MOUNTAIN ASSOCIATION

Impact Report 2023
After last year left us reeling from the trauma of seeing 14 counties in Eastern Kentucky decimated by an historic flood, 2023 is leaving us inspired. We have seen collaboration across the region like never before, and the flood has coincided with once-in-a-lifetime federal investments coming to Appalachia. The investment is significant in itself, but we also see these federal agencies thinking carefully about how to ensure resources make it to the underserved communities that need them the most. While conditions in affected communities call for continued urgency as the recovery is, at times, agonizingly slow, we know that coordinated planning and funding are essential as we respond to this flood and prepare for future crises. All this work will help to move the economy of Eastern Kentucky forward to a more resilient future.

In the aftermath of the flooding, local governments, regional nonprofits and businesses stepped up to serve as anchors for their communities. Many provided resources like food and shelter even while dealing with the direct impacts of the disaster themselves. There was, and continues to be, a critical need for targeted support for these businesses and organizations to help keep their doors open in the face of uncontrollable and unprecedented challenges that seemingly come year after year.

The Mountain Association’s teams have responded to these needs by continuing to innovate services and opportunities that equip small businesses, nonprofits, and local governments with what they need to thrive. By creating flood and emergency loan options, we have assisted many businesses and organizations in recovering and establishing more resilient facilities. We have supported communities and business owners with strategic planning by funding their work with expert consultants to help them draft recovery plans and other immediate needs. We’ve helped clients complete grant applications to support their money-saving renewable and energy efficiency projects. We’ve also led and participated in regional conversations about how to build better connections within the region.

By The Numbers

- **231** jobs created or saved
- **$3.9** million invested in 97 businesses or organizations
- **196** businesses and organizations strengthened through in-depth business support
- **6,042** hours of support provided by staff and consultants
- **25** energy retrofits and **16** solar projects completed
- **$218,795** in new annual energy savings found for businesses, organizations and homes
- **919** metric tons of carbon reduced through efficiency and solar upgrades (equivalent to carbon sequestered by 15,193 tree seedlings grown for 10 years)
Although flood recovery and disaster resilience has been at the forefront of our work this past year, and will continue to be, we have also simultaneously continued with our broader efforts to move all of Eastern Kentucky towards a more equitable economic future. Over the last year, the Mountain Association has seen tremendous opportunities to promote the elements of a just transition taking place in Eastern Kentucky right now, serving as an example for other places. President Peter Hille had the opportunity to speak about the importance of rebuilding entire local economies at a White House roundtable held by the President's Interagency Working Group in the spring. He emphasized the many elements a community needs — schools, healthcare systems, childcare, housing, infrastructure, and small businesses — to make a community a place where people will choose to live, and that will also serve as diverse economic drivers.

Here at the Mountain Association, these are the essential community elements we invest in. We are honored to do this work and be a part of what is happening here. We hope to share with you a snapshot of our work this year in this brief report and invite you to continue following along as we share stories throughout the year.
Community & Nonprofit Support

In this rare period of significant federal investments, the Mountain Association has worked diligently to connect communities with relevant opportunities and shepherd resources into the region, partnering with individuals, businesses, and organizations as needed. We see that our work of connecting businesses, nonprofits and local governments to resources available both within and beyond the Mountain Association has real value in building economic and climate resiliency. One avenue through which we connect people to opportunities is our Small Nonprofit Peers Accelerating Rural (Eastern) Kentucky Collaborative, or SPARK, an initiative we facilitate to build capacity in our region’s nonprofits. This year we expanded the tools and opportunities available to participating nonprofits—from workshops on topics like strategic planning, project management, and board and volunteer development, to connections with grant opportunities best suited for them. In addition, monthly peer forums provide a space where members can share their progress, insights, and questions.

We also connect community members to resources through the What’s Next EKY Community Accelerator. Many community leaders, entrepreneurs, and community members have a good sense of what their community needs, but little capacity for organizing projects. The Community Accelerator, facilitated by Mountain Association, provides backbone support organizing for community economic development by providing access to resources, coaching, coordination, and project management. This year the three participating communities, the Jackson County Creative Community, the Letcher County Culture Hub, and Grayson Creative Community, continued to make significant strides in their incredible individual projects with support from our consultants, and they all came together for a strategic “doing” workshop. They also each hosted a visit from Deb Brown of Save Your Town, a national organization supporting economic growth in rural communities.

In 2022, Grayson Tourism purchased a building on Main Street, now home to the Blue Goose Collective, which will be a creative business incubator, a retail space, and an event space for the community, coordinated by the Grayson Creative Community. After attending a “Strategic Doing” training session, they also worked to renovate the vacant lot next to the Blue Goose, now called “The Gap”, installing electricity and water, as well as tables, umbrellas, lights, and a temporary stage for hosting concerts.
This year, we supported a focused technical assistance project in the historic coal camp community of Wayland, Kentucky. A town of about 400 people, Wayland was hit by three 100-year floods in 2021 and a 1,000-year flood in 2022. We paired their local government with strategic planning consultants to assist with post-flood recovery and resilience building. The consultants helped local leadership fundraise and navigate through flood recovery efforts, and supported Americorps VISTA volunteers who helped coordinate flood recovery volunteers and drafted a five-year strategic plan for the town. The VISTAs even went door-to-door to gather input, buy-in, and plan a series of community gatherings to gain input on the plan with the goal of bringing together a community drawn apart by time, the impact of COVID-19, and disaster.

The feedback is helping inform future projects focusing on flood mitigation and cleanup, revitalized downtown areas, new businesses and jobs for the community, and improved recreational opportunities to promote tourism. They have brought in more than $900,000 in grant funding and donations to support specific flood recovery efforts. One of the VISTAs is planning and launching a Coal Camp Network, which will use learnings from Wayland as a model to inspire change and economic development in other former coal camps.
Flexible Lending

Since the flood, we’ve supported 12 small businesses and 3 critical institutions with flood recovery loans. Housing Development Alliance, which builds affordable housing in four Eastern Kentucky counties, lost two of their trucks in the flood. With financing from Mountain Association, they were able to replace their trucks and add another truck to ensure they can continue repairing and building safe homes out of the flood zone—the most critical part of flood recovery. HOMES, Inc., another affordable housing nonprofit serving the affected area, will use their funds for heavy machinery. Additionally, Redbud Financial Alternatives has created a new appliance and home repair fund for flood victims using a special capital investment from Mountain Association.

Beyond flood recovery lending, we continued to see high demand for our lending program. This year $332,691 of our total $3.9 million lent was specifically for solar upgrades which allow businesses and organizations to save on their overhead costs and focus on their missions. In addition to 56 small business loans, we closed a $1.5 million participation loan supporting a multi-million dollar addiction recovery project that will have significant impact in the Ashland area. This year our team also continued to implement our equitable lending plan and added new staff to support our expanded work.
Clean Energy Momentum

Our Energy Team is working to leverage the momentum the region is gathering around clean energy, spurred largely by federal incentives. This year, they facilitated $1,269,782 of investments in 16 solar and 25 efficiency installations, and brought in $527,479 in clean energy grant funding for 13 businesses, nonprofits, and local governments through a combination of state, federal and nonprofit programs.

Currently, the federal government is investing significant resources into communities through the Inflation Reduction Act (IRA). By establishing opportunities for nonprofits and local governments to access solar tax credits, the IRA has been a game changer for clean energy installations that were previously out of reach for many in Appalachia. In addition, the USDA Rural Energy for America Program (REAP), which provides financial assistance to rural small businesses and agricultural producers for renewable energy systems and energy efficiency improvements, can now support 50 percent of a project. Previously REAP was just 25 percent. REAP applications are very complex with each 100+ page package requiring 20-30 hours of staff time. We also support applications to the Kentucky Agricultural Development Fund on-farm energy program and the Solar Finance Fund. We are proud to be able to leverage our expertise to bring this funding into Eastern Kentucky.

Alongside this technical work in the region, we continue to advocate for fair energy policy in the state and nation. With our partners, we are serving as either intervenors, movants or commenters in 11 Kentucky Public Service Commission cases within the last year. The PSC is a regulatory body that oversees the state’s utility companies. By getting involved at a formal level in these cases, we are able to present evidence and data to the PSC that they otherwise would be unable to consider as they cannot conduct their own research. New for us this year, we have intervened in four cryptocurrency mining cases that are being considered for special utility rates by the PSC. In Kentucky, large commercial electricity users can apply to get a discounted rate through the Economic Development Rider, in exchange for creating jobs. Both LGE-KU and Kentucky Power are asking to grant such a rate to cryptocurrency mining operations, which are intensive energy users, despite the fact that crypto creates very few jobs. Because crypto is so volatile, there is an additional risk to the ratepayer in that the company may go out of business, leaving ratepayers to cover the cost of the additional infrastructure. Our coalition of partners plans to intervene on behalf of ratepayers in future cases that are undoubtedly coming in this new uncertain industry.

We are intervening in the current Kentucky Power rate case that is requesting to raise residents and commercial rates by 13-20%. After 3 rate increases in the last 7 years, Kentucky Power customers already have the highest rates in the state and the highest energy burden, or percentage of their income that they pay toward their utility bills. We also continue to intervene in Integrated Resource Plans, which utilities are required to submit to the PSC every three years. These plans outline both anticipated energy demand and how they plan to supply that energy over a 3-year and a 15-year period. We believe that engaging in these plans is an effective and critical way to advocate for fair rate structures and energy efficiency or clean energy programs that benefit ratepayers.

In addition to statewide and national advocacy campaigns, we are also assisting individual communities in making key energy policy changes. For example, we are supporting the community of Olive Hill, whose municipal utility purchases electricity at highly inflated prices from Kentucky Power, to renegotiate that contract. We’re also helping them get a net metering ordinance passed that will allow residents and businesses to take advantage of solar.
Our teams have worked over a number of years with Salyersville IGA on how to reduce their massive energy bills. The store is Magoffin County’s only full-service grocery store and an important hub in the community for both food security and employment opportunities. In February, 256 solar modules were installed on their roof, and they are now expected to save around $23,000 per year, with a second phase of panels in the works. We helped the IGA complete a complex application for a grant through the USDA’s Rural Energy for America Program to cover approximately $50,000 of the solar installation, as well as a grant through the Solar Finance Fund for $10,000. Our Lending Team financed the remaining costs of the solar installation. In the past, we also provided affordable financing for major upgrades of Salyersville IGA’s heating, cooling, refrigeration systems, and deli equipment. This project is a good example of how the Mountain Association leverages staff expertise, business technical assistance and financing toward meaningful projects that save businesses money and promote strong and healthy local economies and communities. We are currently working with four other grocers in the region on similar wraparound projects.
Downtown revitalization has continued to gain momentum across Eastern Kentucky as young workers and families return to the region as remote work becomes more common. We are taking a hands-on approach to this work with our 2022 purchase of a vacant three-story building in downtown Hazard. The 11,000 square-foot building has anchored Main Street for decades. Unoccupied since 2016, the building is in need of major repair and an overhaul to serve today’s community.

Over the next few years, we will be redeveloping the building to create spaces for business and residential use. This year, we completed asbestos abatement, building stabilization, and selected award-winning architecture firm Deco Architects, based in nearby Somerset, Kentucky, to work with us on the design process and community input sessions.

Deco is the group behind the City of Somerset’s recent $2 million remodel of the historic Virginia Theater, as well as a number of other historic building remodels and innovative projects in Kentucky in recent years. The restoration of The Virginia Theater recently won the Kentucky History Award for Excellence in its preservation and envisioning. We continue to share regular updates via our communications channels and hope you will follow along in this exciting journey of bringing new life to a historic building.
The majority of Mountain Association’s funding comes from private grants and contributions (58 percent), followed by government grants (24 percent) and financing revenue, including interest and fees (16 percent), and other revenue, including program income (2 percent). We dedicate the majority of our spending to our programmatic work. Full financials are available on our website.

- Operating Expenses Fiscal Year: 2023

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More in-depth stories and information on our affiliates, Kentucky Center for Economic Policy and Kentucky Natural Lands Trust, is included within the expanded, interactive version of this report:
Thank You to Our Supporters

- Appalachian Regional Commission
- General Motors
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And thank you to our many generous individual donors and partners.