of mortgages shows that foreclosure rates are substantially less severe for those made to low-income homebuyers who have participated in homeownership education programs.

You know you aren't a spring chicken anymore when you are old enough to have a retiree of thirty years!

Frontier Housing Director of Construction, Jim Ward, celebrated his retirement on July 13th with a dinner held at Boodry Place. After 30 years of service to Frontier and the residents of eastern Kentucky, Jim will be greatly missed. Tom Carew, founder of Frontier Housing, has left to become the Membership Director for FAHE, a regional nonprofit based in Berea, Kentucky. As members of the Berea Performance Compact, we will be glad to continue working with Tom in his new role.

What all of you do for Frontier makes a difference. Please continue to bring your energy, your ideas and your donations to this concrete and gratifying work. Like a handful of pebbles tossed into a pond, each family that fulfills their dreams of a good home spreads waves of benefits throughout our community, today and for generations to come.

Stacey Epperson
President and CEO



Board Chairperson

Dear Friends of Frontier Housing,

It has been another exciting and challenging year for Frontier. As you can see from the sidebar, we have retained our “Exemplary” rating from the NeighborWorks® organizational review. For this, I would like to thank the entire staff and board for the extraordinary hard work and diligence they have put in over the past year. In these unusual economic times, it is even harder to achieve and maintain excellence in the manner that we have shown.

Because of our capabilities, the unusual has become usual. Boodry Place in downtown Morehead has been fully occupied. We are grateful for our strong partnerships with our neighbor Kentucky Bank; our developer, Community Housing Partners of Blacksburg, VA and all the support from FAHE and other groups. Boodry Place is a physical manifestation and a strong reminder of the dedication of our former board member, Glen Boodry, for whom it is named.

The staff is working hard to bring a new series of smaller, more affordable, manufactured homes to production. How exciting! This home will be Energy Star rated and will enable us to serve folks who are very low income or who wish to site a home on their own land. We have been unable to help these clients in recent years. We are forging strong relationships with affordable housing providers nationwide, as well as, with Clayton Homes. These new homes will provide us with a new design that may well become a vital product in our ability to replace dilapidated pre-1976 mobile homes, and to provide homes to a wider range of incomes.

Stacey continues to be an inspiration to staff and board alike. Governor Steve Beshear has appointed her to the Board of the Kentucky Housing Corporation. She continues to search out national funders and relationships to support our mission to “provide affordable housing solutions to build better communities.” We are fortunate in her leadership, as she brings out the best in all of us.

As I have said at many meetings, this is the most exciting and rewarding work I have done. I hope you feel my energy as you read this annual report. Thanks to all for your strong and continued support over the years. FY 2009 is our 35th year, and I look forward to it as another banner year for Frontier Housing. And I know that my letter next year will report further transformational change and results as we continue our work as a national leader in providing affordable housing in our traditional service area and beyond.

Frank Olson
Board Chair

Exemplary Rating

CONCLUSION

Frontier Housing is an exceptionally strong, healthy and productive organization that is gifted with an astute, engaged Board of Directors, a visionary CEO/President, and committed and competent staff. Their local partnership is strong and engaged. Frontier continues to garner long term support of many others who share their values and commitment to providing choices in affordable housing for families living in small city and rural areas of northeast Kentucky. Frontier has exceeded in each of the PROMPT+ Performance Objectives cited in the Noteworthy Achievements section.

NeighborWorks® America
August 11, 2008
Organizational Assessment Division
Program Review Report

The cultural preference for remaining
on family land in a single-family home
is made more attainable through the efforts
of this Frontier Housing project.

Continue with Us —

DR. MARY JANE HUMKEY

I've always believed in the importance of giving back to the community, and if I can't do it in person, then I try to make financial contributions to organizations that put my beliefs into action. I'm glad to support Frontier Housing in their efforts to enable people in this area to maintain quality housing. I'm so proud of the work that they do. Everyone deserves to live in a home that is clean and sturdy, and provides a healthy environment in which families can grow and thrive. It's my hope that others will join me in supporting Frontier Housing in their commitment to the future.



ALLEN HOLBROOK AND FORREST ROBERTS

When we moved to Rowan County in 1979, we quickly became aware of the shortage of affordable housing. There was not enough housing available, and much of what was available was substandard. Simultaneous with becoming aware of this problem we also learned that there was an organization named Frontier Housing that was working to solve it. We were impressed that Frontier Housing was not only working to alleviate the housing shortage by building affordable houses, but it was also providing skills training to untrained workers.



We left Morehead twenty-three years ago, but we have continued to support Frontier Housing because we know how vitally important its work is. Because of the ongoing dedication of all those involved with Frontier, many low income families have been able to fulfill their dream of owning their own home.

PROJECT REDWOOD

Project Redwood is a social venture initiative of the Stanford Business School Class of 1980 that seeks to invest in and support high quality nonprofits that make a lasting difference in alleviating poverty. We are very pleased to support Frontier's prototype modest sized manufactured home offering. We see in it a catalyst to bring quality homes that are affordable—and importantly, fairly-financed—to many families in Appalachia and beyond.

Frontier's spirit of innovation and continuous improvement, and remarkable blend of a business mindset and approach while serving an important social mission, makes it a "natural" for our investment.



Moving ahead with even greater impact.

With a renewed emphasis on our traditional, core service area, we commit to doubling our impact over the next five years—with over 200 families receiving housing solutions from us each year through creation or preservation of a house, a rental unit, a loan or foreclosure avoidance by 2013.

We intend to achieve this by building financial strength. To do so, we will first and foremost diversify funding sources and increase our unrestricted monies in order to reduce dependence on government subsidies.

During the 2008-2009 fiscal year Frontier's fundraising goal for private donations is \$100,000. You can help us reach this goal. Visit www.frontierhousing.org.

In coming years, we hope to see more satisfied families; more innovation in the way we do things; simplified business processes that are easier for everybody; and a well-financed organization that is increasingly independent of "shifts in the funding breezes."



FRONTIER BOARD OF DIRECTORS

Frank Olson, Chair
David Lollis, Vice-Chair
G. R. (Sonny) Jones, Jr. CPA, Treasurer
Paula Stafford, Secretary
Don Mantooth
Bonnie McKenzie
Steve O'Connor
George Plage
Greg Rice
June Smith
Martha Wilson



FRONTIER HOUSING STAFF

ADMINISTRATION DIVISION

Stacey Epperson – President & CEO
Wendy Puckett – Fundraising and Development Manager

COMMUNITIES AND DESIGN DIVISION

Josh Trent – Communities and Design Division Manager
Stephanie Cooley – Design and Programs Specialist/Network Administrator

Chris Robbins – Sales Specialist

LENDING DIVISION

Kelly Fleck – Loan Originator
Matthew Farley – Loan Processor
Ronnica Mabry – Loan Underwriter/Closer

FINANCE DIVISION

Sherry Farley – Vice President & CFO
Dawn Bhatt – Accounts Payable Clerk
Ronda Utterback – Staff Accountant
Billie Ann Wells – Grants Manager
Penny Young – Compliance Manager
Rhonda Logan – Administrative Assistant

CONSTRUCTION DIVISION

Phillip Cox – Site Manager
Pat Bromwell
Seth Lewis
Tom Lewis



To make a donation or for more information about our organization, contact:
www.frontierhousing.org
Frontier Homeownership Center
5445 Flemingsburg Road, Morehead, KY 40351
Phone: 606.784.2131

PHOTOS: Ann W. Olson, Tom Carew, Barbara Epperson, Morehead State University and thanks for the additional photos from our staff and friends.

Community Service at its Best



Rowan County Girl Scout Troop 504



Local moms help out



Repair Affair, Ashland, KY

Financial Support/Partners

OUR SUPPORTERS

Dr. Allen & Sue Lim
Allen Holbrook & Forrest Roberts
Ann Colbert
Audrey Wilkerson
Bob & Sandy Lindahl
Dr. C. Nelson & Wilma Grote
Carita Bergelin
Dr. Christian & Dr. Nancy Weigel
Chuck & Eileen Garven
Tom & Molly Carew Fund
Dan & Marjorie Thomas
Dan & Pat Braccio
Tom & Molly Carew Fund
Frances Riordan
In Honor Of Kurt & Catherine Raschi
Frank & Ann Olson
In Honor Of Frontier Staff
G.R. "Sonny" Jones, Jr.
Gaston & Noreen Cadieux
Gregory Rice
Harold & Barbara White
Jake Oresick
James & Kathleen McLaughlen
In Honor Of Mary Carew
James A. Knoll
In Honor Of Dept of Curriculum and Instruction, Morehead State University
James Rocap, III
Jim & Paula Rice
In Honor Of Ruth Rice Koenings
Jim Metzger & Deborah Baldwin
Joey Perkins
John Bopp & Gail Kennedy

Julie George
In Honor Of Anne Smetak & Lance George
Kurt Raschi & Catherine Riordan
Larry & Mary Jo Netherton
In Honor Of Mary Carew's 90th Birthday
Laura Ward
Lisa Aug
Marie Hoyecki
In Honor Of Mary Carew
Martin Mellett & Judith Walsh-Mellett
Mary & Buddy Eisenstein
In Honor Of Mary Carew
Mary Carew
Dr. Mary Jane Humkey
Mike & Judy Semsch
In Memory Of Alice Rogers
Nicole Hezebicks
Otis Ward
In Memory Of Marjorie Ward
Paula Stafford
R. Perry & Mary Ann Thompson
Ray F. & Donna J. Bailey
In Memory Of Amanda Yarber
Robin Penick
Sister Sally Neale & Maritia Smith
Shirley Hamilton
In Memory Of Steve Hamilton
Sister Francesca Bartos
In Honor Of Brother Bob Hoffman
Tim Titchner
Tom & Mary Jane Barrett
Tom & Molly Carew Fund
Truman Dehner

PARTNERS IN OUR WORK

Adrian Dominican Sisters
Appalachian Regional Commission
Appalachian Volunteers
CFED, I'm Home
Clayton Homes
Commercial Bank of West Liberty
Community Housing Partners Corporation
Department for Local Government
FAHE
Fannie Mae
Federal Home Loan Bank of Cincinnati
Federal Home Loan Bank of Pittsburgh
Gateway Community Services, Inc.
Housing Assistance Council
Housing Equity Fund of Kentucky I, LLC
HUD Louisville Office
Kentucky Bank
Kentucky Housing Corporation
Kiwans Club
Lowe's
Morehead State University
Morehead URCDA
NeighborWorks® America
Nickelodeon
Perk's, Inc.
Project Redwood
State Farm Mutual Automobile Insurance Co.
The Wells Group
US Bancorp Foundation
USDA Rural Development
Walmart
Whitaker Bank

EXPENSES

19%



81%

- Program Services Costs
- General and Administrative



CONDENSED STATEMENT OF **ACTIVITIES**

SUPPORT & REVENUE

Individuals, Corporate & Foundations	\$ 329,063
Government Grants	1,129,087
Development Income	3,186,782
Interest & Other Income	<u>264,775</u>

TOTAL SUPPORT & REVENUE **\$ 4,909,707**

EXPENSES

Direct Cost of Development	\$ 2,685,784
Program Services Costs	1,355,907
General & Administrative	<u>314,677</u>

TOTAL EXPENSES **\$ 4,356,368**

INCREASE IN NET ASSETS **\$ 553,339**

NET ASSETS AT BEGINNING OF THE YEAR **\$ 10,599,959**

NET ASSETS AT THE END OF THE YEAR **\$ 11,153,298**

CONDENSED STATEMENT OF **FINANCIAL POSITION**

ASSETS

Cash	\$ 863,221
Cash - Restricted	1,187,960
Notes & Other Receivables	8,851,432
Housing & Development Projects	2,450,247
Rental, Other Property & Equipment (net)	<u>1,368,755</u>

TOTAL ASSETS **\$ 14,721,615**

LIABILITIES & NET ASSETS

Liabilities:	
Accounts Payable & Accrued Expenses	\$ 236,022
Notes Payable	<u>3,332,295</u>

TOTAL LIABILITIES **\$ 3,568,317**

NET ASSETS **\$ 11,153,298**

TOTAL LIABILITIES & NET ASSETS **\$ 14,721,615**