



# 2003 IMPACT REPORT

**10** years **1994-2004**

# 10 years

## 1994

- Pew Charitable Trusts provide seed funding for Foundation for the Mid South's "Delta Partnership," an initiative to address workforce and business development needs in the Delta regions of Arkansas, Louisiana and Mississippi
- Enterprise Corporation of the Delta (ECD) is incorporated as a free-standing entity to undertake the business development objectives of the Delta Partnership; ECD begins operations in June 1994
- ECD makes its first loan – TCS Caseworks in Hughes, Arkansas

## 1995

- Pew capital challenge is met by Entergy Corporation and the Walton Family, Ford, Kauffman, MacArthur, and Mott foundations
- ECD and Foundation for the Mid South organize the Southern Enterprise Communities Forum, a consortium of the region's enterprise communities and empowerment zones
- Hope Community Credit Union (HOPE) is chartered by Anderson UMC to address the need for non-predatory financial services in low-income neighborhoods in Jackson, Mississippi

## 1996

- ECD initiates FastTrac entrepreneurial training program. Local administrators include Delta State University, University of Arkansas at Pine Bluff, Northeast Louisiana University, Mississippi County Community College, and Good Faith Fund
- ECD kicks off Breaking New Ground campaign to highlight the Delta's potential and to promote collaboration; Community economic development practitioners and funders attend ECD-hosted networking forum in Little Rock
- Arkansas, Louisiana and Mississippi state economic development agencies and ECD sign Memorandum of Understanding underscoring a shared commitment to strengthen the Delta

## 1997

- ECD initiates Memorandum of Understanding with state and federal manufacturing extension programs
- ECD is designated by Treasury Department as one of the nation's first Community Development Financial Institutions
- ECD Investments, LLC is formed to secure investments from banks and institutional investors

## 1998

- ECD and Bain & Company analysis of business development in the Delta documents: \$2.5 billion capital gap, geographical disparities, and potential for job growth and broadened ownership in the service sector
- Winthrop Rockefeller Foundation, Walton Family Foundation, and Pew Charitable Trusts provide initial funding for "Matching Opportunity with Capital" campaign to expand ECD's impact

## 1999

- ECD organizes and hosts Clarksdale visit by President Clinton to kick off "New Markets Initiative" to promote private investment in economically distressed areas
- HOPE expands its field of membership to include Fellowship of Hope Ministries, Amos Network, 100 Concerned Clergy, and ECD

## 2000

- Entergy makes \$5 million investment in ECD – the largest non-foundation investment in a community development financial institution
- Entergy and ECD organize the Delta BusinessLINC mentor-protégé program to assist fledgling businesses
- ECD subsidiary is certified as an SBA lender
- HOPE opens a full-time branch in the Jackson Medical Mall

## 2001

- ECD launches the Kellogg Foundation-funded "Emerging Markets Partnership," a five-year effort to stimulate investment and foster networking in the Delta, focusing on key areas including enterprise development, housing and health care; Supporting Memorandum of Cooperation is signed by Entergy, Fannie Mae, and the governors of Arkansas, Louisiana and Mississippi
- ECD receives national CDFI Excellence Award for Community Impact
- HOPE recruitment drive yields over 30 new faith-based organizations/ not-for-profits as members

## 2002

- ECD receives Mississippi Governor's Small Business Achievement Award
- HOPE Mortgage program is initiated with 22 banks and mortgage originators
- ECD becomes the primary sponsor of Hope Community Credit Union

## 2003

- More than 25 Emerging Markets Partnership joint ventures underway; Activities through 12/03 have supported approximately 3,000 people, 320 businesses and 300 housing units in the Delta
- ECD is among the first in the nation to receive a federal New Markets Tax Credit allocation – awarded \$15 million to support ECD/HOPE expansion
- ECD/HOPE lays groundwork for regional development bank and expands financial services to serve target communities and socially responsible depositors



# **"...our marathon is not about how quickly we finish, but how well we overcome the challenges along the way."**

*Friends,*

*In many ways, a marathon is an appropriate analogy for ECD/HOPE's ongoing endeavor to strengthen communities, build assets and improve lives in economically distressed communities across Arkansas, Louisiana and Mississippi.*

*At the outset, a marathon's participants have put in hours upon hours of preparation. They have studied the course and, in theory, understand what lies ahead. Excitement, optimism and considerable anxiety are all present.*

*As the race ensues, and the miles begin to take a toll, hills seem steeper, muscles ache and the mind starts to question the wisdom of this undertaking. At such moments, the runners tap into a reservoir of stamina and confidence that has been fueled by rigorous training, thorough analysis and a powerful commitment. They also rely on allies – others who want the runners to succeed – for encouragement and replenishment.*

*Armed with renewed clarity, confidence and determination the runners continue their long trek, strategically tackling each new obstacle, striving to accomplish a significant feat.*

*2003 marks the latest stage of ECD/HOPE's marathon-like effort. Now ten years into our journey, we are very confident and clear about the promise that permeates the Mid South, and about our ability to provide financial and technical assistance to low-wealth people and communities that lack reasonable access to capital.*

*Since 1994 ECD/HOPE has made significant progress in this arena. Our efforts have generated over \$150 million in financing for entrepreneurs, homebuyers and community development projects, and have directly benefited more than 10,000 individuals. We have brought together diverse organizations who realize that by working together we can meet our individual and collective interests. Perhaps most importantly, we have helped shine a light on the potential that exists in underdeveloped communities across the Mid South, and on the significant returns that can be realized by investing in the region and its people.*

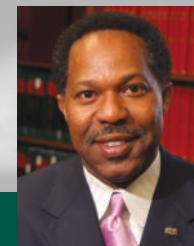
*As our marathon extends into its second decade, we move forward with new enthusiasm and excitement. The recent union of the Enterprise Corporation of the Delta and Hope Community Credit Union paves the way for socially responsible investors to convert their insured deposits into development credit; and for new alliances that bring people together across geographic, income, race, organizational and other barriers to work toward our common interests.*

*And while our mission entails a sense of urgency, it is increasingly clear that our marathon is not about how quickly we finish, but how well we overcome the challenges along the way. Working together, we will overcome them, as we progress toward the finish line, pursuing economic opportunity for the region and all of its residents.*



*William A. Percy, III*

**William A. Percy**  
Chairman  
Enterprise  
Corporation of the Delta



*Robert L. Gibbs*

**Robert L. Gibbs**  
Chairman  
Hope Community  
Credit Union



*William J. Bynum*

**William J. Bynum**  
Chief Executive Officer  
ECD/HOPE



## Commercial Finance

SeaArk Boats, a long-time manufacturer of aluminum recreational boats, had a reputation for quality products among hunters and fishers from the marshlands of Louisiana to remote villages of Alaska.

But SeaArk Boats, a unit of commercial boat maker SeaArk Marine in Monticello, Arkansas, had never made a profit.

Then came September 11, 2001. The phone stopped ringing, and the owners faced the possibility of closing the business. Instead, they sold the SeaArk Boats unit to family member Robin McClendon.

Robin took charge, aggressively cutting out unprofitable lines and focusing on their market niche in rough-duty recreational boats. But she needed working capital to retool operations and keep production running during colder months when orders and cash flow were slow.

"ECD was more willing than traditional lenders to work with us," recalled Robin. "SeaArk Boats didn't have the kind of track record traditional lenders look for. But working with ECD was a great experience. Our loan officer had a lot of knowledge in production and understood our process."



For SeaArk Boats, ECD/HOPE financing kept the company afloat, allowed them to revise their business strategy, and helped them retain employees.

"It allowed us to get back in the ball game . . . now we're heading in the other direction," said Robin. "This year, we worked straight through Christmas. There are 30 jobs, at least, that would not be here had we shut down. And that was our only other choice."

As its programmatic and geographic reach expands, financing entrepreneurs and small businesses continues to be a priority for ECD/HOPE. In 2003, ECD closed \$6.8 million in loans and investments to 20 businesses supporting the equivalent of 663 full-time jobs.

"During the past decade the scope of our work has changed quite a bit. But financing companies that supply good jobs, strengthen the economy, and increase ownership among underserved populations remains at the heart of our mission," said Bill Bynum, CEO of ECD/HOPE.



Dorothy Gilbert can still hear the cruel laugh of a local banker after he considered her plan for leaving an hourly-wage job at a bag factory and opening her own restaurant. "He thought it was just so, so funny; and it hurt my feelings," said Gilbert. "Every bank around here turned me down because I am a black woman, living on the south side, and single."

Then Gilbert found the Enterprise Corporation of the Delta (ECD).

"I'm so proud ECD listened to me," said Gilbert, who has owned and operated Big Momma's Fine Foods in Monroe, Louisiana, for two years. "They believed in me, and I'm working for myself right now."

## "They believed in me..."

Budding entrepreneurs like Gilbert are exactly the kind of people ECD was created to serve, with the idea that fostering business growth would boost the economic fortunes of the Delta region.

Initially limited to 55 Delta counties in Arkansas, Louisiana, and Mississippi, ECD now serves the entire three-state area. These states lag behind the nation in most economic indicators, including the percentage of people living in poverty, median household income, and educational attainment.

Former Mississippi governor William Winter was among those who decided a decade ago that it was time to try a business-oriented approach to raising the standard of living for Delta residents. "There had been so many failures in well-meaning previous efforts," he said.





ECD's founders argued that people in the Delta, though they lacked access to financing, had other resources that augured well for business success, such as a strong work ethic and resourcefulness. In addition, the Delta had an available workforce and proximity to major commercial transportation hubs.

"What we've done is prove that our idea worked," said Billy Percy, a Delta farmer and businessman who helped create ECD. "We found that there is, in fact, a need for additional capital in the three-state region and that, by providing that capital, you can create jobs and improve the living conditions in the area we serve. The trick is now to get big enough to really make a difference."

In the last ten years, ECD has lent or invested \$54.5 million in 297 businesses, ranging from a rice processor to a barber shop to a powder coating company to a high-speed internet provider to a community grocery.

As ECD carried out its work, its leadership recognized that access to financial resources across the board, not just for business uses, was limited. This prompted ECD's decision to join operations with Hope Community Credit

Union (HOPE), a fledgling faith-based credit union based in Jackson, Mississippi. Working together, ECD/HOPE converts federally insured deposits into development loans for low-income communities.

The melding of a business-oriented approach with the overriding goal of improving the lives of people in the region's economically distressed communities is what sets ECD/HOPE apart and fuels its success.

"To have an organization with a business orientation (that is, disciplined and accountable) gives it credibility that a pure social mission organization wouldn't have," said John Caskey, a professor of economics at Swarthmore College in Philadelphia, Pennsylvania, who has studied the work of ECD/HOPE. "This combination is a really interesting idea and has the potential to have a big impact."

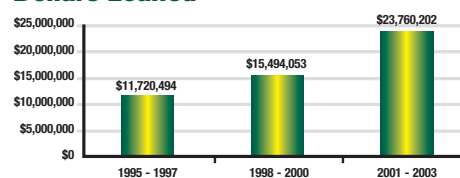
What distinguishes ECD/HOPE from public agencies with similar goals is that it is more flexible - unfettered by political boundaries. What distinguishes ECD/HOPE from other financial institutions is its focus on low-wealth

people and communities, its strategic use of technical assistance, and its dedication to forging partnerships that help low-wealth and low-income families.

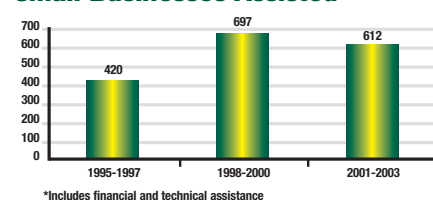
"It was always clear that financing alone was not enough," said Bill Bynum, president and CEO of ECD/HOPE. "We set out early on to build relationships with other organizations that have a vested interest in the region. We have formed alliances that help people in the region improve their stations in life."

These alliances reach from the local level to the federal level and comprise diverse partners - from community organizations to banks to foundations to advocacy groups to government agencies.

### Commercial Lending - Dollars Loaned



### Small Businesses Assisted



Another example can be found in Mound Bayou, Mississippi where Marvel Turner, Sr. and his three sisters have owned and operated the TGS Community Quick Stop since 1986. The demand for their short-order cooking and other services at their small store was on the rise. But they didn't have the space for eat-in diners. Moreover, the facility and equipment were showing signs of age. Even with a Small Business Administration guarantee, Turner could not find financing for needed renovations.



So Turner turned to ECD/HOPE, securing financing to upgrade the store and add 1,800 square feet for sit-down diners. "We're expanding to offer a breakfast and lunch ... and we'll try for a Sunday buffet," he said.

The expansion also means more jobs for Mound Bayou.

"We're going to add a number of people, more part-time and one or two full-time," said Turner. "We want to utilize the young folks in the neighborhood."

### New Directions

ECD continues to target community infrastructure loans in the areas of child care, health care and housing. In 2003 ECD committed financing for three housing developments that will supply new, affordable housing for more than 100 low-income families. By concentrating on smaller housing developments that qualify for federal low-income housing tax credits, ECD/HOPE addressed a financing gap that is often unmet by larger lenders.

It is a niche market, and ECD/HOPE's financing has a big impact. To qualify for the homes, families must show they have incomes that are at or below 60 percent of the median family income for the region.

"You get housing - brand new housing - that is affordable to people who are looking for rental and that at some point will become homeowners," said Dale Lancaster, who is using ECD/HOPE financing to build a 32-home subdivision in Clarksdale, Mississippi. "You get a bunch of land immediately put on the tax rolls. And all the construction creates jobs - it will be a big boost to the local economy."



## Mortgage Finance

Priscilla Stewart, a 32-year-old administrative assistant, single mother and full-time student at Mississippi Valley State, was attracted to the possibility of home ownership by the same forces that appealed to millions of Americans in 2003: low interest rates.

But she had also heard the stories of lengthy and tedious application processes, especially for low-income families. So when someone told her about Hope Community Credit Union, she decided to give it a shot.



Today, Priscilla and her eight-year old son Tyler live in their own three-bedroom house in Indianola.

"It's a piece of the American dream," Priscilla said. "It's stability. And, it's a good investment. We love it."

Priscilla took advantage of the HOPE Mortgage, ECD/HOPE's program to help low-income families become homeowners. The HOPE Mortgage features relaxed credit requirements and a low down payment. Priscilla was one of 90 low-income families that purchased homes in 2003 with help from ECD/HOPE.

Homes provide stability for families, and for communities. They are the primary asset for most Americans, and often the only asset for low-wealth families. Home equity can help finance a child's education, a new business or unexpected health care expenditures. And children who grow up in their own homes are typically healthier and more likely to do well in school than children of non-homeowners.



**"It's a piece of the American dream."**

*"We always have a waiting list of people who need homes and need our help," said Teddy Gardner, executive director of South Arkansas Community Development in Arkadelphia, Arkansas. "Our partnership with [ECD/HOPE] made it possible for us to have someone we could go through for financing to help these families."*

*Taking this broad approach, and replicating it in multiple communities across three states, not only helps ECD/HOPE leverage its impact beyond the direct numbers of people who have loans or mortgages, but it also attracts foundations and other investors.*

*"For ECD, it's all about the well-being of the Delta," said Rick Foster, vice president of programs for the W.K. Kellogg Foundation. "Their holistic look has been extremely helpful to us. We don't see them as just a financial partner. They are a regional development partner in a whole range of ways."*

*As an example of such a partnership, consider ECD/HOPE's work in one community to improve access to affordable housing: the South Arkansas Community Development organization recruits people in and around Clark County, Arkansas, who need housing and provides homebuyer counseling and*

*financial training; ECD/HOPE originates mortgages with guidelines more flexible than a typical bank mortgage; and Fannie Mae purchases groups of these mortgages from ECD/HOPE, making fresh capital available for more lending.*

## Flexible from the start

The initial idea was for ECD to provide capital to manufacturing businesses - primarily to support and expand existing operations.

It became clear within a year, however, that job growth and asset development for the region's low-income residents could best be achieved by stimulating the creation and expansion of service and retail businesses.

"Since our beginning, we have used data to inform our work and to help us focus on those opportunities that yielded the greatest impact," Bynum said.

Research commissioned by ECD showed that deficiencies in key sectors such as housing, health care, child care and telecommunications were significant barriers to attracting and stabilizing jobs in the region. In response, ECD structured partnerships and designed financing products that address these areas.



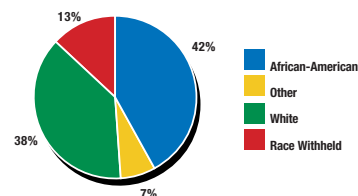
"There aren't many organizations like ECD that have evolved as quickly and reactively as ECD has," Caskey said. "You can look back and say they made mistakes because some strategies didn't work, but they weren't bad ideas. When things didn't work, they thought of other ways they could put their resources to work - both financial and human resources. That is the greatest strength of the organization."

Deloris McWright knew that the demand for quality, affordable child care in Leland, Mississippi, outstripped the supply. As a child care provider, she had more than enough parents seeking slots to expand, but she worried about the financial viability of her business.



Then, McWright attended an ECD-sponsored training session conducted by the Mississippi Low-Income Child Care Initiative. "I guess the most valuable part was learning about the opportunities for financing," said McWright, a retired school teacher and owner of Mother Goose Learning Center. "It seems that there are things we could do that would serve as a stepping stone to a good financial base."

## HOPE Mortgage Characteristics (2001-2003)



Median Household Income: \$ 21,912  
Median Home Price: \$ 44,600

## HOPE Mortgage Originators

American State Bank  
AmSouth Bank  
Ashley Mortgage Co.  
Bank of the Ozarks  
Bank of the South  
BankPlus  
Britton & Koontz First  
National Bank  
Broadway Bank  
Community Bank

Community Connections  
Concordia Bank & Trust Co.  
Covenant Bank  
Express Mortgage  
First American Bank  
First National Bank of McGehee  
First Security National Bank  
First State Bank  
Heber Springs State Bank  
Hope Community Credit Union  
McBride Mortgage

McGehee Bank  
Merchants and Farmers Bank  
Preferred Mortgage Co.  
Rural Development, Arkansas  
Simmons First National Bank  
Trace Mortgage Co.  
Tri-County Credit Union  
Union Planters Bank  
United Mississippi Bank  
Whitney Bank

These reasons drive ECD/HOPE's commitment to increasing home ownership and affordable housing options for low-wealth people.

Other examples of our housing work in 2003 include:

- Investing in homebuyer training and credit counseling for more than 4,000 people
- Financing Low Income Housing Tax Credit projects to increase the availability of quality, affordable housing
- Offering financing tailored to individuals with physical disabilities



For example, in Arkadelphia, Arkansas, South Arkansas Community Development spent more than a year trying to pull together financing for four homes the organization had built for Arkansans with disabilities who were residents of assisted-living institutions. ECD/HOPE financed the homes by using Fannie Mae's HomeChoice product, which allows for more flexible use of subordinate financing, rehabilitation and access modifications, and special qualifying guidelines for borrowers with disabilities and their families.

"We couldn't get anybody else to even come to the table," said developer Larry Gardner. "You guys did the loans."



## Community Development And Policy

Franklin Memorial Hospital in Meadville, Mississippi is a typical small, rural hospital in the South. It is county-owned. It has fewer than 50 beds. And it serves a mostly low-income population.

It is also vitally important to the community, as a health provider and as an employer. But like most health care facilities in the Mid South, it was failing to collect money that could be used to treat patients because of the complexity of insurance billing systems. The Mississippi Hospital Association estimates that each year in the state, some \$30 million in billable Medicare and Medicaid payments are not collected.



"We were seeing a lot of employees come that did not understand insurance, how Medicare and Medicaid work or what they are," said Jennifer Moak, one of three employees assigned to collecting insurance payments at Franklin Memorial.

A partnership between ECD/HOPE, the Mississippi Hospital Association, the Mississippi Board of Community and Junior Colleges and the Kellogg Foundation is working to change that. By funding a program to bring degree credit and non-credit medical billing classes to community colleges, ECD/HOPE is strengthening the health care infrastructure in distressed communities, as well as bolstering workforce skills and job opportunities in the region. Health care is one of the fastest growing sectors in the rural Mid South.

"I can now see the whole picture," says Jennifer. "Before, I might not have understood why a code was so important, or why coders do things. We learned a lot more about codes – and about finding information faster when we have a problem."

## "...a masterful job of helping to educate people..."

*McWright is now working with two other child care providers and the Leland school district to apply for 21st Century school program funding. "A large part of that training helped us in coming together as child care providers, where normally we would be operating as individuals," McWright said.*

*In addition to working closely with each other, the child care providers have mobilized as child care advocates. McWright testified before the Mississippi Legislature during hearings on public funding for early childhood education. In addition, she and others conducted an education campaign to fight cuts in child care vouchers for low-income families. "We have parents who lose opportunities for going to school and for working if they don't have the proper child care," McWright said.*



### Spreading the risk

*Financing entrepreneurs who possess limited wealth and experience is an inherently high-risk undertaking. In addition, many of ECD's early loans were for higher risk uses such as working capital and inventory.*

*"Commercial financing in low-income communities is very difficult," Bynum said.*

*"The economy hits these areas harder. People have less of a safety net when downturns in the economy hit. We knew that our losses would be higher than a traditional bank's, so we've tried to find ways to have a significant social impact, while mitigating our risk and operating in a sustainable manner."*



ECD has taken several steps to lower risk. The first, which was always part of the mission, is to provide training and technical support to its customers.

*"The Enterprise Corporation has done a masterful job of helping to educate people in the Delta, who in most instances were unsophisticated as business persons, on the practicalities of business creation, job creation, and business oversight," said Winter.*

*Though Gilbert was confident in her cooking ability when she left the bag factory, she admitted she "wasn't real good book wise" and needed more than just financing to get her business started. Now, she employs seven people, including two of her children, and talks about containing overhead.*

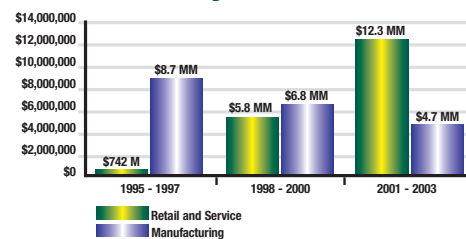


By teaming up with local colleges and universities, consultants, corporate mentors, and others, ECD helps entrepreneurs gain access to assistance that ranges from business planning to bookkeeping to marketing.

These kinds of programs, though they are often what it takes to make a loan viable or to prevent foreclosure, are too labor-intensive, and therefore expensive, for banks to run.

*"ECD is able to provide a level of assistance that we, ourselves, are unable to do," said Jeff Gish, director of community development for AmSouth Bancorporation. "As a direct result of [ECD's] effort and our investment, we're able to see the communities we share improve economically."*

#### Dollars Closed By Sector



#### ECD/HOPE Public Sector Partners

Arkansas Department of Economic Development  
Arkansas Department of Finance Administration  
Federal Home Loan Bank  
Louisiana Economic Development Corporation

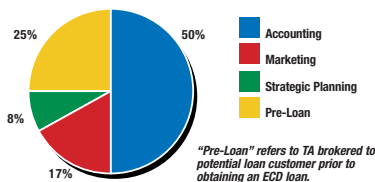
Loan Funds:  
Bolivar County  
East Arkansas Enterprise Community  
Mid-Delta Community and Individual Investment Corporation  
Ouachita Enterprise Community

Mississippi Development Authority  
U.S. Small Business Administration  
U.S. Department of Agriculture  
U.S. Department of Housing and Urban Development  
U. S. Department of the Treasury



Other steps to balance impact and risk include: the move into housing lending, which is lower-risk and diversifies the portfolio; the decision to make aggressive use of state and federal credit enhancement programs; an increase in loans for facilities and equipment, which offer better collateral; and a decision to merge operations with Hope Community Credit Union, whose deposits offer a good source of loan capital.

#### Technical Assistance By Type (2003)



*"Pre-Loan" refers to TA brokered to potential loan customer prior to obtaining an ECD loan.*

Lawrence County Hospital, a 35-bed facility in Monticello, Mississippi, enrolled five employees in a medical billing class.

*"We're beefing up the admit process – the whole cycle: point-of-service, verification, asking for (payment) upfront," said Becky Dunaway, accounts receivable manager. "It takes one more burden off the patient – they don't have to worry about helping get these claims paid. It smoothes the process."*

By working to complement and influence public agencies, banks, community organizations, and other key institutions, ECD/HOPE promotes comprehensive solutions to the challenges that face low-wealth people and communities. Other examples of ECD/HOPE's policy/capacity-building investments in 2003 include:

Mid South Delta LISC, Community Reinvestment Group and the Mississippi Home Corporation – analyzed ways to make manufactured housing a financially sound and aesthetically attractive option for low-income homebuyers.

Mid South Delta LISC – helped community development corporations design and implement strategies to increase the self-sufficiency of their affordable housing programs.

Arkansas Advocates for Children and Families – enrolled more than 250 working families in the Children's Health Insurance Program through school administrators and area businesses.

*"No single organization or strategy can solve the many problems that face distressed communities in the Mid South," said Bill Bynum, CEO of ECD/HOPE. "However, working together, those who are committed to the region's success can overcome any obstacle."*





## Hope Community Credit Union

For millions of Americans, banking has never been easier. Debit cards have replaced paper checks. Account information is available 24 hours a day via the telephone and the internet. Bills can be paid online with the click of a mouse.

But if you live in a low-income neighborhood, the chances are high that your only convenient financial service provider is a pawn shop or check-cashing outlet.



In 2003 ECD/HOPE took several steps toward changing this situation. By complementing its savings and lending services with online banking, automated telephone service and ATM/debit cards, Hope Community Credit Union now provides new, affordable and accessible options to its members.

"I am online quite a bit. It's more convenient," says HOPE member Kim Brewer. "You can set up to transfer between accounts, or take money out of the credit union. That's very convenient instead of going to the branch."



**"...where you see the difference is in people's lives..."**

### *Growing into a larger impact*

*Even with the innovation, creativity and growth of the last decade, ECD/HOPE remains a relatively small financial player in the overall economy of the Delta.*

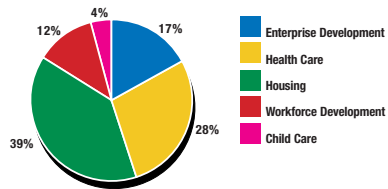
*"Though ECD is one of the bigger loan funds across the country, it is the equivalent of one tiny, little community bank operating in the whole Delta region," said Caskey. "You're not going to see a noticeable difference in looking at aggregate data in the Delta, but where you will see the difference is in people's lives and in the indirect effects."*





Throughout its history, ECD has relied on generous support from foundations, corporate friends, and religious orders. However, the large need for development financing in the region required that ECD broaden and diversify its capital base.

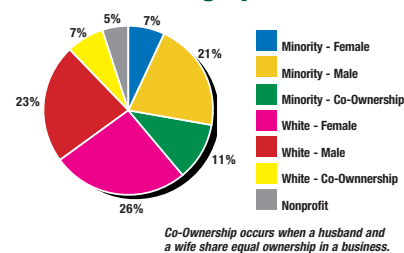
### Community Development Investments By Sector (Since 2001)



"Every week we get a referral from a new bank, community group, or economic developer," Bynum said. "We determined that the only way to meet this demand was by pursuing a depository strategy."

In 2003, ECD/HOPE was awarded \$15 million in New Markets Tax Credits by the US Treasury Department. The funds raised from these credits will enable ECD/HOPE to support more than \$150 million in deposits, essentially quadrupling its size. This will enable ECD/HOPE to extend its services into more distressed communities in Arkansas, Louisiana, and Mississippi.

### Borrower Demographics



"The hard part of economic development, especially in poorer areas, is getting a critical mass together," said George Penick, president of the Foundation for the Mid South, an organization that helped create ECD back in 1994. "What ECD has done in its first 10 years is put together a critical mass around expertise. What HOPE will do is put together a critical mass around financial resources. The potential is just terrific."

In addition to expanding its financial services, HOPE began originating mortgage loans in 2003. Forty members received HOPE Mortgage loans, a flexible product designed to help low-income families become homeowners. HOPE also made 149 consumer loans last year, many to members whose only other options were the high interest rates and fees of predatory lenders.



HOPE's assets nearly doubled in 2003, thanks to deposits made by members in under-banked communities and socially responsible investors from across the United States. HOPE enables individuals and institutions that care how their money is used to have a positive impact in one of the nation's most severely distressed regions, while enjoying the security of a federally insured deposit that earns a competitive return.

As HOPE continues to pursue ambitious goals in 2004 and beyond, these deposits help combat predatory lending and support even more consumers, homebuyers and entrepreneurs across the Mid South.



## Board of Directors

**William Bynum**  
ECD/HOPE

**Hodding Carter III**  
John S. and James L. Knight Foundation

**Elgin Clemons**  
Economic Development Corporation for Trenton

**Ronnie Crudup**  
New Horizon Ministries

**Chuck Dunn**  
Retired Businessman

**Mike Espy**  
Mike Espy PLLC/AE Agritrade

**Brenda Harper**  
Union Planters Bank

**Kim Lee**  
Entergy Corporation

**Edwin Lupberger**  
Nesher Investments

**Ivory Lyles**  
Arkansas Cooperative Extension Service

**Fred Miller**  
Bank of Anguilla

**William Percy**  
Greenville Compress Company

**Kevin Reilly**  
Reilly Family Foundation

**George Walker**  
Mississippi State Board of Community and Junior Colleges

**Robert Walker**  
Jackson State University

**Hiram Walters**  
Retired Businessman

**William Winter**  
Watkins, Ludlam, Winter and Stennis

### ECD INVESTMENTS, LLC

## Management Committee

**William Bynum**  
ECD/HOPE

**Elgin Clemons**  
Economic Development Corporation for Trenton

**Jeff Gish**  
AmSouth Bank

**Kim Lee**  
Entergy Corporation

**Ronald Newsome**  
Bank One Corporation

**Frank Oldham**  
ASB Corporation

**William Percy**  
Greenville Compress Company

## ECD/HOPE Institutional Funders and Investors

*Advantage Capital Partners*

*Amex*

*American State Bank*

*AmSouth Bank*

*Arkansas Blue Cross and Blue Shield*

*Bank of America*

*Bank of Anguilla*

*Bank of Yazoo City*

*Bank One*

*BankPlus*

*BellSouth Telecommunications, Inc.*

*Britton and Koontz First National Bank*

*Calvert Social Investment Foundation*

*Catholic Health Initiatives*

*Charles Stewart Mott Foundation*

*ChemFirst Foundation, Inc.*

*Concordia Bank & Trust*

*Dominican Sisters of Hope*

*Dominican Sisters of Springfield*

*Entergy Corporation*

*Ewing M. Kauffman Foundation*

*F. B. Heron Foundation*

*Farmers Bank & Trust*

*Farmers Grain Terminal, Inc.*

*First National Bank of Blytheville*

*First National Bank of Phillips County*

*The Ford Foundation*

*Foundation for the Mid South*

*Hibernia National Bank*

*Home Missioners of America*

*John D. and Catherine T. MacArthur Foundation*

*Levi Strauss Foundation*

*Mary Reynolds Babcock Foundation*

*Merchants & Farmers Bank*

*Mississippi Development Authority*

*National Community Capital Association*

*National Credit Union Administration*

*National Federation of Community Development Credit Unions*

*Peoples Bank*

*The Pew Charitable Trusts*

*The Philanthropic Collaborative, Inc.*

*Planters Bank & Trust Company*

*Rapides Foundation*

*Regions Financial Corp.*

*Robert Wood Johnson Foundation*

*RosaMary Foundation*

*Scott Foundation*

*Seton Enablement Fund, Inc. (Sisters of Charity)*

*Simmons First National Bank*

*Sisters of Charity of St. Elizabeth*

*Sisters of Charity of the Incarnate Word*

*Sisters of the Divine Savior*

*Smith, Shellnut, Wilson*

*Society of the Holy Child Jesus*

*Southtrust Bank*

*Threshold Foundation*

*Trustmark National Bank*

*Union Planters Bank*

*US Department of the Treasury, CDFI Fund*

*US Small Business Administration*

*Walton Family Foundation*

*W. K. Kellogg Foundation*

*Winthrop Rockefeller Foundation*



# ECD/HOPE Combined & Consolidated Financial Highlights

Year Ended December 31, 2003

## Results of Operations

Earned Revenues.....	\$1,733,351
Operating Expenses.....	6,064,002
Loan Loss Reserve Expense .....	3,100,786
Change in Net Assets (Net Income) .....	-5,789,564

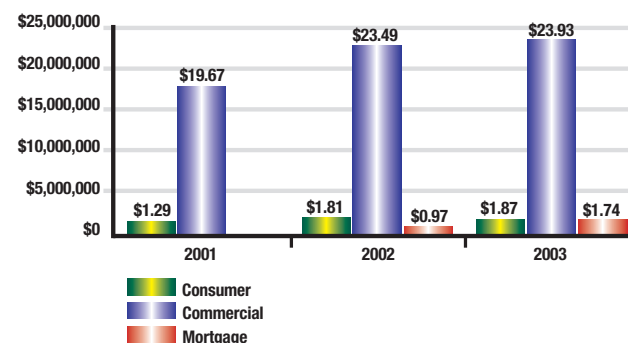
## Financial Position

Total Assets .....	\$52,348,563
Total Net Assets (Net Worth) .....	38,427,106
Loans and Investments.....	27,537,913
Total Debt .....	13,921,457

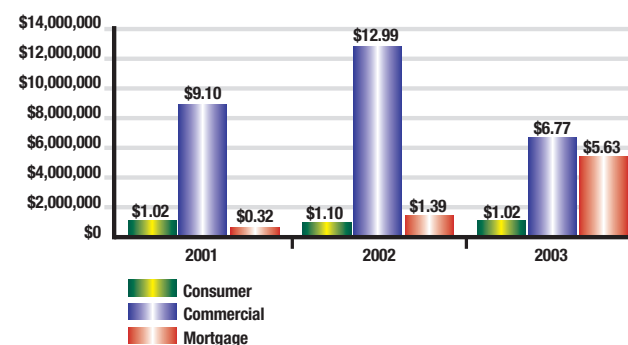
## Results of Activities

Total Loans Closed.....	11,951,048
Total Investments Closed .....	1,035,000

## Loans and Investments Outstanding



## Loans and Investments Closed



## HOPE COMMUNITY CREDIT UNION Board of Directors

**Regina Austin**  
AmSouth Bank

**William Bynum**  
ECD/HOPE

**Richard Campbell**  
ECD/HOPE

**Mike Espy**  
Mike Espy, PLLC/AE Agritrade

**Robert Gibbs**  
Brunini, Grantham, Grower & Hewes

**Phil Hardwick**  
John C. Stennis Institute of Government

**J.R. Jones**  
American Express Financial Advisors

**Kaye Killings-Mayfield**  
Hinds Comprehensive Health Center

**George Penick**  
Foundation for the Mid South

**Jennifer Sinclair**  
St. Dominic Hospital

**Frank Spencer**  
Stewpot Community Services

**Carol Stewart**  
Episcopal Diocese of Mississippi

**Herman Taylor**  
Jackson Heart Study

**Neddie Winters**  
Church of the City



## **ECD/HOPE**

### **Vision:**

To be a community development financial institution that: provides a large number of low-wealth people and communities with the financial tools and resources needed to achieve a better quality of life; influences policies and resources that impact our constituents and our interests; and is financially self-sufficient.

### **Mission:**

To strengthen communities, build assets and improve lives in economically distressed areas in the Mid South by providing access to affordable, high quality financial products and related services.

### **Values:**

Three core values undergird our work. We will work by these values without regard to circumstantial or environmental changes. They define our corporate identity. Our dedication to these values must be evident in our products, services, and operations:

- **Equal Access to Economic Opportunity** – Our work should reflect a commitment to fair and equal access to the economic opportunities that life has to offer.
- **Excellence** – The people and communities we serve have a right to expect excellence, and we have a responsibility to provide it. A commitment to excellence is a statement of respect for our customers, depositors, funders, investors, board and each other.
- **Bridge Builder** – Recognizing both the limitations of our own human and financial resources, and the necessity of broad support to address the development needs that face distressed people and communities, ECD/HOPE will seek to support strategic partners, and to attract and influence the support of others to help achieve our mission.



# **ECD/HOPE** **Consolidated and Combined Statement of Financial Position**

*Year Ended December 31, 2003*

*Unaudited*



ENTERPRISE CORPORATION OF THE DELTA  
**Notes to Combined  
and Consolidated  
Financial Statements**

(UNAUDITED)  
FOR THE YEAR ENDING DECEMBER 31, 2003

**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). 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.

Subsidiaries of ECD include ECD Investments, LLC (ECDI) and ECD Investments BIDCO Corporation (BIDCO). 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 investments 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.

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

Cash and cash equivalents.....	\$ 4,879,902
Debt and other securities .....	16,036,682
	<u>\$20,916,584</u>

## Consolidated and Combined Statement of Financial Position

AS OF DECEMBER 31, 2003

**ASSETS:**

Cash and marketable securities (Note 2).....	\$ 20,916,584
Grants and other receivables (Note 3) .....	6,455,347
Other assets .....	174,566
Consumer loans (Note 4) .....	1,865,190
Commercial loans (Note 4) .....	17,017,083
Residential mortgage loans (Note 4).....	1,734,984
Allowance for loan losses (Note 5) .....	(3,274,645)
Loans, net.....	17,342,611
Foreclosed property, net .....	3,046,361
Investments in privately held companies (Note 6) .....	3,874,295
Property and equipment, net .....	538,798
<b>Total Assets .....</b>	<b><u>\$ 52,348,563</u></b>

**LIABILITIES:**

Accounts payable .....	\$331,614
Dividends payable (Note 7).....	11,627
Shares and share certificates (Note 7) .....	3,424,451
Other liabilities.....	5,015
Long-term debt (Note 8) .....	10,148,750
<b>Total Liabilities .....</b>	<b><u>13,921,457</u></b>

**NET ASSETS AND EQUITY**

Uninsured capital and reserves (Note 9).....	463,217
Unrestricted net assets.....	4,668,269
Minority interest in subsidiary .....	5,020,932
Total unrestricted.....	10,152,418
Temporarily restricted.....	8,374,517
Permanently restricted .....	19,900,171
<b>Total Net Assets and Equity .....</b>	<b><u>38,427,106</u></b>
<b>Total Liabilities, Net Assets and Equity.....</b>	<b><u>\$ 52,348,563</u></b>

*Unaudited*



# Consolidated and Combined Statement of Activity

FOR THE YEAR ENDED DECEMBER 31, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND GAINS:</b>				
Grants and contributions	\$ 118,779	\$ 1,223,776	\$ 80,816	\$ 1,423,371
Program income	1,479,626	-	175,641	1,655,267
Investment income	254,089	-	42,516	296,606
	<b>1,852,494</b>	<b>1,223,776</b>	<b>298,974</b>	<b>3,375,244</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>				
Satisfaction of program restrictions	2,465,346	(1,698,305)	(767,042)	-
Expiration of time restrictions	425,000	(425,000)	-	-
	<b>4,742,841</b>	<b>(899,529)</b>	<b>(468,068)</b>	<b>3,375,244</b>
<b>EXPENSES:</b>				
Program expenses:				
Commercial lending and assistance	3,732,872			3,732,872
Mortgage lending and housing	324,296			324,296
HOPE and consumer lending	950,109			950,109
Other programs	1,732,227			1,732,227
	6,739,504	-	-	6,739,504
Development and communications	164,680			164,680
ECDI expenses	1,858,808			1,858,808
	8,762,992	-	-	8,762,992
General Administration	401,816			401,816
	<b>9,164,808</b>	<b>-</b>	<b>-</b>	<b>9,164,808</b>
<b>CHANGE IN NET ASSETS AND EQUITY</b>	<b>(4,421,967)</b>	<b>(899,529)</b>	<b>(468,068)</b>	<b>(5,789,564)</b>
<b>NET ASSETS AND EQUITY AT THE BEGINNING OF 2003</b>	<b>14,574,384</b>	<b>9,274,046</b>	<b>20,368,239</b>	<b>44,216,669</b>
<b>NET ASSETS AND EQUITY AT THE END OF 2004</b>	<b>10,152,418</b>	<b>8,374,517</b>	<b>19,900,171</b>	<b>38,427,106</b>

Unaudited

## Notes (Continued)

### 3. GRANTS AND OTHER RECEIVABLES

ECD/HOPE's management anticipates net grants receivable of \$6,293,200 at December 31, 2003 will be received and available for support of ECD/HOPE's programs.

W.K. Kellogg Foundation.....	\$ 5,179,408
State of MS HOME Grant.....	989,600
Robert Wood Johnson Foundation.....	73,600
Winthrop Rockefeller Foundation .....	200,000
Ford Foundation .....	300,000
Total Grants.....	\$ 6,742,608

Adjustment for Present Value of Long-Term Grants....	(449,408)
Net Grants Receivable .....	\$ 6,293,200
Other Receivables .....	162,147
Total Receivables .....	\$ 6,455,347

### 4. LOANS

The makeup of loans is as follows:

Consumer loans outstanding .....	\$ 1,865,190
Commercial loans outstanding .....	17,017,083
Residential mortgages loans outstanding .....	1,734,984
	<b>\$20,617,257</b>

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% to 100%. 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% or less and are typically sold within three months of origination or purchase.

## Notes (Continued)

### 5. ALLOWANCE FOR LOAN LOSSES

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

Balance at beginning of year .....	\$ 3,475,373
Provision charged to operating expenses .....	2,180,447
Loans charged off and foreclosed .....	(2,381,175)
Balance at end of period .....	<u>\$ 3,274,645</u>

### 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. ECD/HOPE has acquired a temporary controlling interest in one investment. The composition of investments in privately held companies is as follows:

Investments in Delta Linen .....	\$ 1,674,295
Other Investments .....	2,200,000
	<u>\$ 3,874,295</u>

### 7. DIVIDENDS PAYABLE & SHARES & SHARE CERTIFICATES

Dividends payable are dividends earned on share accounts and share certificates by members of HOPE and not yet paid by HOPE. 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 accounts and share certificates are insured by the National Credit Union Administration up to \$100,000 per member.

### 8. LONG-TERM DEBT

The maturities of long-term debt at December 31, 2003 are as follows:

2004 .....	\$ 1,268,750
2005 .....	4,110,000
2006 .....	1,370,000
2007 .....	-
2008 .....	650,000
Thereafter .....	<u>2,750,000</u>
	<u>\$10,148,750</u>

### 9. UNINSURED CAPITAL AND RESERVES

The uninsured capital and reserves include secondary capital investments made by ECD and other investors in HOPE and accumulated reserves of HOPE.

## Consolidated and Combined Statement of Cash Flow

### FOR THE YEAR ENDED DECEMBER 31, 2003

#### Operating Activities:

Change in net assets and equity .....	\$ (5,789,565)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in other assets .....	(38,244)
Depreciation .....	68,489
Increase (decrease) in provision for loan losses .....	3,100,786
Loans charged off .....	(1,612,142)
Reduction in value of venture investments .....	(780,372)
(Increase) decrease in grants receivable .....	4,375,598
Increase (decrease) in accounts payable .....	129,943
Increase (decrease) in dividends payable .....	(16,699)
Increase (decrease) in other liabilities .....	<u>(103,603)</u>
Net cash provided by operating activities .....	<u>(665,810)</u>

#### Investing activities

Net (increase) decrease in loans .....	(1,514,838)
Net (increase) decrease in debt securities .....	3,305,741
Investments in privately held companies .....	(603,745)
Purchases of equipment .....	<u>(384,812)</u>
Net cash used in investing activities .....	<u>802,346</u>

#### Financing activities

Increase (decrease) in shares and certificates .....	1,380,853
Increase (decrease) in secondary capital investments .....	119,658
Net increase (decrease) in long term borrowings .....	<u>(895,000)</u>
Net cash provided by financing activities .....	<u>605,511</u>

Net increase (decrease) in cash and cash equivalents .....	742,047
Cash and cash equivalents at beginning of period .....	<u>4,137,855</u>
Cash and cash equivalents at end of period .....	<u><u>4,879,902</u></u>

Unaudited





# 2003 IMPACT REPORT

**10** years **1994-2004**

**ENTERPRISE CORPORATION  
OF THE DELTA**  
[www.ecd.org](http://www.ecd.org)

**Main Office**  
P.O. Box 3466  
Jackson, MS 39207  
1-866-843-3358

**Branch Offices**  
**Arkansas:** Forrest City, Little Rock  
**Louisiana:** Baton Rouge, Monroe,  
New Orleans  
**Mississippi:** Clarksdale, Greenwood  
Horn Lake, Jackson, Vicksburg

**HOPE COMMUNITY CREDIT UNION**  
[www.hopecu.org](http://www.hopecu.org)

