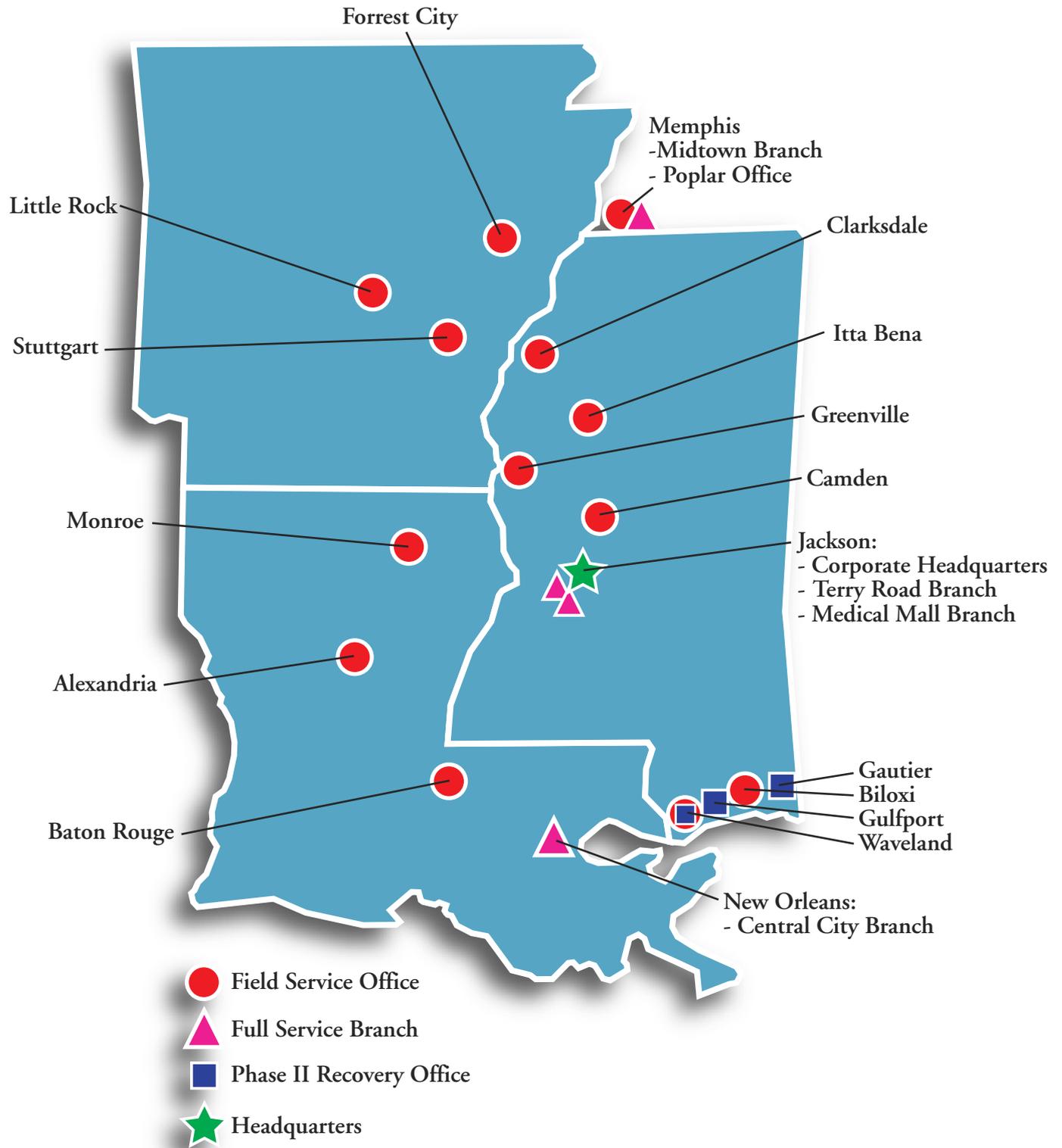


2007 ECD/HOPE **IMPACT** REPORT



Serving The Mid South

ECD/HOPE Office Locations



Strengthening Communities. Building Assets. Improving Lives.

Dear Friends:

Across the country, the financial pressures on hard-working families are growing every day. Rising fuel and grocery prices place a huge burden on consumers and small businesses alike. The mortgage crisis has forced scores of people to the brink of foreclosure or eviction.

No one suffers more from these hardships than residents of ECD/HOPE's service area. Long defined by the impoverished Delta which dominates its center, the Mid South region faces a constant struggle to rise from the bottom with regard to most indicators of economic well-being. This challenge is made even more difficult by the task of rebuilding from Hurricane Katrina, the worst natural disaster in the nation's history.

There is, however, a bright side. Many people care about their neighbors and step forward in hard times. Because of this, as the need for help grew during recent years, so did ECD/HOPE's capacity to lend a hand. The years 2005-2007 were a period of unprecedented growth for ECD/HOPE. Fueled by expanded partnerships, increased funding support, new programs and a stronger infrastructure, we are assisting more families, individuals and small businesses than ever before.

A highlight of 2007 was our involvement in the Mississippi Homeowners Assistance Program. Under a contract with the State of Mississippi, ECD provided counseling services that helped more than 4,000 homeowners, whose homes were destroyed or damaged during Hurricane Katrina, to develop and implement recovery plans. The program facilitated an estimated \$275 million in grants, with more than 60 percent of the recipients at or below the area's median income.

We also concluded the Emerging Markets Partnership, a five-year initiative designed to achieve tangible business development, affordable housing and healthcare outcomes in the Delta by collaborating with nonprofits, public agencies, banks, private industry and other contributors to community and economic development. Sparked by a \$20 million grant from the W.K. Kellogg Foundation, the project generated \$125 million in financing for businesses, housing and community development projects; assisted 1,800 businesses and 3,700 jobs; supported training for 9,700 residents; financed 1,000 mortgages; and fostered a network of organizations committed to lifting up the Delta.

After Hurricane Katrina, ECD established the Mississippi Economic Policy Center (MEPC), which has since grown from an important hurricane recovery resource into an influential voice on policy issues such as tax & budget reform, subprime lending and other matters that affect low-wealth people and communities.

ECD/HOPE's combined assets totaled \$67 million at the beginning of 2005. By the end of 2007, assets under management approached \$160 million. During the past three years, our staff grew from 55 to more than 130 dedicated employees in 21 locations, including new offices in locations extending from Itta Bena to Waveland to Memphis.

The following pages provide examples of our work in 2007, emphasizing successes in the areas of commercial finance, personal financial services and affordable housing, and illustrate how ECD/HOPE is making a difference in people's lives.

Since ECD/HOPE began operating in 1994, many have joined in our efforts to promote economic prosperity in distressed Mid South communities. Any successes we have achieved are due to a wide range of colleagues, funders, depositors and other stakeholders. We thank all who have shared our vision and supported us in our mission of strengthening communities, building assets and improving lives.



William J. Bynum
Chief Executive Officer
ECD/HOPE

Robert L. Gibbs
Chairman
Hope Community
Credit Union

William A. Percy
Chairman
Enterprise Corporation
of the Delta

A Major Victory For The Central Jackson Soccer Organization





Any way you look at it, the Central Jackson Soccer Organization (CJSO) is a winner. Since 1992, the nonprofit organization's teams have earned 11 State Select Championships, six Regional Superclub Championships and two National Superclub Championships. CJSO teams have finished the season ranked among the top 10 in the country, cementing a national reputation for excellence.

America's collegiate soccer programs have definitely taken note. In 2007, CJSO players received scholarship offers from more than 75 college programs. Currently, former CJSO athletes are playing at 18 colleges and universities across the nation.

Yet when you speak to CJSO president, Alden Brooks, you quickly realize that soccer is only a small part of what CJSO is all about. "We offer a service to these young men and ladies that goes far beyond soccer," Brooks explains. "Our goal is to keep these kids on the right path in life. We address their total needs and provide a structure for their families to become involved. Our volunteers do whatever it takes to help these kids grow, from coaching to mentoring to providing ACT assessments."

Despite their tremendous success both on and off the field, CJSO owned no land of their own. Playing on borrowed fields, the organization was unable to build the permanent facilities necessary for growth.

The lack of a land asset also prevented them from qualifying for many of the grants that are available to youth sports organizations.

In 2006, CJSO came to ECD/HOPE with a request for a loan to purchase 5.75 acres of land adjacent to Callaway High School, the location of their borrowed fields. This request began what members of the ECD/HOPE team called "a labor of love."

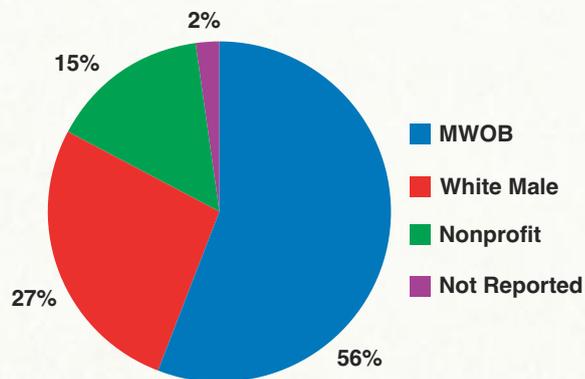
The team immediately discovered several problems associated with the property. Because of tax issues, the landowner could not produce a clear title. During the time that CJSO and ECD/HOPE were working to acquire the land, an out-of-state investor filed the liens, making a complicated project even more difficult.

"This project faced obstacles from the onset, but ECD/HOPE picked off each issue, one at a time," said Brooks. "They went beyond the call to bring the appropriate people to the table to make this happen."

Eventually, the lien holder began selling off property. ECD/HOPE gained the assistance of the attorney who represented the lien holder. Through this contact, the team was able to get the liens released. ECD/HOPE closed the deal on the last day of 2007, after an effort that lasted a year and eight months.

Thanks to the loan from ECD/HOPE, CJSO plans to build a soccer complex complete with pavilion, meeting and training space, concession stands, restrooms, and facilities for referees and stand-by medics. According to Brooks, "This land means the world to us. It gives us the ability to grow and serve more kids and families from all across the state. Above all, it will help us better meet our mission: to mold winners, both in soccer and in life."

2007 Commercial Borrower Demographics



A Winning Proposition For Wynne, Arkansas





In Wynne, Arkansas, generations of workers supported their families with paychecks from the Addison Shoe Company. But in recent years, people in Wynne began to worry that those jobs might not be around for the next generation.

The Addison Shoe Company, owned and operated by the Munro family, had been one of Wynne's major employers for more than 50 years. Because of financial pressures, it seemed inevitable that manufacturing operations would be moved out of the country—a move that would mean significant job loss in Wynne.

At its peak, the factory employed more than 500 workers, but in recent years the number of employees had been reduced to fewer than 100. In a small town like Wynne, losing these remaining jobs would be devastating.

Neil Munro had been working in the family business for nearly three decades, serving most recently as president of one of the companies. He and his wife, Martha Jane Murray, saw an opportunity to save local jobs by purchasing the Addison factory and restructuring the company so that manufacturing operations could stay in the town that Martha Jane grew up in.

Martha Jane explained, "We wanted to keep jobs in Wynne and service retailers and institutions that are committed to selling American-made products. We simply needed financial partners to help make it happen."

In May 2007, the pair formed a new company, NMF, Inc. Neil Munro began working to secure the funding necessary to purchase the Addison factory and its existing contracts. After hearing his ideas, the Arkansas Department of Economic Development, with the support of Governor Beebe and the city of Wynne, provided assistance that allowed NMF to take the first step in securing the plant and equipment. Munro then approached two local financial institutions and ECD/HOPE.

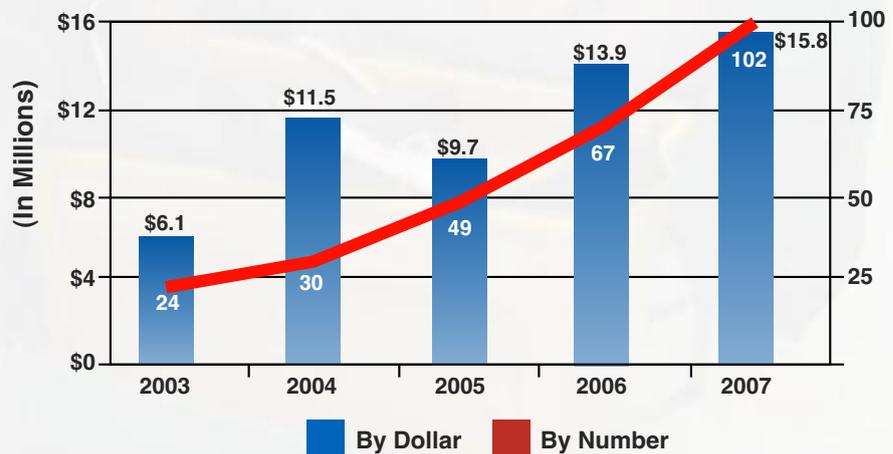
From the moment Neil shared his plans with them, ECD/HOPE enthusiastically backed the project. They viewed it as a tremendous opportunity to protect jobs in an area of low opportunity and high unemployment. ECD/HOPE agreed to participate with two local banks, Cross County Bank and First National Bank of Wynne, to provide NMF with the funds they needed.

Because of this funding, NMF was able to purchase the Addison factory and keep operations—and jobs—in Wynne. Today the factory is busy manufacturing footwear for top brands, including Red Wing and Frye Boot Co., as well as for the U.S. Army and other branches of the military. The company also produces and markets its own "Neil M" brand.

In just its first year of operation, the new shoe company is already on solid financial footing. "Prior to our restructuring, the factory had been losing money for years," Martha Jane said. She added, "We were able to show a profit after just four months. More important, we were able to add 20 jobs."

"We would not have been able to put the deal together without ECD/HOPE," she concluded. "Their commitment was pivotal to our success. Larger institutions weren't willing to take the risk with us, but ECD/HOPE believed in us and in our vision for keeping jobs in the Wynne community. Everybody in Wynne is excited because jobs will be staying."

Commercial Loans Closed, 2003-2007



Solving The Mortgage Crisis, One Homeowner At A Time





It could have been a story from any town or city in America today: Hard-working individual falls into mortgage trap, faces escalating payments, loses home. But because a chapter in her story included ECD/HOPE, Barbara Jackson's financial ordeal will have a happier ending than those of many homeowners in America's current mortgage crisis.

Barbara came to the ECD/HOPE offices in June 2007. Her loan officer recalls Mrs. Jackson saying she had "hope" that someone would be able to help her. She was holding an armful of papers from her previous mortgage closing and was obviously nervous about the process.

Mrs. Jackson had purchased her Memphis home in April 2004. Like so many people in America, she did not fully understand the complex mortgage process. Her realtor had referred her to a mortgage broker who, unfortunately for Barbara, put her into an adjustable rate mortgage. Her mortgage had a two-year prepayment penalty period, and an interest rate fixed for the initial two years at 6.875 percent. The mortgage allowed the lender to increase the interest rate by as much as six percent every six months after the first two years.

By the time Barbara came to ECD/HOPE, her interest rate had skyrocketed to 11.875 percent, and her monthly payment had climbed from \$429.96 to \$840. Even working two full-time jobs, Barbara was unable to afford the higher payments.

"I was in a really bad situation. The payments just kept going up. I reached a point where I couldn't take any more increases. I'd been to several places, hoping someone could help me out, but nobody wanted to help. Then I heard about ECD/HOPE and decided to try them. I saw ECD/HOPE as my last chance."

After reviewing her case and seeing her positive credit history, ECD/HOPE converted Mrs. Jackson's mortgage into a fixed-rate loan with a monthly payment of \$657. This was significantly less than what she was paying—and far less than she would have eventually paid with the inevitable future increases.

"They are my miracle workers," Barbara said of the ECD/HOPE team. "They did a great job of explaining everything to me, and they pointed out every single piece of paper I'd need to complete the process. They also referred me to a homeowner

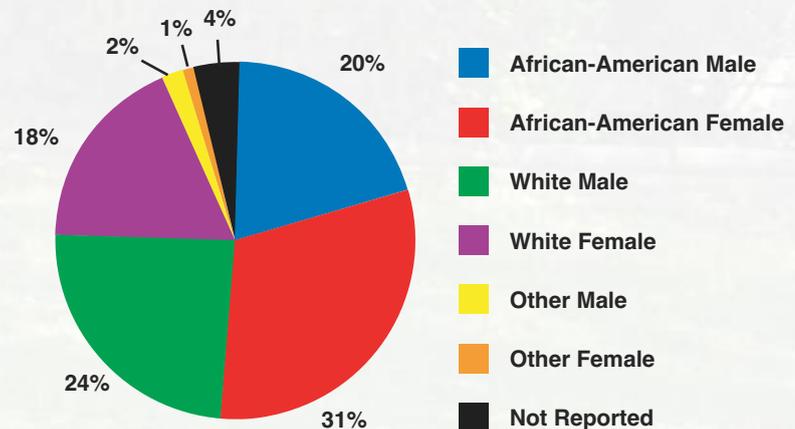
education class. This helped me better understand what is expected of me as a homeowner and what to look out for in the future. I'm a much wiser homeowner now."

ECD/HOPE Vice President Brenda Harper said, "We see cases like this every day. Working people across the country have been hit hard by the mortgage crisis. Our goal is to help people get out of their financially devastating situations, and to better educate potential homebuyers so that there are fewer victims in the future."

Brenda concluded, "The entire system needs an overhaul. But until a systemic solution is developed, we at ECD/HOPE are going to continue to do all we can to help as many people as we can."

Barbara Jackson is glad that she was one of them.

2007 Mortgage Borrower Demographics



An American Dream Come True





For many people born in the United States, the American dream is something often taken for granted. But for Ajalandro Gonzalez, it is something that he never believed he could fully achieve.

Ajalandro Gonzalez of Venezuela had been coming to the United States regularly since 1978 to visit his sister, now a well-known heart specialist in West Monroe, Louisiana. In 2001, Ajalandro moved to the U.S. and began working as a carpenter specializing in finish work, mostly on new homes.

It wasn't long before Ajalandro attracted local attention as a hard-working, highly skilled craftsman with an eye for detail and a penchant for perfection. His work caught the eye of Jerry King, an ECD/HOPE loan officer and friend of Ajalandro's sister. Jerry hired Ajalandro to lay the floor in his home. The result was a breathtaking combination of wood and tile that prompted numerous townspeople and at least one magazine representative to come see Ajalandro's work personally.

As his reputation grew, Ajalandro soon had a lengthy waiting list for his services. He found himself working from dawn to dusk just to keep up with the growing demand. With his business on solid financial ground, he focused his attention on a dream he'd held onto since 1978: owning his own home in America. He had diligently saved his money and was prepared to put down two years' worth of payments in advance.

Ajalandro mentioned to Jerry that he wanted to purchase his own home. Jerry then told him about ECD/HOPE. After hearing about ECD/HOPE's mission and purpose, Ajalandro said, "I would love to do business with such a company."

When Ajalandro was told that his loan had been approved, he was overcome with gratitude. "I cannot believe I am actually going to get the opportunity to own a home," he said to Jerry. Ajalandro decided to purchase a 10-year-old West Monroe home that he discovered in a foreclosure auction. "I thought this would be a great way to save money," he stated.

"Ajalandro Gonzalez came to this country expecting nothing from anyone," Jerry King explained. "Although he always dreamed of owning a home in America, he never really thought that would be possible. It truly warms your heart to be able to help someone as deserving as Ajalandro Gonzalez. This is what ECD/HOPE is all about."

For Ajalandro Gonzalez, the American dream is no longer just a dream. He owns his own home and runs his own successful business. Today, he is in the process of realizing another of his biggest dreams: becoming a United States citizen.



Low-Income Housing That Feels More Like Home



Quiet streets. A nice yard. Friendly neighbors. And a separate bathroom for the kids. These are a few of the reasons why the new home Angela Turner rents in Clearview Estates has been a refreshing change of pace for her and her two young sons.

“It was something different for the kids—a better environment,” said Turner, 34, whose neighborhood in New Orleans’ 9th Ward was ravaged by flooding after Hurricane Katrina. In April 2007, she moved into a home in Clearview Estates, an affordable housing development in Litcher, Louisiana.

“It’s a nice size,” she said. “The kids have their own bathroom, and I have mine. It’s also a much quieter atmosphere, and children can play outside safely.”

The 32-unit rental residential subdivision was the vision of developer Dale Lancaster, who was able to proceed with the project after ECD/HOPE helped secure permanent financing of a construction loan funded by Stearns Bank of Minnesota for \$1,170,000. The remainder of the \$2.8 million project was funded by tax credits made available through the federal Low Income Housing Tax Credit program, which encourages private investment in affordable housing.

“Affordable housing is a need almost everywhere,” Lancaster said. “This program allows us to sell tax credits and reduce the amount we have to finance, so we can charge much lower rents for the houses and use the savings as equity in the project.” He added, “In most cases with homebuyers, the ratio is three-quarters debt to one-quarter equity. For these houses, it’s the exact opposite.”

Jim Whitehead, a credit analyst with ECD/HOPE, said that the Clearview Estates project serves a real need in the Litcher and St. James Parish area, where there’s a large demand for assisted rental housing. Occupancy rates for the complex have run close to 100 percent of capacity since it opened in 2007.

“Using the federal tax-credit program allows developers to get a quality product out on the street without having to borrow a lot of money,” Whitehead said.

To qualify for a home in Clearview Estates, an applicant’s annual earnings must fall within 50 to 60 percent of the median income for the area. Lancaster said that residents’ incomes range between \$25,000 and \$44,000 a year, and rental payments average around \$600 a month—well under the market rate of \$900. A tenant who stays in a home for 15 years is eligible to purchase the unit, with rental payments applied toward the mortgage.

The single-family, detached homes in Clearview Estates are three- and four-bedroom units with two bathrooms each. Floor plans include either 1,132 or 1,300 square feet with an enclosed garage, and the development also features a community room.

Living in a home with a yard presents a rare opportunity for many low-income residents, whose options are usually very limited when it comes to finding affordable, quality housing. “A typical housing complex is made up of apartments,” Lancaster said. “In Clearview Estates, there’s less density, which usually equates to less crime. Occupants have a yard and can own pets and enjoy more of the features associated with homeownership.”

For Angela Turner and her family, Clearview Estates feels like home. “Our house is brand new and very spacious,” she said. “Everybody in the neighborhood is open and so friendly. They wave and say ‘hello’ all the time. We love it here.”

Mortgage Borrower Characteristics, 2003-2007

	2003	2004	2005	2006	2007
Median Loan Size	\$41,000	\$65,300	\$66,513	\$70,650	\$78,000
Median Annual Income	\$21,912	\$27,792	\$29,016	\$28,954	\$38,000
% Minority	49.6%	35.7%	46.0%	38.6%	54.9%
% Rural	56.3%	47.3%	37.4%	40.0%	35.5%



A Cause For Celebration In Natchitoches





An April ribbon-cutting ceremony at Outpatient Medical Center in Natchitoches, Louisiana, felt like a new beginning—even though it marked the clinic’s 30th anniversary. That day, the community also celebrated the unveiling of the center’s sparkling new expansion and renovation project—a project that will ultimately mean better healthcare for area patients of all ages.

“When you walk inside, it looks like a new building,” said executive director John Winston.

In addition to its main facility in Natchitoches, Outpatient Medical Center operates branches in Leesville, Louisiana and Tallulah, Louisiana. The latter’s location in the Mississippi Delta qualified the community health center for assistance from ECD/HOPE.

“We’ve been working with community health centers for several years,” said Ray Williams, vice president of commercial lending for ECD/HOPE. “They provide service to large numbers of people who otherwise don’t have access to quality healthcare.”

Construction and renovations were made possible by a \$1.4 million loan secured by ECD/HOPE using the USDA’s Community Facilities Guaranteed Loan Program, which provides financial tools to develop essential public facilities in rural, underserved areas.

Updates at the clinic include a new dental wing with modern equipment and 5,000 square feet of additional space for medical examination rooms, administrative offices, a lobby and waiting areas.

Based on past performance, Outpatient Medical Center was regarded as an ideal candidate for ECD/HOPE assistance. “They have a good board, good earnings and good management,” Williams said. “They’ve done a thorough job of managing their financials. Part of our mission is to provide access to healthcare in rural areas, and they’re part of the solution.”

Outpatient Medical Center provides services to approximately 10,000 patients a year, most of whom are low-income. The center’s physicians treat a full spectrum of diseases, from tuberculosis, AIDS and cancer to diabetes and high blood pressure, which occur at alarmingly high rates among the local patient population. Despite the challenges of attracting doctors to such a sparsely populated area, Outpatient Medical Center maintains a full complement of board-certified medical professionals who are dedicated to providing quality care for patients.

“The operative word is quality,” Winston said. “We monitor and track patients closely to ensure that their chronic diseases don’t get worse. If we can make them better, we do—whether it’s through treatment or health education and lifestyle changes.”

Services include a children’s medical program at all locations and special assistance for mothers with infants and small children.

While all patients are expected to pay at least a portion of their medical bills, the clinic makes special payment arrangements for impoverished patients who aren’t covered by Medicaid, Medicare or health insurance.

“We serve everyone—no one is refused,” Winston said. “Without our clinics, many patients would be channeled into larger facilities, which would reduce the quality of healthcare because of the sheer numbers.”

As a federally qualified healthcare center, Outpatient Medical Center receives half of its funding from the government, but it still struggles to find adequate funding to maintain its many programs and services. That’s why assistance from ECD/HOPE has been so instrumental in strengthening the center’s capabilities to serve those with the least ability to pay.

“I’ve lived here all my life and even served on the local board of the Community Action Agency when plans for the clinic began in the 1970s,” Winston said. “I’ve seen the clinic grow and prosper over the years, and am proud of what we’ve accomplished in Natchitoches. Now we can focus on much-needed improvements for our other two locations.”



Helping The Delta Work: The Emerging Markets Partnership





An outgrowth of the W.K. Kellogg Foundation's Mid South Delta Initiative, the Emerging Markets Partnership (EMP) was launched in 2001 as a comprehensive effort to stimulate economic development in the Delta regions of Arkansas, Louisiana and Mississippi. Managed by ECD/ HOPE, EMP concluded in 2007 after making more than 80 investments in initiatives designed to foster entrepreneurship and business development; prepare individuals for successful employment; and provide businesses, individuals and families with resources, such as quality housing, healthcare and childcare, needed to pursue economic advancement.

Appropriately, one of the final EMP investments was made to a long-time ECD partner, the East Arkansas Enterprise Community (EAEC). Over the years, EAEC and ECD collaborated in several ways to support fledgling entrepreneurs in the heart of the Arkansas Delta. For instance, ECD and EAEC worked together to quadruple the size of a small business loan fund established with federal funds. An early EMP investment supported a partnership between EAEC, the University of Arkansas at Pine Bluff agricultural extension program and Delta farmers. These efforts collectively leveraged approximately \$1 million to strengthen the capacity of small-scale, minority-owned farms.

EAEC used a portion of the EMP investment for a revolving fund that allows the farmers to be paid at the time they bring their crops to the EAEC processing facility. The funds are replenished after crops are sold at market.

“The revolving fund has been a tremendous help to these farmers,” said Dr. Robert Cole, director and coordinator for EAEC. “Now we can pay the farmers immediately after the vegetables are weighed and graded. Cash flow is very important to them.”

Another EMP investment enabled EAEC to hire full-time marketing support. “In the past, farmers sometimes didn't get paid because they couldn't find a market for their crops,” said Dr. Cole. “Now we have someone continually working to identify markets and seek out new opportunities. Today we process 20,000 to 30,000 pounds of peas and beans from July to October and ship them to restaurants and stores in Memphis, Little Rock, Chicago and other key markets.”

EAEC's work embodies the key elements that EMP sought to develop—innovation, capacity building, networking and leverage. The \$20 million Kellogg grant resulted in \$125 million in financing that improved economic opportunities for thousands of Delta residents. Perhaps most significant are the dozens of EMP-supported organizations that are now collaborating to tackle pressing challenges such as healthcare, affordable housing and small business development.

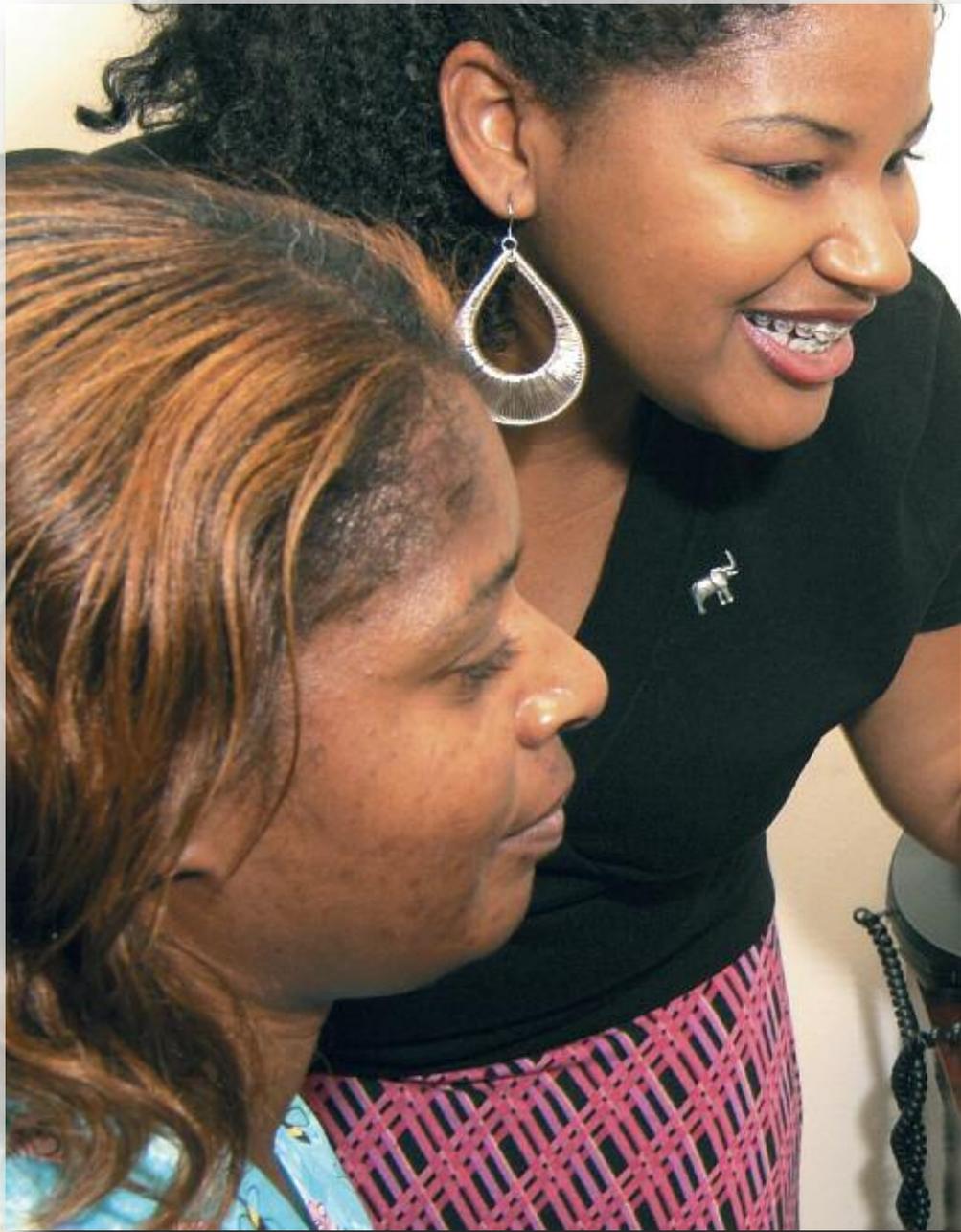
According to Dr. Cole, “The bottom line is, 45 farmers have increased their income because of support from ECD/HOPE and the Emerging Markets Partnership. Despite their limited resources, some of these farmers are able to earn as much as \$3,000 per acre. It has made a tremendous difference in their lives.”

Emerging Markets Partnership Outcomes

- \$83.3 Million in Small Business Loans and Investments
- 1,841 Firms and Entrepreneurs Assisted
- 3,717 Jobs Assisted
- 80 Community Infrastructure Investments
- 651 Companies Provided Technical Assistance
- 9,765 People Trained
- 997 Mortgages
- \$42.4 Million in Mortgage Financing
- 131 Affordable Housing Developers Assisted
- 333 New Homes Built



Building Credit And Financial Confidence





A poor credit rating can leave a person stranded in financial limbo, with little chance of escape and few opportunities to build a secure financial future. Not long ago, Sharon Green of Biloxi was one of those people. But with assistance from ECD/HOPE, she's turning her credit rating around and learning how to better manage her finances.

Green came to ECD/HOPE in 2007 after hearing about their services from a friend. She wanted to improve her credit to qualify for a car loan and to one day purchase a home, and ECD/HOPE helped her take the first steps in that direction.

Opening a checking account with a conventional bank was too expensive for Green, who noted that many banks require a minimum deposit of \$200 to get started.

"I just couldn't afford it at that time," she said. Green is a certified nursing assistant who works for a hospice agency during the week, and at a personal care facility on weekends.

"I opened a checking and a savings account with HOPE," she said. "Now I can do banking on the Internet and keep track of my balances. It helps me watch my expenses and do a better job of budgeting."

Many people like Sharon have credit issues despite working multiple jobs. Unexpected hurdles such as a trip to the doctor or car trouble can burn through a paycheck and turn into major financial problems.

ECD/HOPE places a priority on providing working families with the tools they need to save, establish credit, and otherwise build a financial safety net.

"We don't just look at a person's credit score, we also look at their circumstances," said Carmelita Hanshaw, the ECD/HOPE program officer who worked with Green. "We talk to our members about their financial goals, and then we'll work with them to achieve them. It really helps raise their spirits."

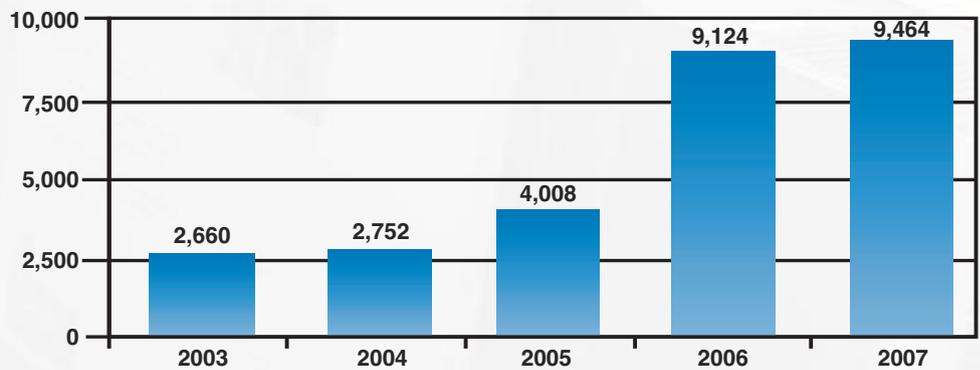
HOPE offers several financial products and services designed to help people improve their credit and gain a solid financial footing. Green was an ideal candidate for a small share-secured loan, which allowed her to borrow against her own money and make payments back into her account. Green also signed up for direct deposit so that her paychecks go straight into her account, where they can start collecting interest. In addition, she can make loan payments electronically by pulling from her online checking and savings accounts.

The loan process helps members get comfortable with financial transactions, improve their credit ratings, and establish a relationship with an institution that can address future financial needs.

Now that Sharon Green is headed in a positive direction with her finances, she's introducing her daughters to HOPE. In fact, she recently opened an account at the credit union for one of her daughters.

"I've learned a whole lot through my experience, and I want to get my kids involved in learning about their credit early," she said.

HOPE Membership, 2003-2007



Improving Lives Through Analysis And Advocacy



Since its inception, ECD/HOPE's work has been grounded in data generated through extensive research of regional and national socio-economic trends, and in ongoing evaluation of its first-hand experience as a provider of financial and technical assistance to underserved populations. Not only has this capacity enabled ECD/HOPE to continually improve its programs to meet the needs of area residents, but it has also positioned the organization to bolster its impact by influencing public and private programs and policies that affect low-wealth people and communities.

The need for this influence came into sharp focus when Hurricane Katrina highlighted the importance of equitable recovery strategies that are responsive to the needs of low- and moderate-income citizens. In response, ECD launched the Mississippi Economic Policy Center (MEPC) to help guide hurricane recovery efforts, and to provide analysis of other issues that affect Mississippi's low-income and low-wealth families.

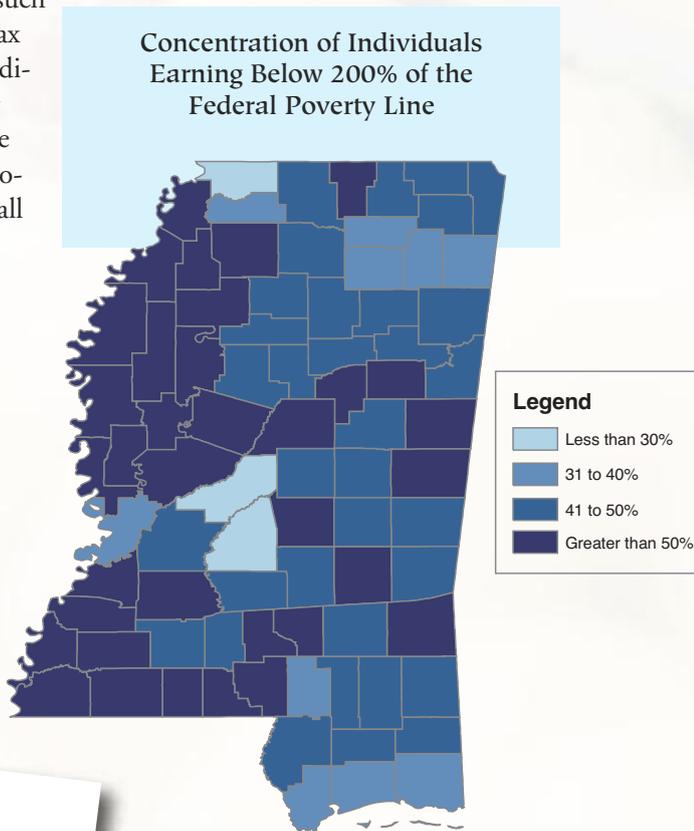
Research conducted by MEPC documented the shortage of affordable housing after Hurricane Katrina, as well as the need for counseling to protect residents from predatory lenders and contractors. This work helped lead to the establishment of a state-funded homeowner grant and counseling program.

"ECD/HOPE has always multiplied its impact by working with partners such as banks, nonprofits, public agencies and elected officials," said Ed Sivak, ECD/HOPE vice president for policy and MEPC director. MEPC gives us a stronger and more structured means to conduct research, share key lessons, and convert data into action.

MEPC focuses its work in these primary areas: budget and tax issues, predatory lending, workforce supports, asset development, and affordable housing. In a short time, the center has emerged as an important policy voice in Mississippi, as its reports, articles and other analysis dealing with issues such as budget and tax reform, the condition of working families, and the mortgage foreclosure crisis have all

received significant attention from the media and policy makers. MEPC also advances its work by conducting briefings and workshops for legislators, advocates and other groups.

According to Sivak, "ECD/HOPE's policy goals are consistent with our program goals—to ensure that people in distressed communities have the tools they need to achieve a decent quality of life. MEPC furthers this aim by expanding the debate on how good policies and well-designed programs can help people to earn better wages, build and retain assets, and otherwise move up the economic ladder."



Helping A Fighter Fight Back





For 87-year-old widow Judith White, Hurricane Katrina struck not once, but over and over again. During the storm, Mrs. White's Biloxi home was severely damaged by 175-mph winds and 14-foot floodwaters. Virtually everything she had accumulated in her long and colorful life was lost. After the storm came financial blows that left her struggling to put her home and her life back together.

Being an independent and determined woman—a self-described fighter—Mrs. White had first approached the recovery process on her own, working directly with her insurance company and contractors. Unfortunately, the contractor she hired not only failed to complete the work she paid him to do, but also used her charge account without authorization to purchase materials for other jobs. Her insurance money was depleted, yet her home repair was still far from complete.

Like many other elderly citizens, Mrs. White had no family in the area to whom she could turn for support. But she soon found the help she needed through ECD and the Phase II Homeowner Assistance Program.

After analyzing the situation, the ECD team began chipping away at the roadblocks that stood between Mrs. White and recovery. First, they helped her develop a solid recovery plan. The team then turned their attention to a grant she had already received to assist with home repair. Realizing that the funds would be insufficient, an ECD counselor guided Mrs. White through the appeal process, eventually securing additional grant money.

Once Mrs. White's home repairs were back underway, the ECD team helped her file a report of fraud against her original contractor. ECD also assisted her in hiring an attorney to address the charge account situation. Because of Mrs. White's persistence and ECD's support, representatives from the Attorney General's office made contact with the fraudulent contractor and are taking action to resolve the problems.

"I could not have accomplished what I have without my counselors' tremendous help," said a grateful Judith White. "I had no family, no one to turn to. But my counselors were there for me, even when I just needed someone to talk to."

Mrs. White's story is just one of the nearly 3,500 examples of how ECD's homeowner counseling is impacting lives on the Gulf Coast. Her situation was unique. But so is every other case in the storm-shocked region. The ECD counselors clearly understand that each case represents a unique life with unique losses and a one-of-a-kind path to recovery.

Laura Howe, ECD counseling manager, explained, "Every client who comes to us receives a highly individualized recovery

plan. Then we guide them through every step, from receiving grant money to selecting a contractor to credit repair and fraud prevention. In short, we do whatever it takes to help them recover."

Howe added, "It is a joy to be able to provide a service such as this. We've had the opportunity to celebrate with clients when they finally moved into their completed homes. We've celebrated with them as they achieved recovery goals. We've celebrated when we saw them move forward with their lives after they thought that they couldn't possibly go on. Every day, our counselors do what seems to be impossible."

Today, Judith White is closer than ever to a successful recovery. She's not only made progress with her home, but she's also made lasting friendships at ECD. "They've been my leaning post through these very tough times," she said with a warm smile. "I consider them true friends, not just counselors."

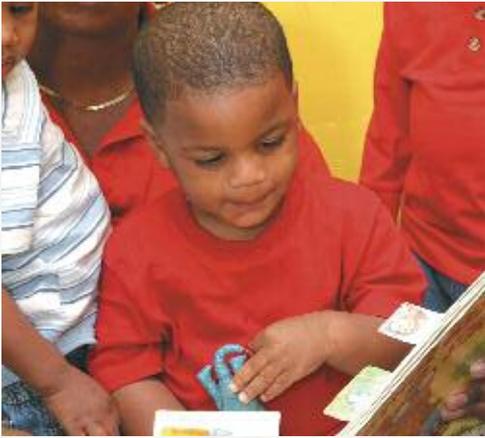
Homeowner Assistance Program Phase II 2007 Volume By County

Hancock & Pearl River	1,186
Harrison	1,077
Jackson	1,142
Total	3,405



Making A Difference Through Teamwork





“It was just five thousand dollars, but it felt like a million.” That was Taahirah Nadir’s reaction to a bridge loan from ECD/HOPE that she says saved her business. The funding was one of the first steps in an on going relationship between Nadir and the Collaborative for Enterprise Development (CED)—an initiative that is bringing hope and recovery to businesses in the New Orleans area.

In 2000, Taahirah founded the Clear Head Learning Center, a day care facility with a mission of providing a safe, loving environment for low- and moderate-income children and peace of mind for their parents. “I wanted to ease the burden for working parents,” she said.

By 2005, the day care had grown beyond her expectations. She was caring for more than 185 children and employed 21 people in two locations.

Then came Hurricane Katrina.

A large number of Taahirah’s clients lost their homes and did not return to the city. Many who did return were financially devastated and could not afford childcare.

“Times were tough. I couldn’t afford to pay a cook or even buy pre-cooked foods,” Taahirah said. “I had to bake my own bread just to save enough to buy the next bag of groceries.” Despite her hardships, she kept to her mission of helping struggling parents. “I just charged people whatever they could pay,” she explained.

To complicate her situation, Taahira had fallen into a predatory loan prior to the storm. With the post-storm financial struggles, the note was becoming more of a burden, and losing her business was becoming a very real possibility.

She then looked for help from a neighbor: ECD/HOPE, who had an office next door to her Central City facility.

Initially, Taahira did not qualify for the amount she needed to refinance her existing loan and move forward. So ECD/HOPE, working with partners from the Collaborative for Enterprise Development, took action to get her back on her feet.

CED is a consortium of six nonprofit organizations that provide a range of financial and technical assistance to entrepreneurs and nonprofits. Funded by the Louisiana Disaster Recovery Foundation, CED is structured to facilitate the recovery of entrepreneurs who were in business prior to Katrina. In addition to its role as a service provider, ECD/HOPE serves as the managing intermediary for CED.

Beyond the \$5,000 bridge loan, ECD/HOPE also made a microenterprise loan to Taahirah to further stabilize her business.

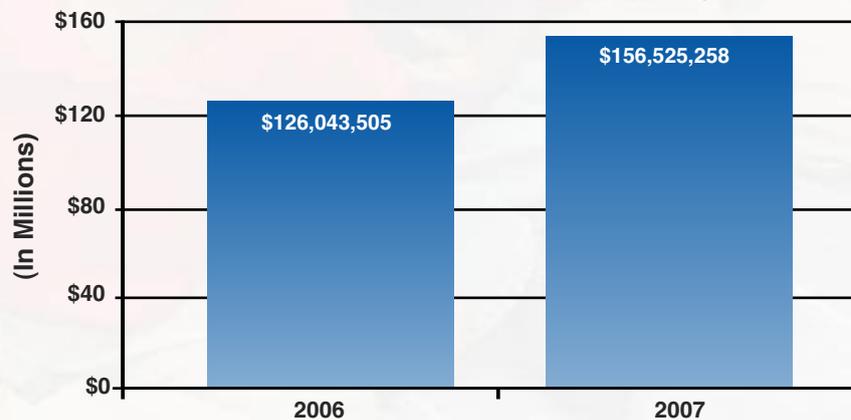
Recognizing the need and potential of the company, the group set about the task of preparing her to qualify for a larger loan. The CED team knew that Taahirah Nadir had helped people all her life, and they were determined to help her.

CED partners worked with Nadir for more than a year to build her credit, boosting her rating by more than 100 points. The Idea Village, a CED partner, helped her develop a solid business plan.

Through this combined effort, Taahirah was able to qualify for another loan that felt like a million dollars. But this time, the loan actually was for a million dollars. The refinance created more than \$7,500 per month in additional cash flow—money that Taahirah puts to good use every day helping children and their families.

“The help I received from ECD/HOPE and CED meant the Learning Center’s survival,” said Taahirah. “They were there for me when I needed them most.”

ECD/HOPE Assets Under Management



Institutional Funders, Investors And Depositors

Adrian Dominican Sisters
Advantage Capital Partners
Albina Community Bank
American Airlines FCU
Anderson United Methodist Church
Annie E. Casey Foundation
Arkansas Advocates for Children and Families
Arkansas Blue Cross and Blue Shield
Aspen Initiative on Financial Security
Astraea Foundation for Justice
Assumption Abbey, Inc.
BancorpSouth
Bank of America
Bank of Anguilla
Bank of Bartlett
Bank of Morton
Bank of the Ozarks
Bank of the South
BankPlus
Barksdale Management Corporation
Beau Rivage Resorts
Boston Community Capital
Britton & Koontz Bank, N.A.
Calvert Social Investment Foundation
Capital One
Catholic Health Initiatives
Central Bank of Monroe
Central Sunbelt Federal Credit Union
Changemakers
Chapel of the Cross
Charles Schwab & Co.
Charles Stewart Mott Foundation
CHI Operating Investment
CISCO Systems
Citizens National Bank
Common Ground Collective
Community Bank, N. A.
Community Foundation of Greater Jackson
Concordia Bank & Trust Co.
Congregation of the Sisters of Charity of the Incarnate Word
Covenant Presbyterian Church
Domestic and Foreign Missionary Society of the Episcopal Church
Dominican Sisters of Hope
Efforts of Grace
Entergy Corporation
Enterprise Community Partners
Episcopal Church Pension Fund
Episcopal Diocese of Connecticut,
Donations & Bequest for Church Purposes, Inc.
F.B. Heron Foundation
Fannie Mae Corporation
Fannie Mae Foundation
Federal Home Loan Bank of Dallas
First Bank of the Delta
First Commercial Bank
First Evangelist Housing CDC
First National Bank of Blytheville
First Security Bank
Ford Foundation
Foundation for the Mid South
Foundation Resource
Franciscan Sisters of Mary
Funding Exchange
Good Samaritan Center, Inc.
Grace Harbor Christian Ministries
Grassroots International
Greater New Orleans Community Foundation
Grey Nuns Charities, Inc.
Guaranty Bank & Trust Co.
Gulf Coast Bank and Trust
Habitat for Humanity (Jackson)
Hinds County Bar Association
Holy Spirit Missionary Sisters
Home Missioners of America
Hope Christian Community Foundation
Institute of Mental Hygiene
Jackson Housing Authority
Jackson Medical Mall Foundation
John D. and Catherine T. MacArthur Foundation
JPMorgan Chase
JustFaith Ministries, Inc.
Kresge Foundation
Liberty Bank and Trust
Literary Society of St. Catherine
Loring, Wolcott & Coolidge
Louise S. McGehee School
Louisiana Disaster Recovery Foundation
Low Income Investment Fund
MMA Community Development Investments, Inc.
MMA Insource, LLC

Magnolia Federal Credit Union
Marisla Foundation
Marquette Investments, LLC
Mary Reynolds Babcock Foundation
Mennonite Economic Development Association
Mennonite Mutual Aid Association
Merchants and Farmers Bank
Merchants and Planters Bank
Mercy Corps
Mercy Health Partners
Mercy Investment Program
MG2 Partnership
Meridian Mutual FCU
Metairie Bank and Trust
Mississippi Baptist Health Systems, Inc.
Mississippi Center for Justice
Mississippi Center for Nonprofits
Mississippi Council on Economic Education
Mississippi Development Authority
Mississippi Low-Income Child Care Initiative
Mississippi National Guard FCU
Mississippi Primary Health Care Association
Mississippi Telco Federal Credit Union
Monarch Community Fund, LLC
Moore Community House
Mount St. Scholastica, Inc.
Ms. Foundation for Women
Mutual Credit Union
National Association of Treasurers of Religious Institutions
National Credit Union Foundation
National Federation of Community Development Credit Unions
Needmor Fund
Neighborhood Development Foundation
Neighborhood National Bank
NeighborWorks America
New Orleans Food Community
New World Foundation
Nuns of the Third Order (Dominican Sisters)
One Economy Corporation
Open Society Institute
Opportunity Finance Network
Operation Reach
PAX World Fund
Peace Development Fund
Peoples Bank
Peoples Bank of the South
Philanthropic Collaborative
Planters Bank & Trust
Priority One Bank
Private Trust Company, N.A.

Proteus Fund
Rapides Foundation
Regions Financial Corp.
Renewal, Inc.
Rosemont Missionary Baptist Church
School Sisters of St. Francis
Seton Enablement Fund, Inc.
Simmons First National Bank
Sisters of Charity BVM (Dubuque)
Sisters of Charity of Cincinnati
Sisters of Charity of St. Elizabeth
Sisters of Notre Dame
Sisters of St. Dominic of Racine, Wisconsin
Sisters of St. Dominic of the Sorrowful Mother
Sisters of St. Francis of Millvale
Sisters of St. Francis of Philadelphia
Sisters of St. Joseph of Carondelet
Sisters of St. Joseph of Nazareth
Sisters of St. Joseph of Orange
Sisters of the Living Word of Arlington Heights
Sisters of the Sorrowful Mother
Smith, Shellnut, Wilson
Society of the Holy Child Jesus
Southern Farm Bureau BC
Southern Good Faith Fund
Southern Rural Development Initiative
Spengler Thomas Building, LLC
St. Clare Monastery
St. Mary's & Affiliates Credit Union
State Bank and Trust
Threshold Foundation
Tides Foundation
Trinity Episcopal Church
Trustees of the Diocese of Mississippi
Trustees for the Diocese of Western Massachusetts
Trustmark National Bank
Twenty-First Century Foundation
Tzedec Development Fund
U.S. Dept. of Treasury, CDFI Fund
Union for Reform Judaism
Unitarian Universalist Association of Congregations
Unite Here! Local 2262
Urban Impact Ministries
W.K. Kellogg Foundation
Wachovia
Walker Foundation
Wells Memorial United Methodist Church
Whitney National Bank

ECD/HOPE Governance

ECD Board of Directors

Bill Bynum ECD/HOPE	Kim Lee Dryades Savings Bank	Billy Percy Greenville Compress
Hodding Carter University of North Carolina	Ed Lupberger Nesher Investments	Kevin Reilly Reilly Enterprises, LLC
Elgin Clemons Wright, Lindsey & Jennings, LLP	Ivory Lyles University of Arkansas	William Winter Watkins, Ludlam, Winter & Stennis, P.A.
Ronnie Crudup New Horizon Ministries	Fred Miller Bank of Anguilla	Bonnie Bolton* JPMorgan Chase
Mike Espy Mike Espy, PLLC	Martha Murphy Murphy Management Company	David Johnson* BankPlus
Robert Gibbs Brunini, Grantham, Grower & Hewes	Martie North Bank of the Ozarks	<i>*ECDI Management Committee Only</i>

HOPE Board of Directors

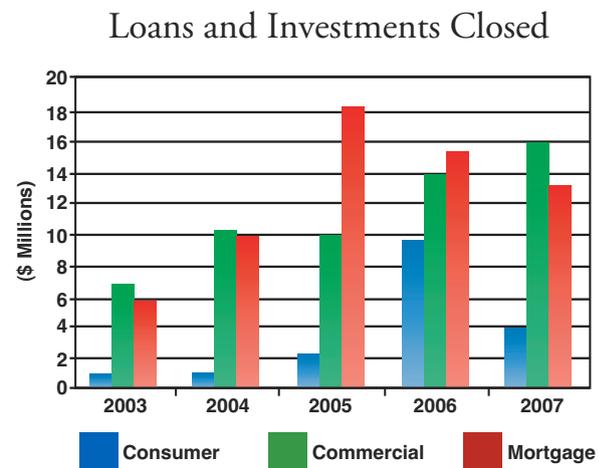
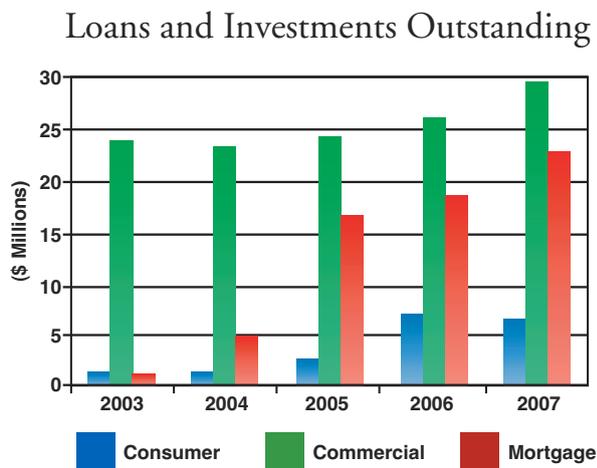
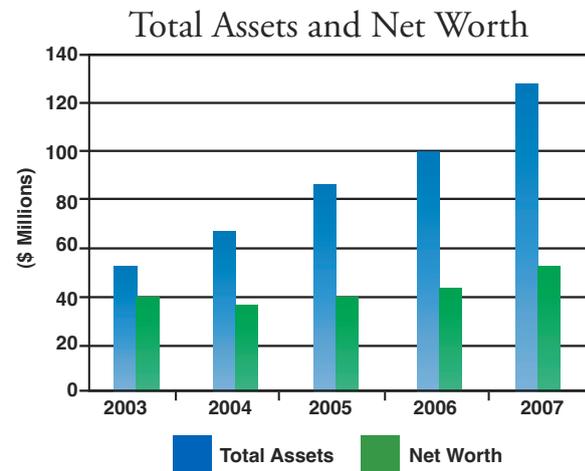
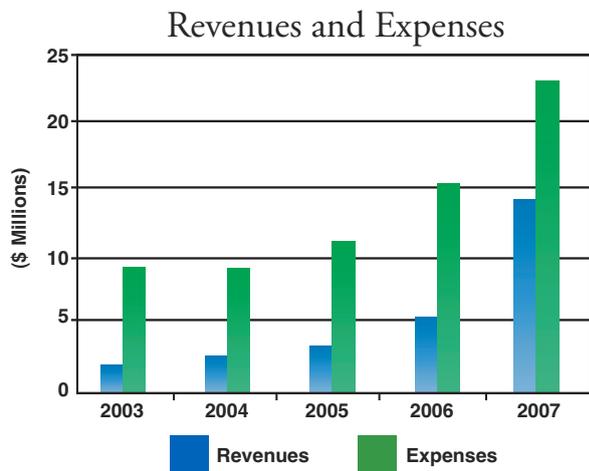
Regina Austin CPA Realty	Robert Gibbs Brunini, Grantham, Grower & Hewes	Carol Stewart Episcopal Diocese of Mississippi
James Brooks Mississippi Department of Education	Ashleigh Gilbert JPMorgan Chase	Troy Stovall Jackson State University
Bill Bynum ECD/HOPE	Derrick Johnson NAACP Mississippi State Conference	Herman Taylor University of Mississippi Medical Center
Richard Campbell ECD/HOPE	George Penick St. Andrew's Episcopal School	Neddie Winters Mission Mississippi
Phyllis Cassidy Good Work Network	Maura Phillips Mortgage Guaranty Insurance Corporation	
Mike Espy Mike Espy, PLLC		

ECD/HOPE

Consolidated and Combined Financial Highlights

Years Ended December 31, 2007 and 2006

	2007	2006
Results of Operations		
Earned Revenues	\$14,254,628	\$5,229,085
Operating Expenses	23,144,340	15,592,001
Loan Loss Reserve Expense	1,418,966	211,774
Change in Net Assets (Net Income/(Loss))	(5,737,111)	5,010,003
Financial Position		
Total Assets	\$126,851,623	\$96,970,997
Total Net Assets (Net Worth)	52,129,433	43,232,489
Loans and Investments	63,335,571	57,469,657
Total Debt	29,563,430	18,293,772
Total Deposits	45,158,759	35,444,716
Results of Activities		
Total Loans Closed	32,835,072	38,428,305
Total Investments Closed	-	-



ECD/HOPE

Combined Statement of Financial Position

Years Ended December 31, 2007 and 2006

	ECD Consolidated	HOPE	Eliminations	Combined 2007	2006
Assets					
Cash and cash equivalents	\$ 21,042,292	\$ 7,229,940	\$ (376,054)	\$ 27,896,178	\$ 11,860,783
Debt and other securities	17,195,613	14,106,297	(13,116,497)	18,185,413	18,969,135
Cash restricted for loans to be made by subsidiary	3,122,636			3,122,636	
Grants and other receivables (Note 3)	11,573,083	916,445	(956,889)	11,532,639	6,749,579
Prepaid expenses	39,905	16,276		56,181	367,875
Other assets	93,307	304,096		397,403	1,021,329
Interest receivable		304,396		304,396	200,787
Consumer loans		6,864,072		6,864,072	7,396,562
Commercial loans (Note 4)	14,005,731	15,833,253		29,838,984	25,845,973
Residential mortgage loans	8,851,872	13,981,370		22,833,242	18,657,513
Allowance for loan losses (Note 5)	(1,574,000)	(839,063)		(2,413,063)	(1,924,435)
Loans, net	21,283,603	35,839,632		57,123,235	49,975,613
Foreclosed property	3,464,433	309,840		3,774,273	3,763,309
Allowance for foreclosed loan losses (Note 5)					
Foreclosed loans, net	3,464,433	309,840		3,774,273	3,763,309
Investments in privately held companies: (Note 6)					
Subordinate debt securities					
Preferred stock	25,000			25,000	1,808,300
Property and equipment, net	2,127,083	2,307,185		4,434,268	2,254,287
Total assets	\$ 79,966,955	\$61,334,107	\$(14,449,440)	\$126,851,622	\$ 96,970,997
Liabilities					
Accounts payable	\$1,575,511	\$329,459	\$(956,889)	\$948,081	\$697,542
Dividends payable				-	-
Dividends payable				-	202,169
Member deposits		45,534,813	(376,054)	45,158,759	35,444,716
Other liabilities	3,508,394			3,508,394	-
Short-term loans (Note 9)	1,000,000	617,645	(415,920)	1,201,725	75,000
Long-term loans (Note 9)	23,905,230	12,700,577	(12,700,577)	23,905,230	17,319,081
Total liabilities	29,989,135	59,182,494	(14,449,440)	74,722,189	53,738,508
Net assets and equity					
Uninsured capital and reserves		2,151,613		2,151,613	1,294,523
Unrestricted net assets	6,667,185			6,667,185	3,693,394
Minority interest	17,651,164			17,651,164	4,810,248
Total unrestricted	24,318,349	2,151,613		26,469,962	9,798,165
Temporarily restricted	7,125,263			7,125,263	13,668,325
Permanently restricted	18,534,208			18,534,208	19,765,999
Total net assets	49,977,820	2,151,613		52,129,433	43,232,489
Total liabilities and net assets	\$ 79,966,955	\$61,334,107	\$(14,449,440)	\$126,851,622	\$ 96,970,997

See accompanying notes to combined financial statements.

ECD/HOPE

Combined Statement of Activity

Years Ended December 31, 2007 and 2006

	Unrestricted	Permanently Restricted	Temporarily Restricted	2007 Total	2006 Total
Revenues and gains:					
Grants and contributions	\$2,496,850	\$2,074,717		\$4,571,567	\$15,584,693
Program income	11,241,866			11,241,866	3,283,083
Investment income	3,012,762		-	3,012,762	1,946,002
	16,751,478	2,074,717	-	18,826,195	20,813,778
Net assets released from restrictions:					
Satisfaction of program restrictions	9,164,570	(7,932,779)	(1,231,791)	-	-
Expiration of time restrictions	685,000	(685,000)		-	-
Total revenues and gains	26,601,048	(6,543,062)	(1,231,791)	18,826,195	20,813,778
Expenses:					
Program expenses:					
Commercial lending and assistance	5,685,378			5,685,378	4,953,420
Mortgage lending and housing	4,225,606			4,225,606	5,469,853
HOPE and consumer lending	(954,151)			(954,151)	249,325
Other programs	13,296,622			13,296,622	3,940,991
	22,253,455	-	-	22,253,455	14,613,589
Development and communications	826,578			826,578	191,420
General administration	1,483,273			1,483,273	998,766
Total expenses	24,563,306	-	-	24,563,306	15,803,775
Change in net assets before minority interests	2,037,742	(6,543,062)	(1,231,791)	(5,737,111)	5,010,003
Change in other comprehensive gains/losses	169,055			169,055	66,757
Minority interests in subsidiaries' losses	1,624,084			1,624,084	794,490
Change in net assets attributable to controlling interest	3,830,881	(6,543,062)	(1,231,791)	(3,943,972)	5,871,250
Net assets attributable to controlling interest:					
At beginning of year	4,987,917	13,668,325	19,765,999	38,422,241	32,550,991
At end of year	8,818,798	7,125,263	18,534,208	34,478,269	38,422,241
Net assets of minority interests	17,651,164			17,651,164	4,810,248
Net assets and equity at the end of year	\$26,469,962	\$7,125,263	\$18,534,208	\$52,129,433	\$43,232,489

See accompanying notes to combined financial statements.

ECD/HOPE

Combined Statement of Cash Flow

Years Ended December 31, 2007 and 2006

Operating Activities	ECD	HOPE	Eliminations	2007	2006
Change in net assets attributable to controlling interests	\$(4,801,062)	\$857,090		\$(3,943,972)	\$5,871,250
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Minority interest in subsidiaries' losses	(1,624,084)			(1,624,084)	(794,490)
Depreciation	157,462	72,654		230,116	139,038
Donated property		(918,280)		(918,280)	-
Loss on disposal of property and equipment	31,447			31,447	165,722
Notes payable released as grant revenue				-	(335,000)
Gain on sale of loans held-for-sale		(99,779)		(99,779)	(45,491)
Provision for loan losses	725,202	693,764		1,418,966	211,774
Capitalization of secondary capital loan interest					-
Impairment loss on investments and foreclosed property	2,256,119			2,256,119	2,322,980
Realized and unrealized gain on investments	(94,081)	(166,812)		(260,893)	(74,644)
Accretion of discounts on investments	(46,801)	(810)		(47,611)	(113,701)
Proceeds from sales of mortgage loans held-for-sale	2,262,726	5,940,511		8,203,237	12,189,487
Purchases and originations of mortgage loans held for sale	(3,432,203)	(9,275,940)		(12,708,143)	(15,437,125)
Principal collected on mortgage loans held-for-sale	1,207,769			1,207,769	1,140,825
Changes in operating assets and liabilities:					
Financial services contract revenue receivable	(3,502,324)			(3,502,324)	(417,917)
Grants receivable	2,461,208			2,461,208	(4,791,962)
Accrued interest receivable	(103,609)			(103,609)	(212,654)
Other receivables and prepaid expenses	334,413	(527,758)		(193,345)	(75,706)
Receivable from/payable to primary sponsor		395,878	(395,878)	-	-
Accounts payable and accrued expenses	361,123	14,056	395,878	771,057	2,355,538
Net cash used in operating activities	(4,910,855)	(1,911,266)	-	(6,822,121)	2,097,924
Investing activities					
Net (increase) decrease in loans held for investment	(1,280,081)	(4,486,385)		(5,766,466)	(11,178,392)
Loan to affiliate	(3,215,000)			(3,215,000)	-
Purchase of investment	(6,194,427)	(5,761,968)		(11,956,395)	(16,188,679)
Proceeds from maturities and sales of investments	9,539,147	4,662,883		14,202,030	16,751,444
Increase in restricted cash held in escrow	(85,046)			(85,046)	-
Investments in secondary capital of HOPE	(4,050,067)		4,050,067	-	-
Proceeds from disposition of investments in privately held companies	108,300			108,300	(574,896)
Proceeds from sale of property and equipment	257,711			257,711	145,204
Proceeds from sales of foreclosed property	227,562			227,562	706,012
Proceeds from assumption of net liabilities of business acquired	261,132			261,132	-
Purchase of property and equipment	(697,742)	(928,661)		(1,626,403)	(418,888)
Purchase of restricted security investment		(1,600)		(1,600)	(1,691)
National Credit Union Insurance Fund deposit increase		(106,100)		(106,100)	-
Net change in interest-bearing accounts at corporate credit unions	(734,125)			(734,125)	339,785
Net cash used in investing activities	(5,128,511)	(7,355,956)	4,050,067	(8,434,400)	(10,420,101)
Financing activities					
Capital contributions by minority interests	14,500,000			14,500,000	-
Net increase in deposits and members' share accounts		8,792,824	921,218	9,714,042	8,074,922
Proceeds from secondary capital contributions		4,050,067	(4,050,067)	-	-
Cash dividends paid	(35,000)			(35,000)	(30,767)
Proceeds from borrowings under repurchase agreement	1,000,000			1,000,000	-
Long-term borrowings	7,906,205			7,906,205	1,005,000
Payments on long-term borrowings	(1,793,331)			(1,793,331)	(2,327,347)
Net cash provided by financing activities	21,577,874	12,842,891	(3,128,849)	31,291,916	6,721,808
Net increase (decrease) in cash and cash equivalents	11,538,508	3,575,669	921,218	16,035,395	(1,600,369)
Cash and cash equivalents at beginning of period	9,503,784	3,654,271	(1,297,272)	11,860,783	13,461,152
Cash and cash equivalents at end of period	\$21,042,292	\$7,229,940	\$(376,054)	\$27,896,178	\$11,860,783

See accompanying notes to combined financial statements.

ECD/HOPE
Notes to Combined and Consolidated Financial Statements
(Unaudited)
For the years ending December 31, 2007 and 2006

1. Basis of Presentation

The accompanying combined and consolidated financial statements include the consolidated financial statements of the Enterprise Corporation of the Delta (ECD) and the financial statements of Hope Community Credit Union (HOPE). ECD has received a ruling from the Internal Revenue Service for exemption from income taxes as a public charity under Internal Revenue Code Sections 501(c)(3) and 509(a)(2). HOPE is a credit union under Section 501(c)(14) of the Internal Revenue Code. All significant intercompany accounts and transactions have been eliminated in the combination and consolidation. The purpose of this presentation is to report ECD and HOPE as operating together to fulfill their mission. ECD is the primary sponsor of HOPE and encompasses the field of membership of HOPE. ECD and HOPE share staff and resources in operating terms. Separate audited financial statements of ECD and HOPE are available at www.ecd.org and www.hopecu.org.

Subsidiaries of ECD include ECD Investments, LLC (ECDI); ECD Investments BIDCO Corporation (BIDCO); ECD Associates, LLC (ECDA); ECD New Markets, LLC (ECDNM); Home Again, Inc. (Home Again); Mid-Delta Community and Individual Investment Corporation (MDCIIC); ECD First Commercial, LLC (ECD First); and ECD Plus, LLC (ECD Plus). ECDI, a Mississippi Limited Liability Company, was formed in 1997 as a for-profit subsidiary of ECD. ECD holds the controlling interest in ECDI through its ownership of all of ECDI's outstanding Class B units. Class A and C units of ECDI are available for investment by qualified institutional and individual investors. Investments made by qualified institutional and individual investors less accumulated losses are shown as minority interest in subsidiary. BIDCO is a wholly-owned subsidiary of ECDI. ECDI and BIDCO were created to extend ECD's commercial lending activities. ECDA, a Mississippi Limited Liability Company, was formed in 2004 to raise capital to invest in ECDNM, a Mississippi Limited Liability Company formed in 2003. ECD is the managing member of ECDA and ECDNM. Units of ECDA are available for investment by qualified institutional and individual investors. Capital invested by ECDA in ECDNM is used to invest in HOPE. In return, ECDA receives New Markets Tax Credits and cash over the investment period which are distributed to investors in ECDA. Home Again began operations in 2006 with the Company as primary sponsor. Home Again provides mortgage financing and recovery consultation services to eligible persons in the coastal region of Mississippi in the aftermath of Hurricane Katrina. MDCIIC was acquired by ECD in 2007 and is a Mississippi corporation that provides loans and technical assistance to small businesses in a six-county service area in the Delta region of Mississippi. ECD First and ECD Plus began operations in 2007 and are commercial loan funds in partnership with local banks.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about ECD/HOPE's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

2. Cash and Marketable Securities

Cash and marketable securities are comprised of cash and cash equivalents and other securities held by ECD/HOPE in the ordinary course of business:

	2007	2006
Cash and cash equivalent	\$ 31,018,814	\$ 11,860,783
Debt and other securities	18,185,413	18,969,135
Total	\$ 49,204,227	\$ 30,829,918

3. Grants and Other Receivables

Unconditional grants are recognized as revenue in the period the commitment is received. Unconditional grants to be received over a period of time in excess of one year are recorded at fair value at the date of the grant based upon the present value of payments to be received. ECD/HOPE's management anticipates grants receivable at December 31, 2007 will be received and available for support of ECD/HOPE's programs as follows:

Annie E. Casey Foundation	\$ 400,000
State of MS HOME Grant	560,690
Rapides Foundation	187,500
Heron Foundation	125,000
Louisiana Disaster Relief Foundation	1,741,875
W.K. Kellogg Foundation	103,625
NeighborWorks America	250,000
Kresge Foundation	500,000
Marisla Foundation	50,000
Charles Stewart Mott Foundation	50,000
Contracts and other Receivables	7,894,268
Total Grants	\$11,563,228
Less adjustment to reflect grants receivable at fair value at the date of grant (discounted cash flow based on 4 percent discount rate)	(30,589)
Net Grants Receivable	\$11,532,639

4. Loans

The composition of the loan portfolio is as follows:

	2007	2006
Consumer loans outstanding	\$ 6,864,072	\$ 7,396,512
Commercial loans outstanding	29,838,984	25,845,973
Residential mortgage loans outstanding	<u>22,833,242</u>	<u>18,657,513</u>
Total	\$59,536,298	\$51,899,998

Consumer loans are either uncollateralized or secured by vehicles or deposits.

Commercial loans are typically collateralized by property, equipment, inventories and/or receivables with loan-to-value ratios from 50 percent to 100 percent. Commercial loans are typically guaranteed by the principals of the borrower.

Commercial loan commitments are made to accommodate the financial needs of ECD/HOPE's customers. These arrangements have a credit risk essentially the same as that involved in extending loans to customers of commercial banks and are subject to ECD/HOPE's normal credit practices.

ECD/HOPE also originates and purchases residential mortgage loans. These loans are typically collateralized by residential real estate with a loan-to-value ratio of 97 percent or less. The majority of these loans are typically sold within three months of origination or purchase.

5. Allowance for Loan Losses

The allowance for loan losses is maintained at a level, considered adequate by management to provide for probable loan losses related to specifically identified loans and for losses inherent in the loan portfolio, that has been estimated as of the balance sheet date. Management's determination of the adequacy of the allowance is based on an evaluation of the portfolio, growth and composition of the loan portfolios, economic conditions and other relevant factors. The allowance is increased by provisions for loan losses charged to expense. Foreclosed loans and venture investments are listed on the balance sheet net of their allowance for losses.

Transactions in the allowance for loan losses are summarized as follows:

	2007	2006
Balance at beginning of year	\$1,924,435	\$4,879,602
Provision charged to operating expenses	1,418,966	211,774
Loans and investments charged off and foreclosed	<u>(930,050)</u>	<u>(3,166,941)</u>
Balance at end of period	\$2,413,351	\$1,924,435

6. Investments in Privately Held Companies

ECD/HOPE made its first investments in privately held companies in 1998. These investments have generally been in the form of preferred stock or subordinated debt. Investments in privately held companies are carried at the lower of cost or net realizable value. The Company regularly evaluates whether, in management's opinion, events or circumstances have occurred which may indicate that the carrying amount of the Company's investments in privately held companies may not be recoverable based upon estimated future discounted cash flows from the investment. If some or all of the

investment is determined to be unrecoverable, the asset is written down to the estimated net realizable value. The Company recognized an impairment loss on privately held company investments of \$1,675,000 and \$1,994,000 in 2007 and 2006, respectively.

7. Foreclosed Property

Foreclosed property consists of properties repossessed by the Company on foreclosed loans. These assets are stated at the lower of the outstanding loan amount (including accrued interest, if any) or fair value at the date acquired less estimated costs to sell. Losses arising from the acquisition of such property are charged against the allowance for loan losses. Declines in value resulting from disposition of such property are expensed as impairment loss on foreclosed property or loss on disposition of foreclosed property, as applicable.

8. Dividends Payable and Shares and Share Certificates

Dividends payable are dividends earned on share draft accounts, share accounts and share certificates by members of HOPE and not yet paid by HOPE. Share draft accounts are the credit union equivalent of bank checking accounts. Interest is earned on HOPE money market share draft accounts. Share accounts are the credit union equivalent of bank savings accounts, and share certificates are the credit union equivalent of bank certificates of deposit. All share draft accounts, share accounts and share certificates are insured by the National Credit Union Administration up to \$100,000 per member.

9. Long-Term Debt

The maturities of long-term debt at December 31, 2007 are as follows:

2008	\$ 1,870,628
2009	1,450,346
2010	3,878,051
2011	1,417,000
2012	2,042,000
Thereafter	<u>13,247,205</u>
Total	\$23,905,230

10. Uninsured Capital and Reserves

The uninsured capital and reserves include only secondary capital investments made by investors in HOPE unrelated to ECD, accumulated reserves, and undivided earnings of HOPE.

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