

FROM MOMENTS TO A MOVEMENT

Advancing Civil Rights through Economic Opportunity

2020 IMPACT REPORT

“When the architects of our republic wrote the magnificent words of the Constitution and the Declaration of Independence, they were signing a promissory note to which every American was to fall heir. This was the promise that all men, yes, Black men as well as white men, would be guaranteed the unalienable rights of life, liberty, and the pursuit of happiness. It is obvious today that America has defaulted on this promissory note in so far as her citizens of color are concerned...But we refuse to believe that the bank of justice is bankrupt. We refuse to believe that there are insufficient funds in the great vaults of opportunity of this nation. So, we have come to cash this check, a check that will give us upon demand the riches of freedom and the security of justice.”

– Dr. Martin Luther King, Jr.
August 28, 1963

The Martin Luther King, Jr. Memorial in Washington, D.C., includes “The Stone of Hope,” a sculpture of Dr. King created by artist Lei Yixin.

TABLE OF CONTENTS

Moments that Build a Movement	Moments that Saved Small Businesses	Moments that Shaped Policy	Moments that Changed Banking History	Moments in Healthcare	Moments of <i>Esperanza</i>
3	6	12	14	20	23
Moments in Consumer Lending	HOPE Exists to Close the Racial Wealth Gap	Moments in Homeownership	Moments in Education	Moments in Partnership	Moments on Campus
27	29	32	36	39	43
Moments of Transformation	2020 Financials	Corporate Governance			
46	50	56			



MOMENTS THAT BUILD A MOVEMENT

2020 was a year of American reckoning.

The COVID-19 pandemic laid bare longstanding health and economic disparities, making an already tenuous situation worse for millions who live on the economy's edge. The murder of George Floyd ignited an impassioned demand to end decades of systemic racism.

Racial, social and economic inequality are inextricably linked. In his final speech, delivered in Memphis, Dr. Martin Luther King, Jr., said, "If something isn't done, and in a hurry, to bring the colored peoples of the world out of their long years of poverty, their long years of hurt and neglect, the whole world is doomed."


HOPE is a leader in the crusade for economic justice, the unfinished work of the civil rights movement. Just as every lunch counter sit-in, every voter registration drive, and every stand against tear gas and fire hoses were critical moments that contributed to historic voting rights gains in the 60s, every action taken by HOPE that increases opportunity for people and places in the Deep South is a moment in the civil rights movement of today.

Every consumer who escapes from a predatory debt trap is a moment.
Every successful entrepreneur is a moment.
Every first-time homeowner is a moment.
Every hospital, school, or grocery store financed in an opportunity desert is a moment.
Every policy that ignites investment in persistent poverty communities is a moment.

HOPE's work combines these moments into a movement toward economic justice – a movement that affords opportunity to ALL people, and that propels America onward in our journey toward a more perfect union.

We are proud to carry the baton forward for so many who made our work possible.
Thank you for joining us as a modern-day drum major for justice.

In unity,


Bill Bynum
Chief Executive Officer



A.G. Gaston (right) and his colleague, R.A. Hester, in the courtyard of the Gaston Motel



The Black-owned Gaston Motel was a hub of activity during the civil rights movement. From their base in the motel, leaders made decisions that advanced the cause of civil rights in Alabama and shaped events nationally.

Black business owners were **critical** to the civil rights movement.

A.G. Gaston became one of the most prominent Black entrepreneurs in the South, building a business empire as the owner of a funeral home, an insurance firm, a savings and loan, and a motel in segregated Alabama. By 1960, Gaston was a multimillionaire who not only contributed financially to the civil rights movement, but also threatened to withdraw his personal millions from a local bank unless it removed the “Whites Only” sign from its lobby water fountain.

Black business owners were critical to the civil rights movement. Black Americans employed by white-owned businesses were in danger of losing their jobs if they publicly joined the movement. The Black owners of grocery stores, gas stations, pharmacies, and other businesses not only had the resources to contribute, but also the freedom to join the fight for equality.

When civil rights leaders called for a bus boycott in Montgomery, the city's network of Black-owned taxi cab companies lowered their fares to provide transportation. A Black-owned bank in Memphis provided bail money when peaceful protestors were arrested and loans to activists that helped them keep their homes and businesses when they became targets of economic threats. Little Rock, Memphis, and Selma all became centers of civil rights activity thanks to established communities of Black business owners who offered logistical and financial support.

Today, as then, the fight for equality requires both moral conviction and economic independence.

THE MOMENTS THAT SAVED SMALL BUSINESSES

Responding during the COVID-19 shutdown

“My clinicians were afraid, my clients were afraid, and I laid awake nights riddled with anxiety,” Demetrice Clark said.

Clark is CEO of Array of Hope Outreach Center, a Baton Rouge, Louisiana, business that provides mental health counseling. The COVID-19 shutdown made in-person counseling sessions impossible at a time when mental health services were needed the most. When Clark sought a Paycheck Protection Program (PPP) loan to help make the switch to telemedicine, the banks she’d done business with for years left her feeling “overlooked and underappreciated.”

“For over 40 years, I had a personal and business relationship with ‘big banks,’ yet during this most vulnerable time, they did not extend me any assistance or direction.”

In Memphis, Tennessee, self-employed insurance consultant Ronda Coleman Blair spent a week making unanswered calls to the large bank where she had accounts. Desperate for help, Blair finally drove to the nearest branch, where she found the lobby closed due to COVID. Blair begged for PPP assistance at the drive-through window.

Clark and Blair were far from alone. The pandemic disproportionately impacted Black-owned businesses, which closed at nearly twice the rate as small businesses in the U.S. overall. Many minority business owners were unable to access federal aid in the form of PPP loans administered through financial institutions. Some lacked established relationships with a bank. Other small business owners that did have longstanding accounts, like Clark and Blair, fell to the side as the large banks focused on larger customers.

HOPE stepped in to fill the gap, offering PPP loans to small businesses without requiring them to be HOPE members. HOPE processed the PPP loans that kept nearly 2,700 small businesses, over two-thirds of which were Black- and women-owned, from shutting their doors. As word of HOPE’s work spread, other financial institutions even began referring their customers to HOPE.

“I’m sitting in my own bank’s drive-through and the employee working the window told me to go to Hope Credit Union because he’d heard HOPE would make it easy for me to apply,” Blair said. “That referral to HOPE turned out to be the best advice I received from my own bank.”

Blair not only received a PPP loan from HOPE, she also helped her husband, an independent trucking contractor, and her father-in-law, the owner of Blair Concrete Construction, apply for PPP loans from HOPE. All three credit HOPE with helping them stay in business during the pandemic.

“HOPE understood the plight of small business owners,” Blair said. “They were encouraging, positive, and insightful. When you’re getting nowhere with other banks, you get a sense of, ‘Is this PPP assistance really real?’ With HOPE, it was simplified, it was legitimate, and the money was there for me.”

A PPP loan from HOPE allowed Demetrice Clark to provide desperately needed mental health services to her clients, save her five employees’ jobs, and sleep again at night.

“Hope Credit Union, with whom I had no previous relationship, welcomed me and my business with open arms,” Clark said. “When I got the approval email from HOPE, I broke down and cried. I had a chance to survive and to find a way to take care of my clients in this new normal. During one of my most vulnerable times as a small business owner, HOPE was there for me. They made me feel connected in a way that I have never felt from bigger banking institutions. I’m now a believer in what smaller institutions can do for small businesses.”

Ronda Coleman Blair and her father-in-law, Harold Blair, received PPP loans from HOPE that kept both of their businesses open.



HOPE THROUGH PARTNERSHIPS

The COVID-19 shutdown saw small businesses running out of money and running out of time. HOPE organized a regional network of public officials, nonprofits, and private sector businesses to quickly put federal Paycheck Protection Program (PPP) funds into small business owners' hands.

In Alabama, HOPE, the City of Birmingham, Goldman Sachs, and BhamStrong Service Corps, a group made up of people who had lost their jobs due to the pandemic, joined forces to make 175 PPP loans that saved 824 jobs. Those assisted included churches, a dental office, Alabama's first Black optometrist, hair stylists, and a nonprofit called Bundles of Hope, which provides diapers to families in need.

The majority of loans were to small businesses, many of which had trouble accessing capital even in the best of times. Most of the loans were less than five figures; one was for just \$1,800, proof that even a small amount can mean the difference between a business staying alive, or permanently closing its doors.

Black-owned Businesses Disproportionately Affected by the Pandemic

Black-owned businesses closed as a result of the pandemic at nearly twice the rate of all businesses nationwide. Between February and April of 2020, the National Bureau of Economic Research reported a **41% drop in the number of Black businesses compared to a 17% drop in white businesses.**

HOPE closed **2,677 PPP loans** totaling **\$81 million**

63%
of borrowers
were Black

— **35%**
Black women

11,375
HOPE's median
PPP loan size

93%
of borrowers
reported that
HOPE PPP loans
saved jobs

“ The partnership provided these businesses a literal lifeline so they could keep going and keep their people working. This shows you what happens when the public and private sector work together and all of us put people first. ”

— Birmingham Mayor Randall Woodfin

Business Ownership Closes the Racial Wealth Gap

12.7% of the American population is Black, but just 4.3% of the nation's 22.2 million businesses are Black-owned.

While the white/Black wealth gap is 13:1, that disparity shrinks to 3:1 when comparing white and Black business owners.

Black-owned firms are 2x more likely to apply for financing at credit unions and 3x more likely to seek financing at Community Development Financial Institutions (CDFIs) than their white counterparts.

In 2020, HOPE closed 2,718 commercial/small business loans totaling \$119 million. 66% of the loans were to minority-owned businesses.

One of the most famous landmarks in the Alabama Black Belt, Selma's Edmund Pettus Bridge was named after an Alabama KKK leader and U.S. senator. The structure is best-known, however, as a flashpoint of the civil rights movement.

On March 7, 1965, 600 demonstrators crossed the Pettus Bridge. Their plan was to march the 54 miles from Selma to the state capital in Montgomery to protest the murder of youth leader Jimmie Lee Jackson by Alabama state troopers and to call attention to the campaign for equal voting rights. The demonstration was led by future Congressman John Lewis, then the chairman of the Student Nonviolent Coordinating Committee (SNCC).

The peaceful demonstrators were met at the bridge by state troopers armed with tear gas and clubs, who brutally beat the unarmed protestors. Hundreds were seriously injured, including Lewis, whose skull was fractured. Broadcast nationwide, the event, which came to be known as "Bloody Sunday," galvanized support for the campaign, which culminated with the passage of the Voting Rights Act of 1965.

"On this bridge, some of us gave a little blood to help redeem the soul of America," the late Congressman Lewis said on his last march across the Edmund Pettus Bridge in March 2020. "Our country is a better country. We are a better people, but we have still a distance to travel to go before we get there."

“On this bridge, some of us gave a little blood to help redeem the soul of America.”

– Congressman John Lewis

Alabama's Edmund Pettus Bridge was the site of a 1965 civil rights demonstration that came to be known as "Bloody Sunday."



MOMENTS THAT SHAPED POLICY

Throughout history, some of the most significant policy advancements for vulnerable people and places have occurred in response to crisis. This was certainly the case in 2020, as HOPE drew upon its experiences following Hurricane Katrina and the Great Recession, to shape policies that will improve conditions in America's most underserved communities for years to come.

Putting the "Care" in CARES Act

The Black Belt Community Foundation COVID-19 Access Fund

Mayor Walter Porter of Epes, Alabama, was initially relieved when he heard his town would qualify for funding from the State of Alabama through the CARES (Coronavirus Aid, Relief, and Economic Security) Act to purchase emergency supplies needed to combat COVID.

There was just one catch. The town would be required to purchase the \$24,000 worth of cleaning and disinfecting supplies, personal protective equipment, and equipment it needed upfront, then apply for reimbursement.

"We didn't have the cash to do it," Mayor Porter said. "Our total annual budget is \$55,000. We have a population of less than 400 and a very small tax base. We don't have a grocery store. We don't even have a traffic light."

Epes was not unique. Small, historically impoverished towns throughout the Alabama Black Belt – many of which had difficulty funding their day-to-day expenses – had seemingly been forgotten. Making matters even more dire, the Black Belt residents were predominantly Black, which made them disproportionately susceptible to COVID-19.

HOPE and the Black Belt Community Foundation (BBCF), which serves 12 of Alabama's poorest counties, joined forces to develop an innovative solution. Backed by local donors, HOPE provided a line of credit that allowed BBCF to make recoverable grants to 16 counties and small towns, enabling the communities to pay essential

personnel, invest in protective equipment, make other necessary purchases, and apply to the State for reimbursement. Once reimbursed, BBCF and HOPE were repaid with the proceeds.

The town of Epes used a grant of \$23,400 – nearly half of the town's annual operating budget – to buy personal protective gear, cleaning supplies, the laptops the town's staff needed to work remotely, and COVID-related equipment for the Epes community center, which doubles as city hall.

"It was a true blessing from God to receive this funding," Mayor Porter said. "There are so many things people seem to value over other people. This right here was somebody giving us a shot of love, and we appreciate it. In Epes, we've been good stewards of all we've been given. And we know hope is still alive if you keep trying."

Mayor Walter Porter of Epes, Alabama, credits a partnership created by HOPE and BBCF with protecting his town during the COVID-19 pandemic.



MOMENTS THAT CHANGED BANKING HISTORY

In December 2020, Congress passed legislation making \$27 billion available for use by Community Development Financial Institutions (CDFI) and Minority Depository Institutions (MDI) – by far, the largest investment in the 27-year history of the Treasury Department's support for CDFIs. HOPE's data, analysis, and organizing played a vital role in shaping and securing passage of this legislation, building on years of work in communities, with peers, and with officials at the highest levels of the nation's government and financial sectors.

The PPP Proving Ground

Passed in late March, the federal CARES Act created the Paycheck Protection Program, providing billions of dollars in business aid. The PPP results raised the profile of CDFIs, which were succeeding in serving small businesses where large banks were failing.

HOPE advocated for increased CDFI funding, armed with data from the PPP experience that proved minority-led CDFIs were hands-down the *best* financial entities in serving Black-owned businesses, yet received the *least* amount of federal funding. HOPE shared the PPP success story on Capitol Hill and at the White House, dispelling the myth that CDFIs couldn't efficiently deploy large amounts of money into the communities they served.

A United Front

HOPE played a lead role in mobilizing minority CDFI trade organizations and other advocates to write a joint letter to Congress requesting increased funding and recognition of the vital role played by minority CDFIs with strong track records of serving communities hardest hit by COVID-19. The united voice of these organizations proved vital. Language from the letter defined a "minority-serving CDFI," and data from the Hope Policy Institute make the case for more equitable CDFI resources. The letter ultimately informed by legislation passed by Congress.

The Moment Becomes a Movement

In December 2020, the COVID-19 relief bill passed by Congress provided \$3 billion to CDFIs, including \$1.25 billion for minority-serving CDFIs, based on the advocacy of HOPE and its partners. The bill also included \$9 billion in capital for depository CDFIs and MDIs and a \$15 billion PPP set aside for use by CDFIs.

The largest funding allocation for CDFIs in history, and the first ever to emphasize minority CDFIs, was pushed across the finish line by HOPE and its allies.

The language supporting CDFIs was championed by Chairwoman Maxine Waters and U.S. Senators Mark Warner, Cory Booker, and Kamala Harris, and was introduced with a bipartisan group that included five senators from HOPE's service area.

"To help every American get through this crisis, we need to start by helping those who need it most — whether in distributing the vaccine or investing in communities. Our bill will do just that, by providing much-needed capital to communities of color and low-income communities across the country. Moving forward, we must always remember that relief isn't relief unless it reaches those who've been hardest hit," said Senator Harris at the time of passage.

PARTNERS IN THE MOVEMENT

Partners who joined HOPE in advocating for the historic support for Minority CDFIs:

- African American Alliance of CDFI CEOs
- African American Credit Union Coalition
- Expanding Black Business Credit Initiative
- First Nations Oweesta Corporation
- NAACP
- National Association for Latino Community Asset Builders
- National Association of Latino Credit Unions & Professionals
- National Bankers Association
- Native CDFI Network

POLICY WINS YEARS IN THE MAKING

2009 - 2010

In early 2009, as chairman of Treasury's Community Development Advisory Board, HOPE CEO Bill Bynum convenes a hearing to discuss making TARP funds available for CDFIs. In March, Bynum testifies before the House Committee on Financial Services on the issue. In February 2010, Treasury creates the Community Development Capital Initiative, which ultimately invests \$570 million into CDFIs to help the communities they serve cope with effects of the financial crisis.

2016

HOPE CEO Bill Bynum joins the U.S. Partnership on Mobility from Poverty and focuses national attention on the connection between access to financial services and upward mobility.

2018

HOPE co-authors the paper "Opening Mobility Pathways by Closing the Financial Services Gap," which advocates investing in persistent poverty areas through CDFIs.

HOPE champions the idea of a \$1 billion Congressional allocation to CDFIs led by people of color and serving low-income communities. The largest Congressional allocation to the CDFI Fund up to that point has been \$250 million.

2018

HOPE hosts a forum in Birmingham that convenes representatives from the banking, philanthropic, and public sectors to build upon recommendations in the paper.

2019

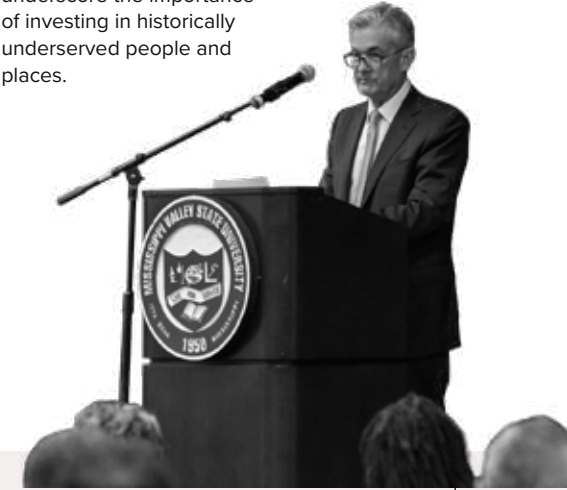
HOPE's policy forum "Rural Places, Rural Spaces" brings Federal Reserve Chairman Jerome Powell to Itta Bena, Mississippi, to underscore the importance of investing in historically underserved people and places.

2020

COVID-19 sweeps the country. As Congress readies its first relief package, HOPE and its partners make the case for a minimum \$1 billion in emergency relief for CDFIs.

2020

The Small Business Administration (SBA) deploys over \$300 billion in the first round of small business relief in the form of the Paycheck Protection Program. Small businesses and businesses of color are largely bypassed; CDFIs and Minority Depository Institutions (MDIs) step up to fill the gap.



2020 - 2021

2020

The SBA and U.S. Treasury set aside \$10 billion in PPP funding to be lent exclusively by CDFIs.

House legislation endorses and 37 Senators publish a letter with bipartisan support of a \$1 billion allocation for CDFIs.



2020

Proposed COVID relief bills from the U.S. Senate and House both include \$1 billion for CDFIs and a 40% set aside for minority-led CDFIs.

HOPE CEO Bill Bynum makes the case for greater CDFI funding in a *Forbes* article titled "5 Big Ideas to Narrow the Racial Wealth Gap." Increasing funding of CDFIs and establishing a pool of priority funding for minority-led CDFIs are Big Idea #1.

2020

HOPE continues making PPP loans throughout the South. By the end of the program, HOPE makes nearly 2,700 loans, most to minority-owned small businesses in low-income communities. The majority are for less than \$30,000. In Mississippi and Louisiana, CDFIs make seven times more PPP loans under \$150,000 than the five largest national banks combined.

2020

HOPE mobilizes eight minority-led CDFI trade organizations to write a joint letter to Congress requesting increased funding for minority-led CDFIs.

2020

Congress passes the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. The Act includes \$3 billion for CDFIs with a 40% set aside for minority-led CDFIs. The Act also includes \$9 billion for an Emergency Capital Investment Program and \$15 billion in PPP funding for CDFIs.

2021

HOPE continues to advocate for investment in persistent poverty areas and prove that minority-led CDFIs are the most effective institutions to handle that investment.



*The historic Taborian Hospital
in Mound Bayou, Mississippi*

When Black Americans weren't receiving decent healthcare in white hospitals, they rallied to **build** their own.

When Perry Monroe Smith realized Black Americans weren't receiving decent healthcare in white hospitals, he rallied them to build their own.

Smith, the chief grand mentor of the Knights and Daughters of Tabor, a Black fraternal organization, spent 10 years raising the \$100,000 needed to build the Taborian Hospital in Mound Bayou, Mississippi. From 1942-1983, this Black-owned, Black-operated, only-of-its-kind hospital was the primary healthcare provider for Black residents of the Mississippi Delta.

Smith, the son of former slaves, had seen the need for such a facility when he visited a well-equipped, white-owned hospital and found its Black patients relegated to a cramped room in the basement that afforded them no privacy or dignity.

Constructed by McKissack & McKissack, the first Black-owned architectural and engineering firm in the United States, the Taborian Hospital employed an entirely Black staff, including surgeons, doctors, and nurses, and offered state-of-the-art care matching or surpassing that of any white hospital. Operating costs came from membership dues and contributions; the Taborian Hospital was a forerunner of the modern HMO.

Black babies that might have been born in sharecroppers' shacks instead entered the world in a modern hospital. Farm workers who might have lost their limbs or been permanently disabled in accidents were returned to health. Black lives were saved and Black patients were treated with dignity and respect.

MOMENTS IN HEALTHCARE

Residents of rural and low-income areas typically have limited access to healthcare, a problem that affects Black Americans living in the South more than any other racial group.

The COVID-19 pandemic magnified the disparity. Black workers were more likely to be employed in frontline service positions deemed essential that put them at higher risk of contracting the virus, more likely to have underlying conditions that led to serious complications, and less likely to have health insurance.

In a time when many rural hospitals serving the most vulnerable populations are closing, HOPE provided the critical funding that kept one Mississippi hospital from closing its doors during the pandemic and the innovative funding that led to the construction of a new rural hospital.

Keeping the Doors Open

Located in the Mississippi Delta, Sharkey Issaquena Community Hospital operated the only emergency room within a 50-mile radius. But when the pandemic struck, the hospital came dangerously close to closing.

Soon after the first COVID-19 cases were diagnosed, people who came to Sharkey Issaquena Hospital for routine medical care stopped coming. The decline in patients led to a critical revenue shortage that quickly spiraled downward. Sharkey Issaquena did not have enough income to maintain the mandated, minimum staff levels – an immediate problem that could have had disastrous long-term effects.

“Once a hospital shuts down, it must go back through a recertification process, which can take years,” said Becky Coates, the hospital’s chief financial officer.

The Paycheck Protection Program offered hope, but the hospital’s local bank was not certified to process the loans. Sharkey Issaquena turned to HOPE to save not only its employees’ jobs, but the hospital itself.

“A PPP loan through HOPE allowed us to keep everyone on staff,” Coates said. “Without the PPP loan, we would have been forced to shut our doors.”



Rural Hospital Closures From 2005-2020

*The Deep South states,
including those in HOPE's
service area, are among
those hardest hit.*

Source: University of North Carolina Cecil G. Sheps Center for Health Services Research.
<https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>. Accessed March 2021.

Renderings of Tippah
County Hospital, currently
under construction in
Ripley, Mississippi



In 2020, more than 179,175 patients
were treated in healthcare facilities
financed by HOPE.

Expanding Rural Healthcare

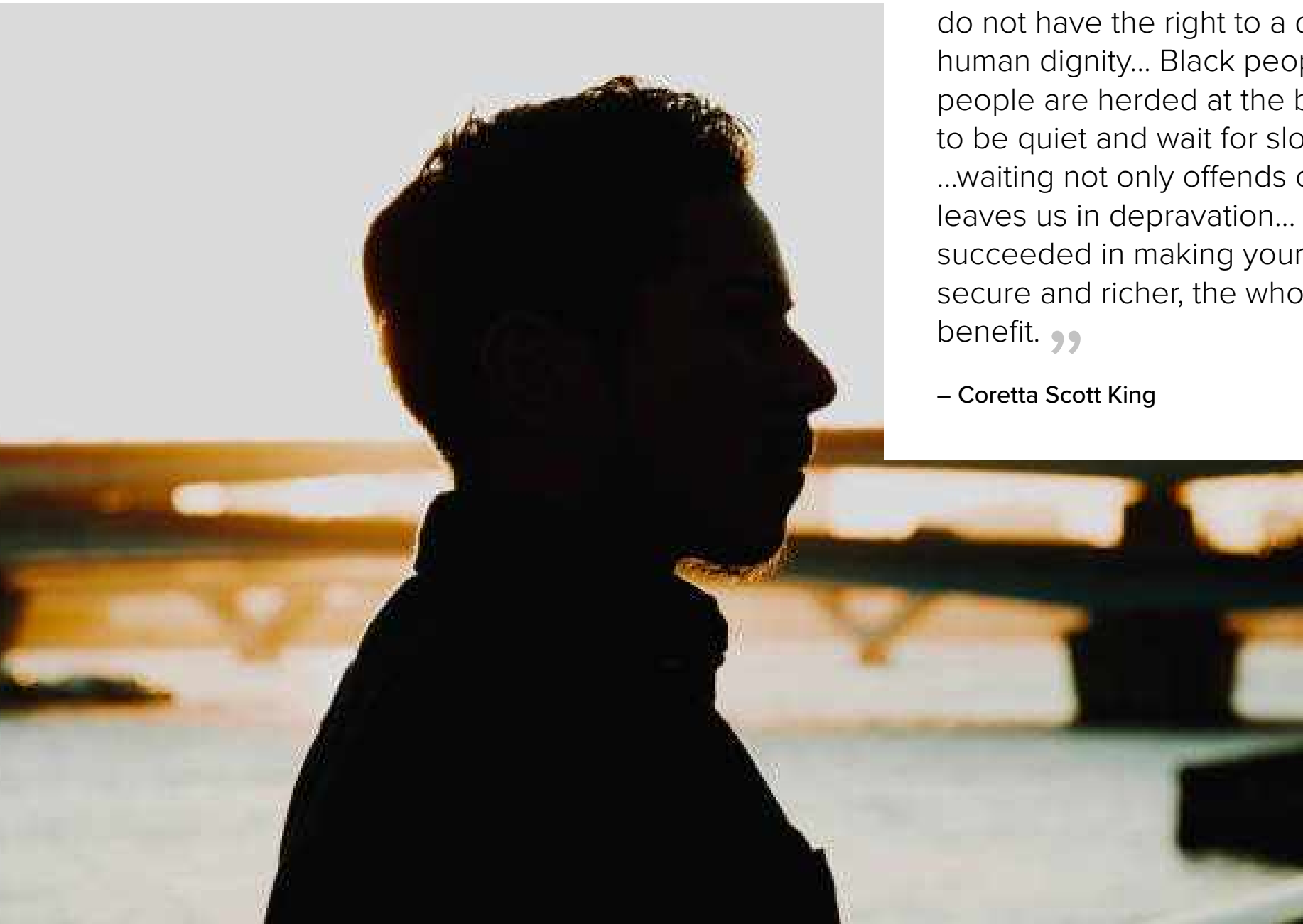
HOPE provided a New Markets Tax Credit investment to support the construction of the new, \$22 million Tippah County Hospital facility in Ripley, Mississippi. Scheduled to open in early 2022, the modern hospital will replace an outdated facility originally constructed in 1950.

The new facility will provide healthcare for 30,000 residents in two rural counties. Tippah County Hospital also serves as an economic engine, providing well-paying jobs for 245 employees and attracting new residents to the small, rural community.

Dr. Patrick Chapman, Tippah County Hospital CEO, learned about the New Markets Tax Credit program when he attended a presentation by HOPE at a seminar sponsored by the Office of Rural Health Policy.

“Tippah County Hospital’s idea of building a new facility was cemented when the partnership with HOPE was born,” Dr. Chapman said. “Before that presentation, we didn’t know anything about New Market Tax Credits. HOPE was there to walk us through it every step of the way.”





“ Those who control the billion-dollar economy have said Blacks and Chicanos do not have the right to a decent life or to human dignity... Black people and brown people are herded at the bottom and told to be quiet and wait for slow change. But ...waiting not only offends our dignity, but leaves us in depravation... When you have succeeded in making your lives more secure and richer, the whole nation will benefit. ”

– Coretta Scott King

Many immigrants live in the shadows of American prosperity. HOPE designs programs that help these immigrants and their families build brighter financial futures.

MOMENTS OF *ESPERANZA* (HOPE)

HOPE issued 188 Power of HOPE loans and grants to individuals and businesses devastated by the pandemic who had no other source of economic assistance.

Moments of Hope

Náun relocated to the United States from El Salvador 20 years ago and built a career as a freelance journalist, earning his income from local businesses that advertised on his social media pages. When the COVID-19 pandemic shuttered those businesses, Náun went from successful to struggling overnight, wondering how he would support his wife and their three children.

“We were struggling to get groceries and pay bills. The utilities were going to be shut off,” Náun said. “Then, HOPE gave us a blessing in that moment.”

Power of HOPE

Náun received a Power of HOPE loan, a product HOPE created in response to COVID-19 to cover essential needs like food, shelter, and healthcare costs. The loan was designed for individuals who had not benefited from stimulus payments under the CARES Act, including immigrants with Individual Tax Identification Numbers (ITINs). ITIN holders file taxes and contribute over \$20 billion to the economy; however, they were excluded from the CARES Act and were not eligible for a stimulus payment, putting nearly 4 million individuals and families at risk of predatory lending practices. Under the Power of HOPE, these individuals were able to access a \$1,000, low-interest loan that required no payment for the first three months, and if needed, HOPE could make the loan payments for the borrowers experiencing ongoing COVID-related hardships. The program proved vital to helping individuals and families preserve their credit ratings and avoid falling into long-term debt.

Ironically, the biggest stumbling block to getting these funds into clients’ hands was their own belief that a financial program designed to help them, no matter what their immigration status, was too good to be true.

Breaking Barriers to Financial Equity

Many undocumented immigrants have a distrust of financial institutions and a reluctance to provide personal information that might lead to deportation or affect their applications for citizenship. Opening a simple checking account can feel out of reach, or even frightening. As a result, unbanked immigrants are more likely to fall prey to predatory lenders, to literally hide all of their money in their mattresses, or to carry their life savings around in their pockets, a dangerous practice that can make them victims of violent crime.

Power of HOPE loans were part of a big-picture, ongoing initiative to create financial equity for the Hispanic community. HOPE offers services designed for customers who may never before have had a relationship with a financial institution. HOPE proactively markets to the Hispanic community and hires bilingual staff to walk these clients through financial transactions and advise them on steps they can take to build stable financial lives.

Where other financial institutions see only the risk in serving these clients, HOPE sees the opportunity to provide financial opportunity to hard-working people.

“I didn’t know there was a different kind of financial institution out there, one that would help people like me in a crisis,” Náun said. “I am so blessed and so thankful for everything HOPE has done for me and my family.”



Vernon Dahmer used his success as a businessman to employ his neighbors, build his community, and support the civil rights movement.

Vernon Dahmer became a target of the Ku Klux Klan, not only because he encouraged Black people to register to vote, but also because he leveraged his own economic independence to help them do it.

Dahmer owned a successful farm, a sawmill, and a grocery store. He hired his Black neighbors to work in his businesses, reducing Black flight to the North and helping build a strong Black community near Hattiesburg, Mississippi.

“My dad believed that everybody deserved to be treated fairly and equally, regardless of race,” said Dahmer’s son, Dennis K. Dahmer, Sr. “The businesses he operated provided jobs for community members and gave him the financial independence to be a public voice in the fight against racism, segregation, and the second-class citizenship of Black Americans.”

As the president of the local NAACP chapter, Dahmer lent his leadership skills and his financial resources to the civil rights movement. He arranged with the local sheriff to collect poll taxes and have a poll tax receipt book in his grocery store. On January 9, 1966, Dahmer announced this arrangement on a local radio station and then went a step further, offering to pay the \$2 poll tax for those who couldn’t afford it.

That night, the KKK firebombed his home. Dahmer held off the Klansmen with a shotgun long enough for his wife and children to escape the flames. Severely burned, Dahmer died of his injuries.

Vernon Dahmer died without ever having the opportunity to vote. But his widow, Ellie, continued his fight for equality. In 1992, Ellie Dahmer was elected election commissioner of Forrest County – the same district where her husband gave his life in the fight for equality.

“ The businesses [my dad] operated gave him the financial independence to be a public voice in the fight against racism, segregation, and the second-class citizenship of Black Americans. ”

– Dennis K. Dahmer, Sr.



Sergio Lozano turned to HOPE for help financing his new vehicle and building a strong credit history.

MOMENTS IN CONSUMER LENDING

In 2020, HOPE made **2,983** consumer loans.

HOPE borrowers had an average credit score of **624**.

The average credit score in the United States is **711**.

“If it’s planted in the ground,” Sergio Lozano said, “I can make it grow.” A year-round farm laborer, Lozano works in rice, corn, cotton, and soybean fields from daybreak until sundown to support his wife and two children.

Since arriving in the United States from Mexico 15 years ago, Lozano has also learned how to grow his credit score. He was listening to the radio while driving a tractor when he heard an interview with Mike Ramirez, HOPE’s Little Rock, Arkansas, branch manager. Ramirez was promoting services for hard-working people like Lozano, who have ITIN numbers rather than social security numbers.

“I had no credit and no bank account, but when I heard Mike talking, it was reassuring,” Lozano said. “I felt confident I could call him and explain my situation.”

Lozano took out a credit-building loan through HOPE, then refinanced his 2007 Jeep through Hope Credit Union at a significantly lower interest rate than the original dealer financing. When that same well-used Jeep started spending more time in the shop than in the field, Lozano turned to HOPE for a loan to buy a more reliable 2017 Toyota RAV4.

“When I needed a new car, I knew HOPE would be there to help me. I trust HOPE to give me advice and guide me in situations where I’m not sure what to do,” Lozano said. “Our next step will be buying a house. Having a relationship with HOPE has given me the confidence to think ahead and to plan for a future.”

Wealth Disparities Cripple Families and the Economy

Black households with children had just one cent of wealth for every dollar of wealth for white households with children in 2016.

58% of Black families do not have savings to cover three months of expenses compared to **28%** of white families.

During COVID, **70%** of HOPE members reported worrying every day or nearly every day about debt, healthcare costs, job loss, paying for housing, or other bills.

Closing the wealth gap could increase the United States gross domestic product by **\$1 trillion**.

Median Net Worth for Households with Children, 2016

\$294

Black, Net Worth

\$3,637

Hispanic, Net Worth

\$47,250

White, Net Worth

Source: Survey of Consumer Finances

HOPE EXISTS TO CLOSE THE RACIAL WEALTH GAP

36,229 member-owners

108,700 people served in member households

46% previously unbanked/underbanked

46% with income between \$19,000 - \$50,000

28% less than \$19,000

59% are women

81% are Black, Hispanic or Latino

51% are homeowners

86% voted in the 2016 presidential election

In 2020, HOPE made **5,910** loans totaling \$160.4 million.



Peaceful protestors occupied the Greenville Air Force Base in 1966 to call attention to the lack of decent housing in the Mississippi Delta.

On January 31, 1966, some 70 sharecroppers occupied the empty barracks of the closed Greenville Air Force Base to protest their economic plight in the Mississippi Delta. Their low wages for 12-hour workdays were not enough to cover basic living expenses. The sharecroppers paid plantation owners for the privilege of living in rundown shacks; many had been living in tents in freezing temperatures.

The protestors explained, “We are here because we are hungry and cold and we have no jobs or land. We don’t want charity. We are willing to work for ourselves if given a chance... We are here at the Greenville Air Force base because it is a federal property and there are hundreds of empty houses and buildings. We need those houses and the land. We could be trained for jobs in the buildings... We are ready to ask President Johnson, whose side are you on? The poor people’s or the millionaires?”

Military police were eventually mobilized to escort the nonviolent protestors off the property.

“ We don’t want charity. We are willing to work for ourselves if given a chance. ”

Registered nurse Etoya James was working 60 hours a week at two jobs, caring for patients at Baton Rouge General Hospital and at East Louisiana Mental Health System.

“I had a little apartment, but I realized I could’ve paid off a mortgage in what I was paying for rent. I thought, ‘I can live better than this.’ I decided to get something for myself.”

James found her dream home in January of 2020, but when she went to her bank to apply for a mortgage, the process was a nightmare.

“I made good money, but the bank gave me the runaround,” James said. “I knew I was credit-worthy. I knew I could afford the payments. And I knew other people getting mortgages who weren’t having the same terrible experience I was having. I kept asking, ‘Why is no one giving me this loan?’”

Despite the 1968 passage of the Fair Housing Act, Americans of color continue to experience housing inequalities. Black applicants are rejected by mortgage lenders at higher rates than whites. Black homeowners who do receive financing are more likely to pay higher interest rates and take on more debt to purchase homes with less value, making it difficult to build wealth.

HOPE extends the opportunity for home ownership to people like James, who aren’t served well by other lenders.

“I went to HOPE, and everything was different. They told me exactly what they needed from me, and there was one verification process. HOPE *wanted* to lend me this money.”

In July, James moved into the four-bedroom, three-bath home she calls her “little gray and white oasis.”

“On the closing date, I felt like a new woman,” James said. “This is a lot of responsibility, but I’m handling it. I’m even paying extra on the mortgage every month. Now, I’m happy watching the rabbits play in my own backyard or watching Netflix in my own living room. I even love cleaning the house because it’s mine. It is *mine*.”

MOMENTS IN HOMEOWNERSHIP

2019 Mortgage Loan Denials in Mississippi, by Race and Income

	\$30,000 or below	\$30,001 - \$50,000	\$50,001 - \$75,000	\$75,001 - \$100,000	\$100,001 - \$150,000	>\$150,000
BLACK	67%	46%	39%	33%	32%	34%
WHITE	48%	28%	21%	17%	14%	12%

Source: Hope Policy Institute analysis of 2019 Home Mortgage Disclosure Act data



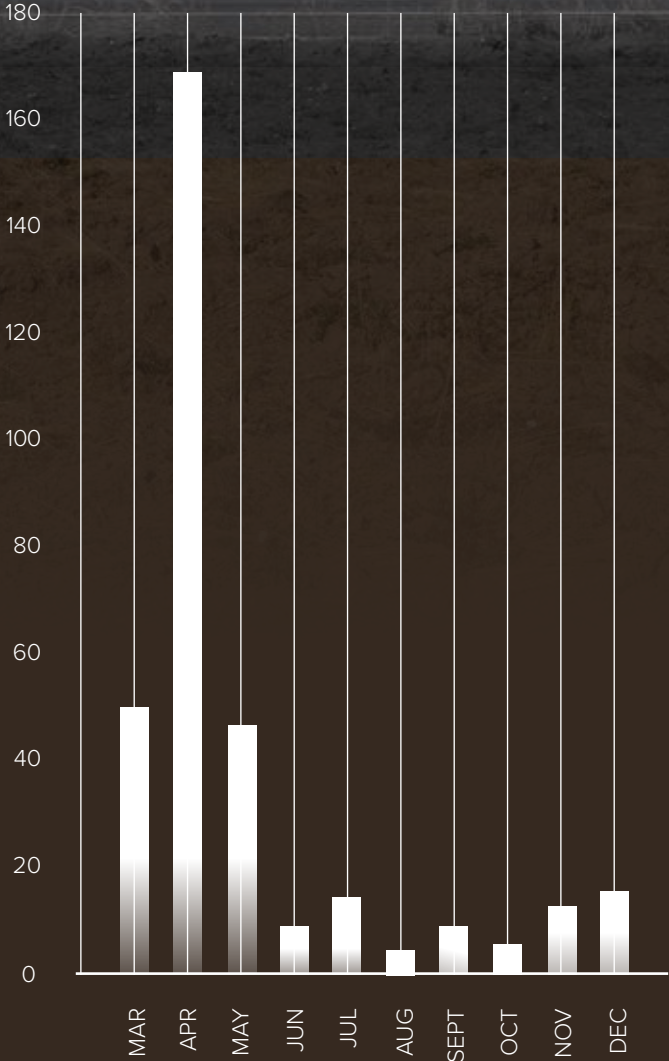
Nationally in 2019, **70%** of white households were homeowners compared to **42%** of Black households.

In 2020, HOPE closed **209** mortgage loans totaling **\$27.9 million**.

86%
People of Color

83%
First-Time Homebuyers

65%
Women



As the COVID-19 pandemic and economic shutdown threw millions nationwide out of work, HOPE stepped up to help its members stay in their homes.

Mortgage Loan Forbearance Activity (March 16 - December 31)

Forbearance Granted



Fannie Lou Hamer was evicted from her home in retaliation for registering to vote.

In 1969, Fannie Lou Hamer used a \$10,000 donation to found the Freedom Farm Cooperative, an operation designed to empower poor Black farmers to become self-sufficient and break their ties to white landowners. Hamer founded the Freedom Farm after she lost her job and was evicted from her home for registering to vote; she saw firsthand the connection between economic opportunity and equal rights.

“A couple of years ago white people were shooting at Negroes trying to register,” Hamer said. “Now they say, ‘go ahead and register — then you’ll starve.’”

Hamer purchased 40 acres of farmland in Sunflower County, Mississippi, and sold Freedom Farm Co-op memberships for \$1 per month. While only 30 families could afford the dues, more than 1,500 families participated, trading their work for a share of the farm’s production.

“All the qualifications that you have to have to become part of the co-op is you have to be poor,” Hamer said. “The time has come now when we are going to have to get what we need ourselves. We may get a little help, here and there, but in the main we’re going to have to do it ourselves.”

“ I know what the pain of hunger is about. My family was some of the poorest people...we were sharecroppers. ”

– Fannie Lou Hamer

Students celebrate the groundbreaking of Jones Valley Teaching Farm's future Center for Education.



MOMENTS IN EDUCATION

“Let’s face it,” said Jones Valley Teaching Farm Executive Director Amanda Storey. “If you have the chance to learn fractions sitting in a classroom or learn fractions by growing the ingredients, making, and then eating a chili recipe – well, we win every time.”

Jones Valley Teaching Farm (JVTF) operates a three-acre educational farm in downtown Birmingham, Alabama, and teaching farms on the campuses of six Birmingham public schools. The nonprofit’s hands-on programming teaches students, many of whom struggle with food insecurity, to be self-sufficient by learning how to grow, market, and sell their own food.

“Our students develop skills they’ll use for the rest of their lives,” said Storey. “These are skills they can use to improve their own health and the long-term health of their families and their communities.”

In 2020, JVTF began construction on a \$7.5 million, 18,000-square-foot Center for Food Education on its downtown campus. The multi-use facility will serve as a hub for new academic programs and paths to employment through food science and the culinary arts. The project

was financed in part with \$7 million in New Markets Tax Credits provided by HOPE and Wells Fargo Bank.

Scheduled for completion in 2021, the center will allow JVTS to expand its programming, serve more students, and provide jobs for young people through a paid apprenticeship program.

“Without HOPE, we could not have done any of this,” Storey said. “They understood our vision and the benefits it would bring to the community – benefits like fresh food, education, and employment. HOPE has been laser-focused on our end goal for the community. HOPE believes.

“When the pandemic temporarily shut us down, seeing that belief allowed us to keep moving forward during an uncertain time,” Storey continued. “HOPE has been an incredible, encouraging partner at a time when no one knew what the future held. With HOPE, it’s never felt like a transaction. It’s felt like a true collaboration and a continued belief that growing food and sharing it will get us to the other side together.”

**6,787 students served
by HOPE financed
schools in 2020**



Students at Jones Valley Teaching Farm learn how to grow, prepare, and market their own food.

HOPE and NeighborWorks America host place-based Community Leadership Institute in Greenville, Mississippi.



Opelika, Alabama grocery store owner Jimmy Wright speaks to the members of the HOPE Community Partnership about his store operations, online delivery program, and community shuttle service.



MOMENTS IN PARTNERSHIP

Small, rural towns often lack community and economic development staff, leaving them at a disadvantage when competing for resources. The HOPE Community Partnership program fills that need, working hand-in-hand with local governments and stakeholders to help communities thrive. One of the key aspects of the HOPE Community Partnership includes building the capacity of local leaders through the facilitation of access to high-quality training within the community development sector.

In 2020, HOPE brought people together from across the Deep South to attend the NeighborWorks Community Leadership Institute titled Community Resilience: Finding Hope and Opportunity in Challenging Times. While the pandemic moved the 2020 event online, some 90 virtual attendees, including representatives from 10 HBCUs and community leaders from Alabama, Arkansas, Louisiana, and Mississippi, participated in interactive sessions, including seminars on how the universities and communities can collaborate. Teams from participating small towns and the HBCUs also came together to propose Community Action Projects – projects designed to build collective momentum toward the realization of larger-scale community development projects.

Two partner communities, Moorhead and Drew, also received funding from HOPE to purchase web conferencing equipment, allowing them to stream sessions in a central location for their participants.

“I was especially interested in seminars on how to get millennials and younger people involved in community development,” Johnna Holland, president of the Moorhead Planning Commission, said. “It will be up to them to carry on this work after we’re gone.”

HOPE Catalyst Funds supported nine innovative projects developed by partner communities and HBCUs.

ALCORN STATE UNIVERSITY
Lorman, MS
Planting and operation of a community garden in Mound Bayou, Mississippi

DILLARD UNIVERSITY
New Orleans, LA
Consulting services for small business owners affected by the COVID-19 pandemic

THE CITY OF DREW, MISSISSIPPI
Downtown beautification project, including an outdoor gathering space

JACKSON STATE UNIVERSITY
West Jackson, MS
Blight elimination project, including building maintenance and landscaping

THE CITY OF LOUISVILLE, MISSISSIPPI
Temporary housing assistance and workshops on home buying, money management, resume writing, parenting classes, and nutrition

THE CITY OF MOORHEAD, MISSISSIPPI
Construction of a gazebo at the community garden, providing a space for classes on gardening and proper nutrition

MISSISSIPPI VALLEY STATE UNIVERSITY
Itta Bena, MS
Establish mentoring relationships between MVSU students and Itta Bena high school students to encourage college attendance

THE CITY OF SHAW, MISSISSIPPI
Refurbishing of the town’s walking trail

THE UNIVERSITY OF ARKANSAS
Pine Bluff, AR
Four-week workshop for university students and staff, elected officials, and local law enforcement agencies designed to foster relationships between university stakeholders and law enforcement

“ Before seeing these sit-ins, civil rights had been something grown-ups did. ”

– Charlie Cobb



Nieta Dunn, a University of Kentucky student, was one of hundreds of college students who participated in lunch counter sit-ins held throughout the South.

On February 1, 1960, four Black North Carolina A&T students took a seat at the white-only lunch counter at a Woolworth's in Greensboro, North Carolina. The next day, the protest grew to 27 students, then to 63. By February 5, some 300 students were crowded around the lunch counter as television cameras rolled.

By April, 70 Southern cities had sit-ins of their own, many led by college students weary of establishments that were happy to take their money but denied them a seat at the table.

The sit-ins led to the formation of the youth-led Student Nonviolent Coordinating Committee (SNCC), one of the most influential organizations of the civil rights movements. The only national civil rights organization led by young people, SNCC focused on voter registration and challenging America's entrenched, discriminatory political, social, and economic structures.

“Before seeing these sit-ins,” SNCC Field Secretary Charlie Cobb said, “civil rights had been something grown-ups did.”

Many of these student activists inspired their elders to join the movement. As Mississippi civil rights activist C.C. Bryant declared in 1961, “Where the students lead, we will follow.”

His words were echoed in a 2015 interview with Joan Trumpauer Mulholland, a white former SNCC member and Tougaloo College student who participated in a 1963 lunch counter sit-in at Woolworth's in Jackson, Mississippi.

“The students today have to see that they can identify their cause and go change the world. And we old folks now, our role is to have their backs.”

Photographed by Fred Blackwell



On May 28, 1963, Tougaloo College students staged a sit-in at the Jackson, Mississippi, Woolworth's counter. An angry mob threw food and poured condiments on the peaceful protestors, slapped and burned them with cigarettes, and beat one student unconscious – all as police officers watched.

“ The students today have to see that they can identify their cause and go change the world. And we old folks now, our role is to have their backs. ”

– Joan Trumpauer Mulholland



HOPE interns Robert Bennett and Sydney Sprowl share financial planning tips with their fellow students at Alabama State University.

MOMENTS ON CAMPUS

HOPE understands the importance of working with young people to foster systemic change. In 2020, HOPE formalized and enhanced an affinity program with Alabama State University (ASU) in Montgomery.

Through the ASU HOPE Affinity Network site, HOPE committed to both support the university financially and enter into a long-term relationship with the university's employees and students. HOPE also established two paid internships for ASU students. A cornerstone of the partnership, the students work with HOPE associates to brainstorm innovative ways to connect with college students.

“A lot of students at HBCUs don’t have a bank account or a relationship with any kind of financial institution,” said Sydney Sprowl, a HOPE intern and sophomore marketing major. “Sometimes we come from less-fortunate situations or have experienced financial relationships, like payday loans, that don’t serve us. I was intrigued by the opportunity to learn and to share what I learned with my peers, especially now, during this time of economic crisis.”

The interns have shared their financial literacy training in small groups and through social media posts, and plan to host larger meetings and virtual panels in 2021.

“The training we received from HOPE was impressive. I feel really prepared and in a good position to talk about financial issues with my peers,” Sprowl said. “The reaction from my friends so far has been very positive.”

The ASU program is a model for future HOPE-HBCU partnerships that will help students and staff at HCBUs build stable, successful financial lives.

“The fact that this program exists is big to me,” Sprowl said. “To have a recognized brand working with someone our age is amazing. Every university should have a program like this one.”

Through the ASU Affinity Program, HOPE:

- Provides deposit accounts, loans, and other financial services to faculty, staff, and students
- Hosts two paid student internships
- Attends orientation events to help students open accounts and set financial goals
- Provides financial education materials
- Hosts financial education workshops for faculty, staff, and students
- Establishes a student financial education program
- Explores and develops housing, entrepreneurship and other projects that increase economic mobility on and around campus

Since the ASU affinity program launched in June of 2020, 37 Alabama State University employees have signed up for automatically approved, low-interest loans.



In 1968, sanitation workers in Memphis, Tennessee, went on strike to demand not only higher wages, but also that they be treated with respect.

On February 12, 1968, Black sanitation workers in Memphis, Tennessee, went on strike to demand higher pay and better working conditions. The men labored long, hard hours in dirty jobs on dangerous, outdated equipment, all for an average wage of 65 cents an hour. Despite working full time, many depended on welfare and food stamps to support their families.

The 1,300 workers went on strike not only to demand higher wages, but to demand that they be treated with dignity. Striking under the slogan, “I Am a Man,” the sanitation workers linked racial justice with financial justice and effectively broadened the civil rights movement to include a call for economic equality.

Dr. Martin Luther King, Jr., came to Memphis to show support for the striking workers. It was there that Dr. King delivered his final speech on April 3, the night before he was assassinated. His legendary address, which came to be known as the “I’ve Been to the Mountaintop” speech, encouraged civil rights supporters to harness their collective economic power for good. Dr. King directly called for the boycotting of white-owned businesses and the support of Black-owned businesses, including banks and insurance firms, explaining that by doing so, “We begin the process of building a greater economic base.”

Dr. King was assassinated in Memphis the next day.

Twelve days later, the city of Memphis agreed to raise the sanitation workers’ pay and recognize their union.

“There is nothing new about poverty. What is new, however, is that we have the resources to get rid of it.”

– Martin Luther King, Jr.
Nobel Peace Prize address, 1964

MOMENTS OF TRANSFORMATION

In 2020, spurred by the murders of George Floyd and Breonna Taylor and nationwide calls for racial justice, many individuals and businesses aligned their money with their beliefs, supporting causes that stand for racial, social, and economic equality.

HOPE played a central role on both sides of this movement, extending a financial lifeline to Black families, businesses and communities, and providing a place for mission-driven investors to support positive, transformational change.

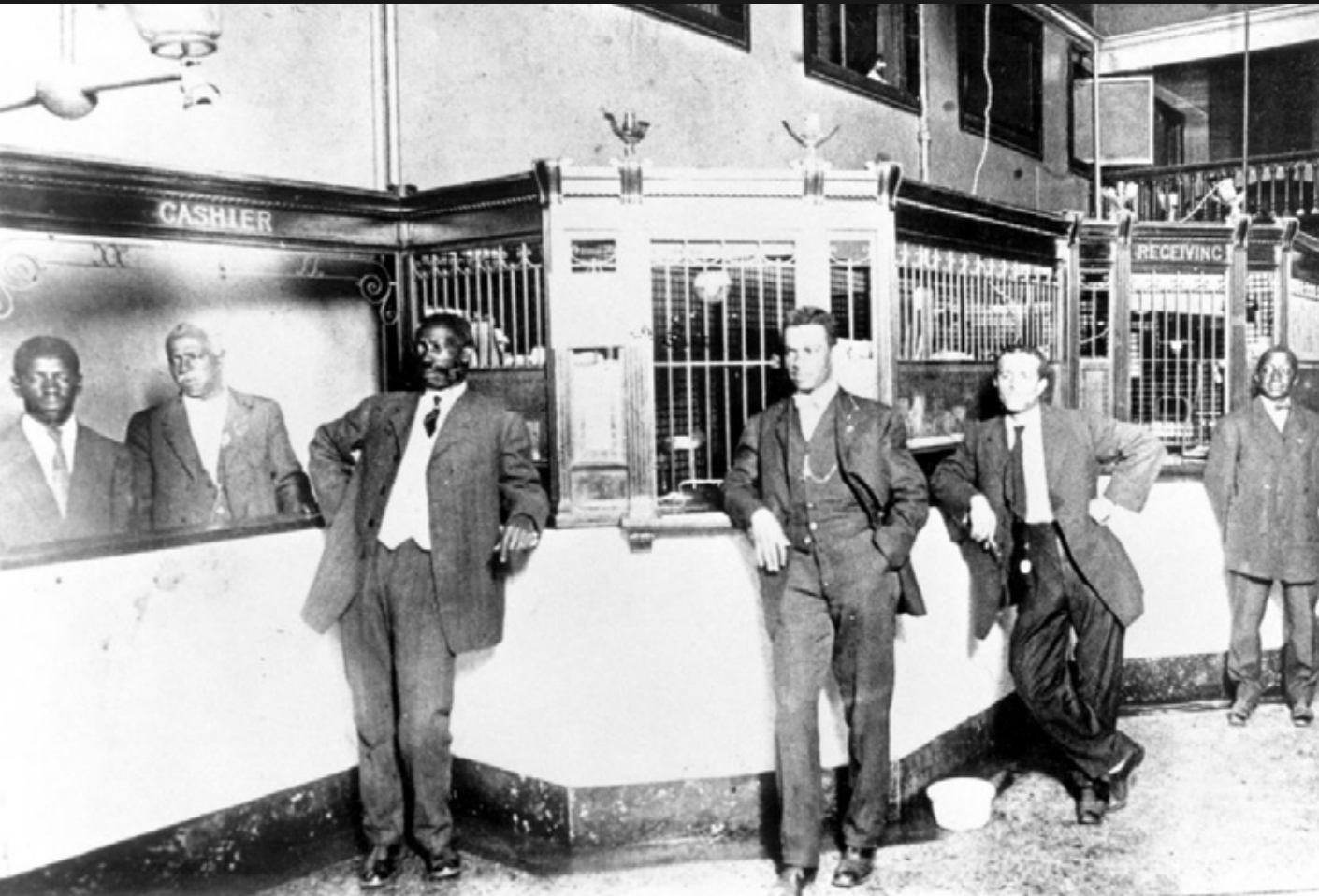
At the core of this effort are Transformational Deposits, an innovative strategy to import capital into wealth-starved communities through low-cost deposits to fuel business, mortgage, and consumer loans and provide financial services that foster economic mobility. In June, global entertainment giant Netflix catapulted this initiative by making a \$10 million Transformational Deposit in HOPE to launch its commitment to invest 2% of its cash holdings, about \$100 million, in financial institutions that serve the nation's Black communities.

In a joint blog, Netflix Director of Talent Acquisition Aaron Mitchell and Treasury Director Shannon Alwyn noted that investments like Netflix's will contribute to a more equitable financial system. "Black banks have been fighting to better their communities for decades, but they're disadvantaged by their lack of access to capital. This capital will fuel social mobility and opportunity in the low- and moderate-income communities these groups serve. We plan to redirect even more of our cash to Black-led and focused institutions as we grow, and we hope others will do the same."

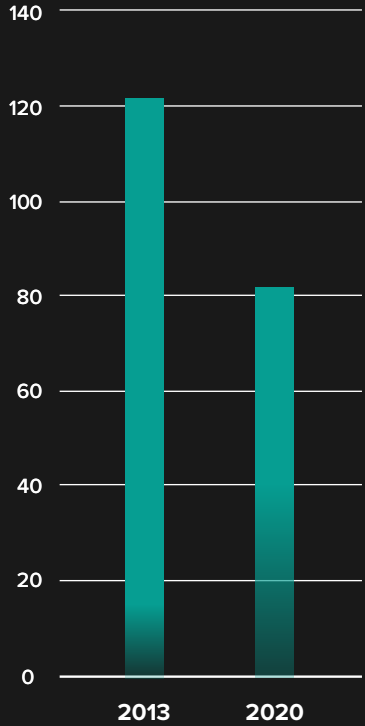
Over the next two years, the Netflix deposit will support financing to more than 2,500 entrepreneurs, homebuyers, and consumers of color.

Galvanized by the murder of George Floyd, protestors in Jackson, Mississippi, demanded equal justice and a recognition that Black lives matter.



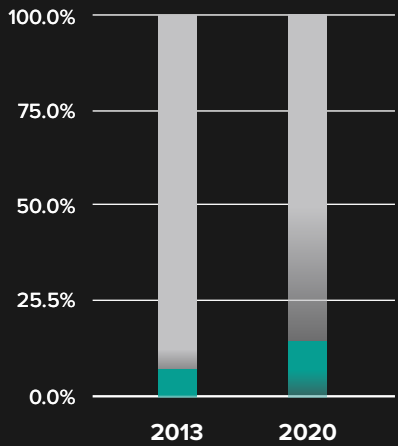


Founded in 1890, the Alabama Penny Savings Bank was one of the first Black-owned, Black-operated banks in the United States.



Minority Banks & Credit Unions in Deep South Disappearing

of Minority Banks and Credit Unions in the Deep South

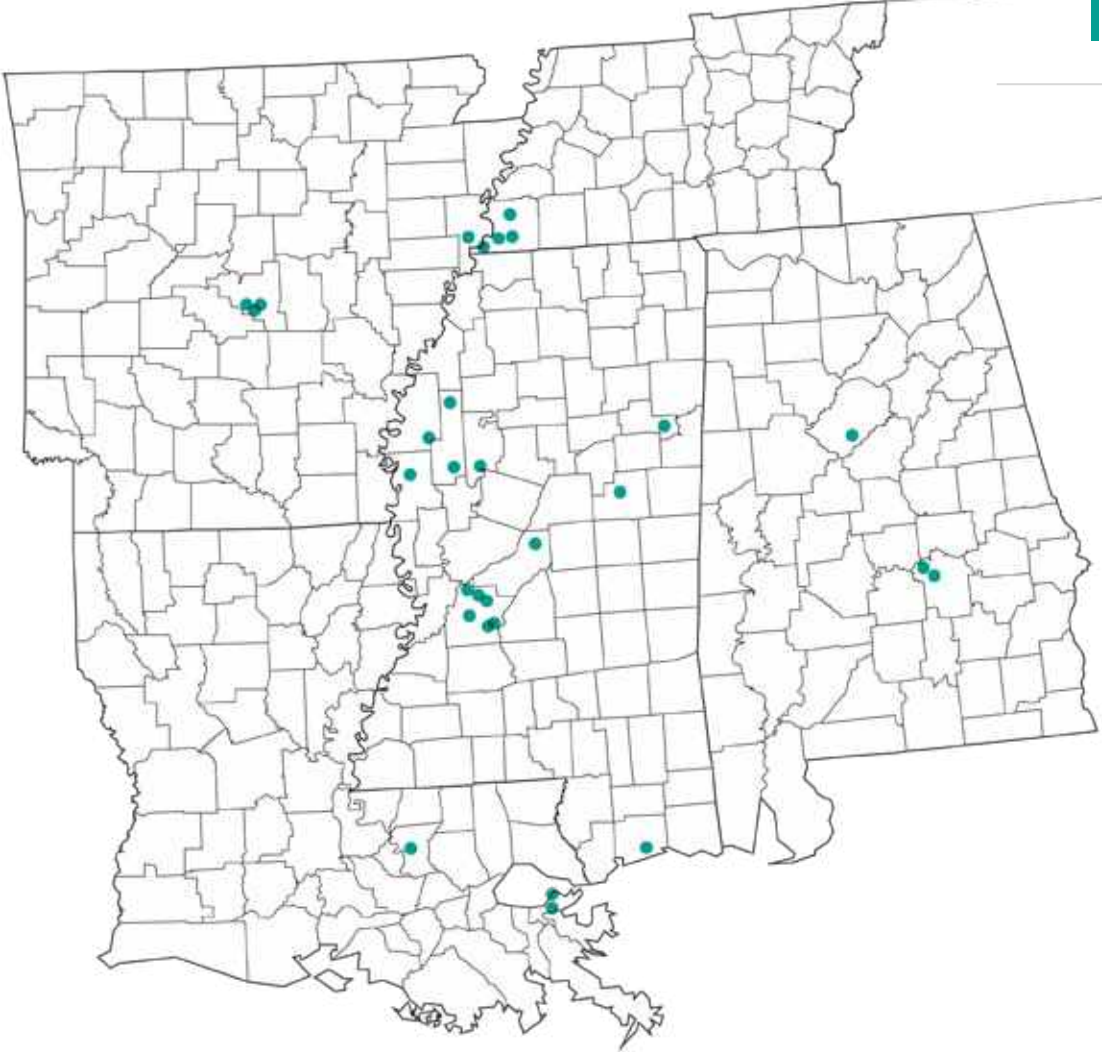


HOPE Share of Deep South Minority Bank and Credit Union Assets Increasing

HOPE Share of Minority Bank and Credit Union Assets — Deep South

Source: Hope Policy Institute Analysis of NCUA MDI and FDIC data (2013-2020)

HOPE FINANCIAL INCLUSION OFFICES



ALABAMA

- Birmingham
- Montgomery
- Arba Street
- McGehee Road

ARKANSAS

- College Station
- Little Rock
- I-30 SW
- Geyer Springs
- West Memphis

LOUISIANA

- Baton Rouge
- New Orleans
- Central City
- Elysian Fields

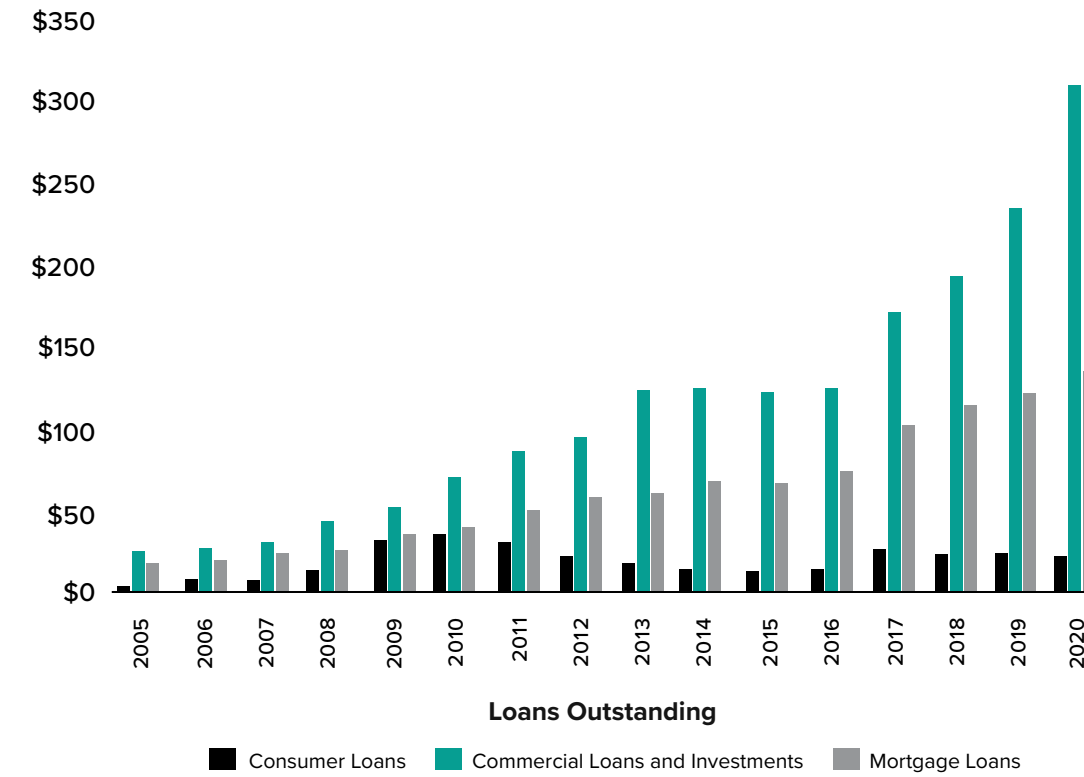
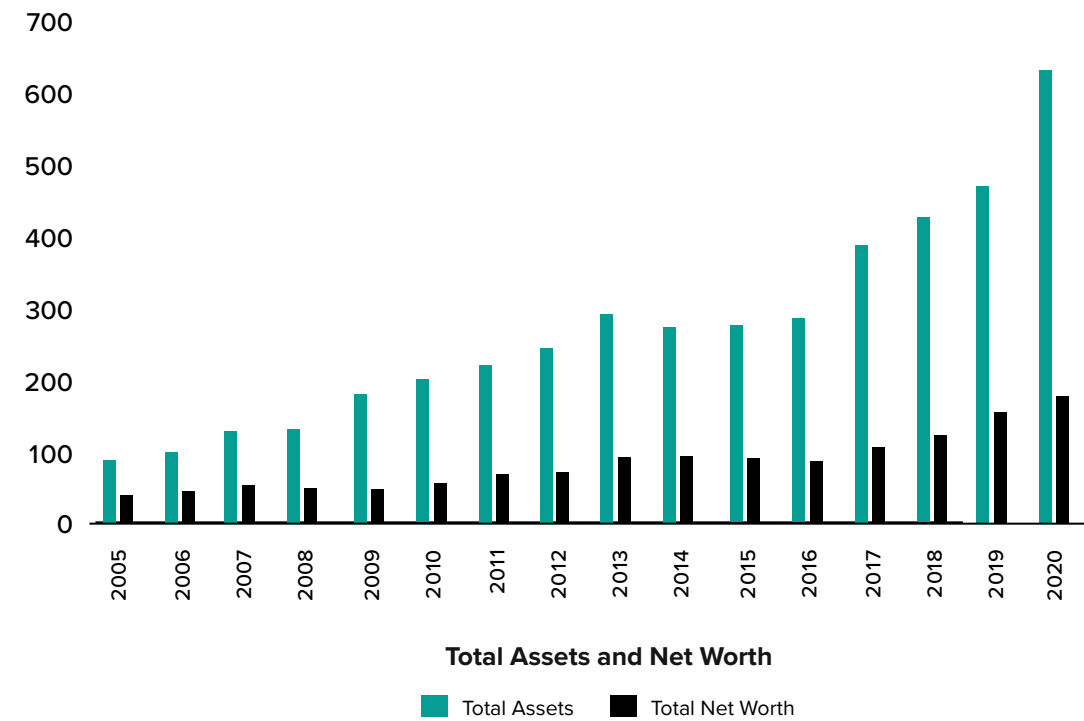
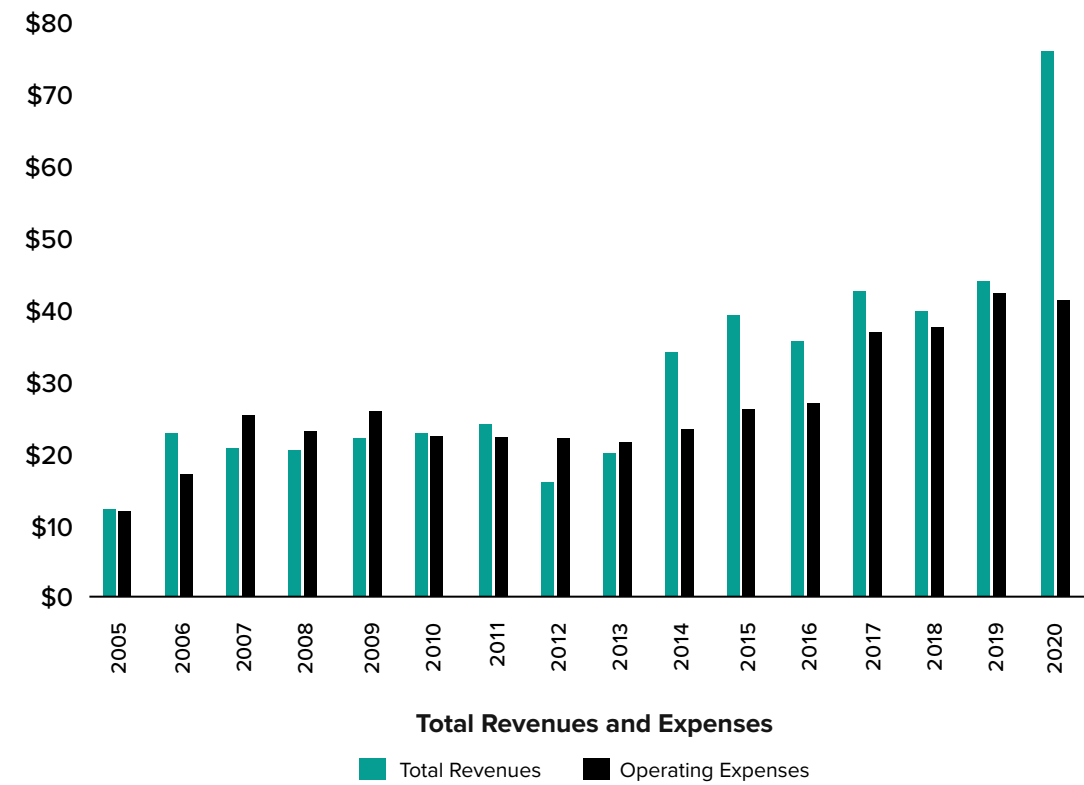
MISSISSIPPI

- Biloxi
- Drew
- Greenville
- Itta Bena
- Jackson
- East River Place
- Medical Mall
- Old River Place
- Provine High School
- University Boulevard
- Louisville
- Moorhead
- Shaw
- Terry
- Utica
- West Point

TENNESSEE

- Memphis
- Crosstown
- Harvester Lane
- Madison Avenue
- Ridgeway

2020 FINANCIALS



Hope Enterprise Corporation/Hope Federal Credit Union Consolidated and Combined Financial Highlights

	YEAR ENDED DECEMBER 31	
	2020	2019
RESULTS OF OPERATIONS		
Total Revenues	\$ 69,292,515	\$ 40,145,641
Operating Expenses	37,612,014	38,520,649
Loan Loss Reserve Expense	2,516,818	1,200,953
Change in Net Assets (Net Income)	29,163,683	424,039

FINANCIAL POSITION		
Total Assets	\$ 626,348,219	\$ 465,917,227
Total Net Assets (Net Worth)	174,994,804	153,296,754
Loans	462,724,847	376,788,352
Total Debt	162,723,851	77,948,603
Total Deposits	287,504,835	232,546,304

RESULTS OF ACTIVITIES		
Total Loans Closed	160,290,426	89,010,222

Hope Enterprise Corporation/Hope Federal Credit Union
Combining Statement of Financial Position
As of December 31, 2020

	HEC Consolidated	Hope Credit Union	Eliminations	Combined 2020	Combined 2019
ASSETS					
Cash and Cash Equivalents	\$24,446,074	\$70,901,232	\$(4,961,369)	\$90,385,937	\$26,080,573
Restricted Cash	6,981,652			6,981,652	4,792,707
Debt and Other Securities	36,675,478	29,117,697	(15,475,000)	50,318,175	37,615,541
Cash Restricted for Collateral on Subsidiary's Note				-	-
Investment in Non-Consolidated Partnerships	1,107,608			1,107,608	1,036,558
Grants and Other Receivables	1,514,171	3,033,806	(3,033,806)	1,514,171	3,485,596
Prepaid Expenses	282,001	428,223		710,224	764,930
Other Assets	50,000	4,606,470		4,656,470	3,480,151
Interest Receivable	718,993	954,642		1,673,635	1,126,582
Consumer Loans	-	21,115,450		21,115,450	23,225,939
Commercial Loans	205,876,669	102,617,537	(765,183)	307,729,023	232,980,516
Residential Mortgage Loans	4,799,056	129,081,318		133,880,374	120,581,897
Allowance for Loan Losses	(2,031,491)	(6,252,612)		(8,284,103)	(6,440,391)
Loans, Net	208,644,234	246,561,693	(765,183)	454,440,744	370,347,961
Foreclosed Property	-	121,953		121,953	1,607,205
Goodwill	-	122,236		122,236	146,683
Property and Equipment, Net	2,179,606	12,135,808		14,315,414	15,432,740
Total Assets	\$282,599,817	\$367,983,760	\$(24,235,358)	\$626,348,219	\$465,917,227
LIABILITIES					
Accounts Payable	\$5,128,886	\$6,873,593	\$(3,033,806)	\$8,968,673	\$5,081,223
Dividends Payable	-	462,487		462,487	548,572
Member Deposits	-	292,466,204	(4,961,369)	287,504,835	232,546,304
Other Liabilities	-	-		-	23,097
Deferred Revenue	1,124,729	-		1,124,729	2,125,566
Notes Payable and Long Term Loans	107,622,143	61,910,731	(16,240,183)	153,292,691	72,295,711
Total Liabilities	113,875,758	361,713,015	(24,235,358)	451,353,415	312,620,473
NET ASSETS AND EQUITY					
Uninsured Capital and Reserves	-	6,270,745		6,270,745	5,636,356
Unrestricted Net Assets	37,831,395	-		37,831,395	8,591,433
Non-Controlling Interests	111,402,779	-		111,402,779	119,554,915
Total Unrestricted	149,234,174	6,270,745		155,504,919	133,782,704
With Donor Restrictions	19,489,885			19,489,885	19,514,050
Total Net Assets	168,724,059	6,270,745		174,994,804	153,296,754
Total Liabilities and Net Assets	\$282,599,817	\$367,983,760	\$(24,235,358)	\$626,348,219	\$45,917,227

See accompanying notes.

Hope Enterprise Corporation/Hope Federal Credit Union
Combining Statement of Activity
For the Year Ended December 31, 2020

	Unrestricted	With Donor Restrictions	2020 Total	2019 Total
REVENUES AND GAINS				
Grants and Contributions	\$41,714,855	\$6,542,232	\$48,257,087	\$20,994,840
Program Income	19,846,947		19,846,947	17,526,685
Investment Income	1,188,481		1,188,481	1,624,116
	62,750,283	6,542,232	69,292,515	40,145,641
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of Program Restrictions	6,566,397	(6,566,397)	-	-
Expiration of Time Restrictions	-	-	-	-
Transfers from Changes in Program Restrictions	-	-	-	-
Total Revenues and Gains	69,316,680	(24,165)	69,292,515	40,145,641
EXPENSES				
Program Expenses:				
Commercial Lending and Assistance	6,599,829		6,599,829	5,338,483
Mortgage Lending and Housing	3,554,055		3,554,055	3,207,331
HOPE and Consumer Lending	14,331,595		14,331,595	17,448,461
Other Programs	2,761,897		2,761,897	1,734,522
	27,247,376	-	27,247,376	27,728,797
Development and Communications	422,329		422,329	609,612
General Administration	12,459,127		12,459,127	11,383,193
Total Expenses	40,128,832	-	40,128,832	39,721,602
Equity in Earnings of Affiliated Company				
Change in Net Assets before Minority Interests	29,187,848	(24,165)	29,163,683	424,039
Change in Other Comprehensive Gains/Losses	393,146		393,146	260,700
Minority Interests in Subsidiaries Losses	(706,643)		(706,643)	492,546
Change in Net Assets Attributable to Controlling Interest	28,874,351	(24,165)	28,850,186	1,177,285
Acquisition of Non-Controlling Interest			-	-
Net Assets Attributable to Controlling Interests				
At Beginning of Year	15,227,788	19,514,050	34,741,838	32,564,554
Dividends Paid to Controlling Interests				
At End of Year	44,102,139	19,489,885	63,592,024	33,741,839
Net Assets of Minority Interests	111,402,779		111,402,779	119,554,915
Net Assets and Equity at the End of Year	\$155,504,918	\$19,489,885	\$174,994,803	\$153,296,754

See accompanying notes.

Hope Enterprise Corporation/Hope Federal Credit Union

Notes to Combined and Consolidated Financial Statements (Unaudited)

For the years ending December 31, 2020 and 2019

1. BASIS OF PRESENTATION

The accompanying combined and consolidated financial statements include the consolidated financial statements of the Hope Enterprise Corporation (HEC) (formerly Enterprise Corporation of the Delta [ECD]) and the financial statements of Hope Federal Credit Union (HCU), formerly Hope Community Credit Union (HCCU). HEC 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). HCU is a chartered cooperative association located in Jackson, Mississippi. During 2011, HCU converted from a state charter to a federal charter organization under the provisions of the Federal Credit Union Act and is organized for the purpose of promoting thrift among and creating a source of credit for its members as defined in its charter and bylaws. All significant intercompany accounts and transactions have been eliminated in the combined and consolidated financial statements. The purpose of this presentation is to report HEC and HCU as operating together to fulfill their joint mission. HEC is the primary sponsor of HCU and encompasses the field of membership of HCU. HEC and HCU share staff and resources in operating terms. Separate audited financial statements of HEC and HCU are available at www.hope-ec.org and www.hopecu.org.

Subsidiaries of HEC include ECD Investments, LLC (ECDI); ECD Associates, LLC (ECDA); ECD New Markets, LLC (ECDNM); Home Again, Inc. (Home Again); Hope New Markets 5, LLC; Hope New Markets 6, LLC; Hope New Markets 7, LLC; Hope New Markets 8, LLC; Hope New Markets 9, LLC; Hope New Markets 10, LLC; Hope New Markets 11, LLC; Hope New Markets 12, LLC; Hope New Markets 13, LLC; Hope New Markets 14, LLC; Hope New Markets 15, LLC; Hope New Markets 16, LLC; and Hope New Markets 17, LLC. ECDI, a Mississippi Limited Liability Company, was formed in 1997 as a for-profit subsidiary of HEC. HEC 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 were sold for investment to qualified institutional and individual investors. Investments made by qualified institutional and individual investors less accumulated losses are shown as minority interest in subsidiary. ECDI was created to extend HEC'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. HEC is the managing member of ECDA and ECDNM. Units of ECDA were sold for investment to qualified institutional and individual investors. Capital invested by ECDA in ECDNM was used to invest in HCU. In return, ECDA received New Markets Tax Credits and cash over the investment periods which are distributed to investors in ECDA. Home Again, Inc. (Home Again) began operation in 2006 with HEC as primary sponsor. Home Again provided mortgage financing and recovery consultation services to eligible persons in the coastal region of Mississippi in the aftermath of Hurricane Katrina. Home Again has continued to provide affordable housing solutions in Mississippi. Currently there are 13 active Hope New Market Tax Credit entities who all have commercial loan funds in partnership with a bank.

Since 2009, HCU has successfully completed six mergers with other credit unions. The most recent mergers were during 2017 when HCU acquired all the assets and liabilities of B&W Mississippi Employees Federal Credit Union, Michoud Credit Union and Tri-Rivers Federal Credit Union. The Michoud and Tri-Rivers mergers were directed by NCUA.

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 HEC/HCU'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 HEC/HCU in the ordinary course of business:

	2020	2019
Cash and cash equivalents (including restricted cash)	\$97,367,589	\$30,873,280
Debt and other securities	50,318,175	37,615,541
	\$147,685,764	\$68,488,821

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. HEC/HCU's management anticipates grants receivable at December 31, 2020, will be received and available for support of HEC/HCU's programs as follows:

Grants due in less than one year	\$ 992,002
Grants due in one to five years	551,610
Total grants and other receivables	1,543,612
Less adjustment to reflect grants receivable at fair value at the date of grant, based on 2.5% discount rate	(29,441)
Net grants and other receivables	\$ 1,482,949

4. LOANS

The composition of the loan portfolios are as follows:

	2020	2019
Consumer loans outstanding	\$ 21,053,310	\$ 23,225,940
Commercial loans outstanding	307,729,023	232,970,516
Residential mortgage loans outstanding	133,880,374	120,581,896
	\$462,724,847	\$376,778,352

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.

HEC/HCU also originates residential mortgage loans. Residential mortgage loans are typically collateralized by residential real estate with a loan to value of 97% or less.

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 have been estimated as of the balance sheet date. Management's determination of the adequacy of the allowance is based on an evaluation of the portfolios, 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.

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

	2020	2019
Balance at beginning of year	\$ 6,440,391	\$ 7,528,789
Provision charged to operating expenses	2,516,818	1,200,953
Loans and investments charged-off and foreclosed-net	(673,106)	(2,289,351)
Balance at end of period	\$8,284,103	\$6,440,391

6. FORECLOSED PROPERTY

Foreclosed property consists of properties repossessed 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.

7. DIVIDENDS PAYABLE AND SHARES AND SHARE CERTIFICATES

Dividends payable are dividends earned on share draft accounts, share accounts and share certificates by members of HCU and not yet paid by HCU. Share draft accounts are the credit union equivalent of bank checking accounts. Interest is earned on some HCU share draft accounts and 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 \$250,000 per member.

8. NOTES PAYABLE AND LONG-TERM DEBT

The maturities of long-term debt at December 31, 2019, are as follows:

2021	\$ 84,448,400
2022	11,066,542
2023	3,554,385
2024	3,233,254
2025	7,906,662
Thereafter	43,083,448
	\$ 153,292,691

9. UNINSURED CAPITAL AND RESERVES

The uninsured capital and reserves include accumulated reserves, and undivided earnings of HCU.

10. NON-CONTROLLING INTERESTS

HEC is the sole managing member of ECDA and elects three of the five board of directors of ECDNM. ECDA is the primary investing member of ECDNM. HEC is the sole managing member of each additional New Markets Tax Credit (NMTC) entity and elects two of the three board directors of each company. Although HEC controls the board of directors of these entities, HEC has a minor investment in each NMTC entity and thus receives minimal allocations of earnings or losses from these entities.

CORPORATE GOVERNANCE

Hope Enterprise Corporation

Ivey Allen <i>Foundation for the Mid South</i>	Herschell Hamilton <i>BLOC Global Group</i>
Claiborne Barksdale <i>Attorney & Educator</i>	Maurice Jones <i>OneTen</i>
Anne Marie Burgoyne <i>Emerson Collective</i>	Dan Letendre <i>Bank of America</i>
Susannah Carrier <i>Silver Lake</i>	Blanche Lincoln <i>Lincoln Policy Group</i>
Hodding Carter, III * <i>Retired Statesman, Educator & Journalist</i>	Fred Miller <i>Mayor of Rolling Fork, MS</i>
Bishop Ronnie C. Crudup <i>New Horizon Church International</i>	Martha W. Murphy <i>Murphy Family Limited Investment Partnership</i>
Mike Espy <i>Former U.S. Agriculture Secretary & Congressman</i>	Jeffrey Nolan <i>Loutre Land and Timber Company</i>
Robert L. Gibbs <i>Gibbs Travis, PLLC</i>	William A. Percy <i>Retired Businessman</i>
Carolyn Gill-Jefferson <i>Attorney</i>	H. Alexander Wise <i>Retired Nonprofit Executive</i>

Hope Credit Union

Ivey Allen <i>Foundation for the Mid South</i>	George Penick <i>Retired Educator, Foundation Executive</i>
Bill Bynum <i>HOPE</i>	Brenda Richard-Montgomery <i>JNM & Associates, LLC</i>
Mauricio Calvo <i>Latino Memphis</i>	Ann Shackelford <i>Teach for America – Greater Delta</i>
Rev. Farrell Duncombe * <i>First Congregational Christian Church</i>	Carol Spencer <i>Retired Clergy</i>
Robert L. Gibbs <i>Gibbs Travis, PLLC</i>	Emily Trenholm <i>High Ground News</i>
Carolyn Gill-Jefferson <i>Attorney</i>	Carmen Walker <i>Retired Educator</i>
Alice Graham <i>Back Bay Mission</i>	Rev. Neddie Winters <i>Mission Mississippi</i>
David Jackson <i>Delta Housing Development Corporation</i>	
Bernard Mays, Jr. <i>University of Alabama at Birmingham</i>	

(*) Retiring Board Members

IN MEMORIAM

Governor William Winter

Former Mississippi Governor William Winter was a lifelong champion of educational equality, economic opportunity, and racial harmony. A founding HOPE board member, he lived a remarkable life of public service, serving in the state legislature, as treasurer, lieutenant governor, and ultimately governor from 1980 to 1984. President Bill Clinton tapped Governor Winter to serve on the National Commission on Race, which inspired the creation of the William Winter Institute for Racial Reconciliation. One of the great statesmen of our time, Governor Winter possessed a rare ability to inspire and bring people together in pursuit of the greater good. In speaking of the organization he helped create, Governor Winter said, “HOPE recognizes that we are all bound to each other, that we are part of a common humanity.”

James Brooks

James Brooks was one of the first people to join Hope Community Credit Union in 1995, and quickly became one of its most enthusiastic ambassadors, opening accounts for his entire family and recruiting new members for his credit union at every opportunity. Coach Brooks, as he was affectionately known, was a member of the SWAC Hall of Fame, following a three-sport career at Jackson State University and service as a coach and athletic director at Alcorn State University. His sage wisdom and vast networks helped shepherd HOPE’s growth from 9,000 members when he joined the board to more than 30,000 when he retired in 2016 and was named the credit union’s first director emeritus.

Those Lost to COVID-19

HOPE mourns the loss of the more than 500,000 people in the United States who have died of COVID-19. At the time of this writing, the death toll in the five Deep South states HOPE serves had reached 46,381. Disproportionately represented in that toll are those with low incomes and limited access to healthcare, frontline workers, and those in service positions. Each one of these people, no matter their means or their situations, were essential. In their memory, HOPE will continue to advocate for change, moment by moment.

MAKE THIS THE **MOMENT** YOU JOIN THE **MOVEMENT.**

To find out how you or your organization can partner with
HOPE to advance economic equality, visit **www.hopecu.org**.



www.hopecu.org
www.hopecpolicy.org
877.654.HOPE