

# Deepening Our Ties

2007

FRONTIER HOUSING ANNUAL REPORT



## DEDICATION

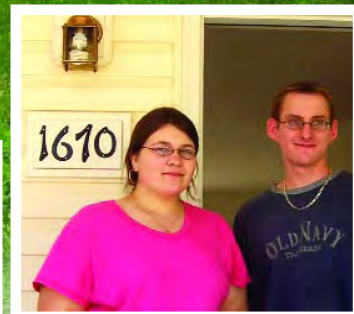
*Dedicated to Frontier's  
Stakeholders and Strategic  
Planning Committee  
for their hard work,  
commitment and  
engagement to move  
us forward as a  
high impact organization.*



*We hope to have even more impact in helping  
people find good, decent places to live.*

# Key Moments

## HAPPY BEGINNINGS

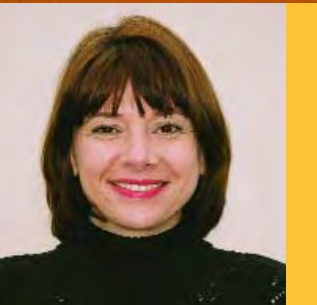


BOODRY PLACE

*BOODRY PLACE is a  
residential rental community.  
This multi-generational community  
targets senior citizens (ages 55 and  
older) and persons with physical  
disabilities, including children.*







From our first days, Frontier has committed itself to providing affordable housing solutions for those most in need. Even as our work to provide affordable housing to those requiring it continues, this past year was ultimately about our future. Looking forward, we know that we need to energize our board members, residents, funders, donors and other supporters to ensure continued success for affordable housing. With that in mind, this annual report not only retraces our past, but also focuses on what we plan to accomplish in the future. Our strategic planning effort, completed in the fall, establishes a strong and expansive agenda for the next five years.

The pursuit of our mission is an ambitious undertaking in this era of domestic budget cuts and elimination of many of the programs that have helped our customers to find affordable housing and move out of poverty. Throughout our state and the nation, affordable housing nonprofit groups are struggling with how to close the growing gap between wages and housing costs. The creation of our latest strategic plan will help to protect our substantial and extremely successful, investment and innovation in nonprofit housing now and into the future.

The word generation is often used to express the divisions and differences that exist in our society between elders and youth, but generation also means bringing new life. This year has been one of generating new ideas and new resources to achieve our mission. Our new Strategic Plan, Deepening Our Ties 2008 - 2013, recommits Frontier to our traditional core service area in eastern Kentucky. Having a demonstrable impact on this region's housing needs through new housing production and new partnerships is key to our future success. In this our 34th year, a time to celebrate past achievements, please recommit with Frontier, assuring those generations to come achieve the joys and blessings of a good home.

Warm Regards,

STACEY EPPERSON, *Executive Director*

*Frontier is grateful for the support of everyone who assisted in our Strategic Planning process.*

### Strategic Planning Team

REPRESENTING THE  
FRONTIER HOUSING BOARD  
OF DIRECTORS

FRANK OLSON, *Chairperson*  
DAVID LOLLIS, *Vice-Chairperson*  
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*CPA Treasurer*  
PAULA STAFFORD, *Secretary*  
DON MANTOOTH  
GEORGE PLAGE  
GREG RICE

CHARLES BAUM - *Starting Point*  
JOHN GILLISPIE - *Beyond the Bottom*  
*Line*

DOUGLAS K. SMITH  
NANCY TAUBENSLAG

FRONTIER HOUSING STAFF

### Contributing Stakeholders

JOAN BARNES, *Fannie Mae*  
*Foundation (retired)*  
DOUG BURDETTE, *Clayton Homes*  
BOB CANADA, *U.S. Bank*  
TOB JACKSON, *Jackson Builders*  
JIM KING, *FAHE*  
LYNN LUALLAN, *The Housing*  
*Partnership, Inc.*  
GEORGE MCCARTHY, *Ford*  
*Foundation*  
RICK MCQUADY, *Kentucky Housing*  
*Corporation*  
PAUL POSTON, *Great Lakes District,*  
*NeighborWorks® America*  
SUSAN THOMAS, *Donor*  
RUSS THOMASON, *USDA Rural*  
*Development*  
BRENDA WEAVER, *Fannie Mae*

MOVING AHEAD WITH EVEN GREATER IMPACT





What a year for Frontier Housing! We have worked hard to fulfill our mission statement. In so doing, we have earned regional and national respect for our innovations in the use and distribution of manufactured housing. We have done this while continuing to provide housing solutions in our traditional service area of Northeastern Kentucky. Our work is about much more than building new homes; it is about homeownership education and wealth creation. Last year, we provided 126 families and individuals with a housing solution. Our homebuyer education program served more than 230 households. Our dedicated staff and engaged board members accomplished all this with one purpose in mind: to continue to provide affordable housing to the people in our region.

One of the most exciting developments of the past year is the creation of our latest Strategic Plan. This will strengthen our ties in our traditional service area and support our mission to ensure that all citizens in this area have access to affordable housing. Frontier's deep and long-lasting connections to our communities are what make our work possible. We have a responsibility to our customers and our communities to continue our high level of service.

The need for affordable housing has not diminished and we are prepared to work throughout our communities to meet the needs of our most important resource, the families we serve. With this renewed commitment, we look forward to new challenges. With our trademark creativity and innovation, we pledge to continue to provide sustainable solutions and to remain focused on the nation's growing and never ending need for affordable housing.

Thanks, as always, for your steadfast interest and support.

FRANK OLSON, *Chairperson of the Board*

Frontier— *Our tradition is our namesake;* we push the limits and we reward those who produce excellence and innovation. 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”.



## Deepening Our Ties 2008 - 2013

### HIGHLIGHTS FROM FRONTIER HOUSING'S STRATEGIC PLAN

Our traditional business has gone through a series of challenges in recent years. This is largely due to accelerated declines in funding at the federal and state level which made major change mandatory. The funding declines forced us to take a very hard look at our business. We uncovered opportunities to reduce the time frame for serving customers, to reduce costs (and therefore the appraisal gap per house) and to become more customer-focused with regard to design options. We restructured our operations, contracted out much of our construction work, introduced manufactured housing and made a strong commitment to face what the author of “Good to Great”, Jim Collins, calls the “brutal facts.”

**In fact, we believe that this willingness to face and accept change based on facts is a core competency of our organization. It has stood us well in a harsher funding environment.**

**With 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 WILL

- continue to reduce cost by instituting design efficiencies and increasing volume
- continue to emphasize a focus on our customers
- reduce cycle times for all our key housing solution processes
- develop products that are accessible for those with the lowest-incomes
- significantly increase the homeownership conversion rate among well-qualified customers
- effectively target homebuyer readiness levels and provide homebuyer education

- introduce new plans; community designs and projects that reflect customer desires and preferences
- survey customers annually
- build financial strength

**Frontier will continue and grow the programs which have made our communities strong. By continuing and expanding the provision of quality, affordable housing that builds the local tax base, we support our schools, services and local governments.**

#### WE WILL

- partner with Morehead State University to undertake joint projects
- participate in a local economic development strategy by partnering with regional leaders to provide workforce housing located near regional industrial parks and employment centers
- assist in building stronger downtowns where housing is integral to downtown preservation strategy
- increase our community impact by partnering with other nonprofits to provide rehabilitation and repair services
- actively work to reduce homelessness in our region

**Frontier will continue the cultural change within our organization.**

#### TO BE

- increasingly adaptive to changes in our environment
- able to work together across functions more effectively
- streamlining our business processes
- offering growth opportunities for our staff

**To accomplish these goals, we will need to continue building our capacity – through initiatives to further reduce cost, create a better customer experience, build financial strength, deepen ties to our local community and continue our own organizational culture change process.**



# FAMILY & FRIENDS

## BOARD OF DIRECTORS

FRANK OLSON - *Chairperson*  
DAVID LOLLIS - *Vice-Chairperson*  
PAULA STAFFORD - *Secretary*  
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DON MANTOOTH  
BONNIE MCKENZIE  
STEVE O'CONNOR  
GEORGE PLAGE  
GREG RICE  
JUNE SMITH  
KAY STINER  
MARTHA WILSON

## FRONTIER HOUSING STAFF

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PHILLIP COX - SITE MANAGER  
PAT BROMWELL - CREWMEMBER  
CHRIS ROBBINS - CREWMEMBER  
SETH LEWIS - CREWMEMBER  
TOM LEWIS - CREWMEMBER

## FINANCIAL SUPPORT/PARTNERS

### OUR SUPPORTERS

LISA M. AUG  
MR. & MRS. RAY BAILEY  
*In Memory of Mary Bailey Ginter*  
THOMAS J. & MARY JANE BARRETT  
*Tom and Molly Carew Fund*  
BILL BEYER  
PATSY BOODRY  
TOM & MOLLY CAREW  
VANESSA CHAMBLESS  
*In Honor of Ronnica Mabry*  
TRUMAN L. DEHNER  
WINIFRED DOLAN & ADAM F. DOLAN  
DAVID & STACEY EPPERSON  
KELLY FLECK  
LAURENCE & CATHY GAFFNEY MINERS  
CHRIS & MARY GALVIN  
CHARLES & EILEEN GARVEN  
JULIE GEORGE  
*In Honor of Lance George and Anne Smetak*  
MARY JANE HUMKEY  
AMY JENNINGS  
G. R. (SONNY) JONES, JR.  
NOEL & KISSIE LARSON  
*In Memory of Chuck and Alice Noll*  
TOM LEWIS  
CHAUNCY P. MONROE  
ERIC R. OLSON & LAUREN SCHMIDT  
FRANK & ANN OLSON  
*In Memory of Galen Martin*  
JAMES J., M.D. & PAULA J. RICE  
*In Honor of Ruth Rice Koenings*  
RUTH RICE KOENINGS  
*In Honor of Tom and Molly Carew*  
FRANCES A. RIORDAN  
*In Honor of Catherine Riordan and Kurt Raschi*  
FORREST ROBERTS & ALLEN HOLBROOK  
JOHN ROSANS  
SHERRY SICKING  
KAREN ANN SIMMONS  
*In Memory of Dorothy Simmons*  
PAULA STAFFORD  
SUSAN THOMAS & GRANT ALDEN  
JAMES A. WARD  
OTIS WARD  
*In Memory of Marjorie Ward*  
HAROLD & BARBARA WHITE  
CHRIS WILCOX & NICHOLE HEZEBICKS  
AUDREY ANNE WILKERSON

### CORPORATE DONORS

APPALACHIAN VOLUNTEERS  
CLAYTON HOMES  
C. ROGER LEWIS AGENCY, INC.  
E.O. ROBINSON MOUNTAIN FUND  
FANNIE MAE  
FANNIE MAE FOUNDATION  
HISTECON ASSOCIATES, INC.  
KENTUCKY BANK  
NATIONAL CITY BANK OF KENTUCKY  
PRUDENTIAL FOUNDATION  
THE WELLS GROUP

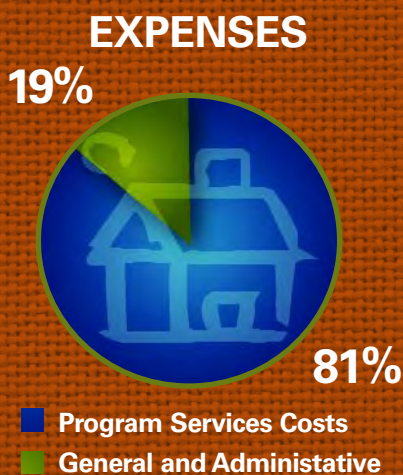
### PARTNERS IN OUR WORK

ADRIAN DOMINICAN SISTERS  
APPALACHIAN REGIONAL COMMISSION  
CFED, I'M HOME  
CLAYTON HOMES  
COMMERCIAL BANK  
E.O. ROBINSON MOUNTAIN FUND  
FAHE  
FANNIE MAE  
FANNIE MAE FOUNDATION  
FEDERAL HOME LOAN BANK OF CINCINNATI  
FIRST NATIONAL BANK OF GRAYSON  
HOUSING ASSISTANCE COUNCIL  
HUD LOUISVILLE OFFICE  
KENTUCKY BANK  
KENTUCKY HOUSING CORPORATION  
NEIGHBORWORKS® AMERICA  
SALT LICK DEPOSIT BANK  
USDA RURAL DEVELOPMENT  
WHITAKER BANK

### VOLUNTEER GROUPS

HAVERFORD COLLEGE  
UNIVERSITY OF DAYTON





## CONDENSED STATEMENT OF **ACTIVITIES**

### **SUPPORT & REVENUE**

Individuals, Corporate & Foundations	\$ 497,396
Government Grants	1,501,578
Development Income	3,678,472
Interest & Other Income	<u>295,428</u>

**TOTAL SUPPORT & REVENUE** **\$ 5,972,874**

### **EXPENSES**

Direct Cost of Development	\$ 3,073,118
Program Services Costs	1,582,910
General & Administrative	<u>378,187</u>

**TOTAL EXPENSES** **\$ 5,034,215**

**INCREASE IN NET ASSETS** **\$ 938,659**

**NET ASSETS AT BEGINNING OF THE YEAR** **\$ 9,661,300**

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

## CONDENSED STATEMENT OF **FINANCIAL POSITION**

### **ASSETS**

Cash	\$ 1,242,967
Cash - Restricted	581,660
Notes & Other Receivables	8,410,468
Housing & Development Projects	3,428,097
Rental, Other Property & Equipment (net)	<u>984,059</u>

**TOTAL ASSETS** **\$ 14,647,251**

### **LIABILITIES & NET ASSETS**

Liabilities:	
Accounts Payable & Accrued Expenses	\$ 321,497
Notes Payable	<u>3,725,795</u>

**TOTAL LIABILITIES** **\$ 4,047,292**

**NET ASSETS** **\$ 10,599,959**

**TOTAL LIABILITIES & NET ASSETS** **\$ 14,647,251**



Our traditional core service area is our historical bedrock. It is where we have the deepest community connection; it is where we have pioneered our products and services; and it is where we hope to have even more impact in helping people find good, decent places to live.

## FRONTIER'S TRADITIONAL CORE

### SERVICE AREA

Since 1974 Frontier Housing has been proud to serve counties in northeastern Appalachian Kentucky including Bath, Carter, Elliott, Fleming, Menifee, Morgan and Rowan Counties. In recent years, our service area has grown to include Magoffin and Wolfe Counties and the City of Ashland. These nine counties and one city make up our traditional core service area and continue to be the heart and focus of our work today.

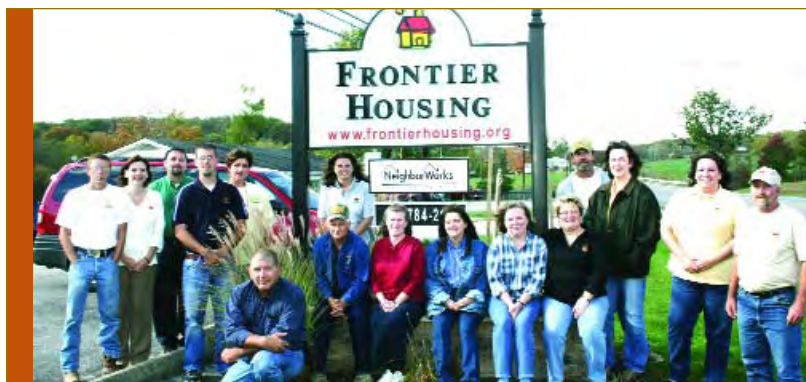
### OUR WORK

Over the years Frontier has become the largest residential builder in our service area and the largest nonprofit builder in Kentucky. We have built over 800 homes and have assisted over 1,000 families with housing solutions – a new house, a rental unit, or a home loan. Further, we have a track record of ensuring sustainable homeownership with an annual average loan delinquency rate of less than 3%; and a historical foreclosure rate of less than 1%. We have proven that when quality products are coupled with responsible lending, low-income families can be successful homeowners.

### OUR COMMITMENT

Beyond our products and services, we have strived to give people encouragement and hope and to be a positive force in our community. In doing so, our organization itself has had a long life, with an ability to adapt and change over the years. This gives us confidence regarding our future. Our traditional core service area is our historical bedrock. It is where we have the deepest community connection; it is where we have pioneered our products and services; and it is where we hope to have even more impact in helping people find good, decent places to live.

In the most fundamental way, it is our home.



PLEASE RECOMMIT WITH FRONTIER, ASSURING THAT GENERATIONS TO COME  
ACHIEVE THE JOYS AND BLESSINGS OF A GOOD HOME.

*To make a donation or for more information about our organization, contact:*

FRONTIER HOUSING [www.frontierhousing.org](http://www.frontierhousing.org)  
FRONTIER HOMEOWNERSHIP CENTER 5445 Flemingsburg Road, Morehead, KY 40351 Phone: 606.784.2131

PHOTO CREDITS: Ann W. Olson and thanks for the additional photos from our staff and friends.