



# MOUNTAIN ASSOCIATION

Building a New Economy, Together.





On the cover:  
Isom IGA employee  
Letcher County, KY

## Dear friends,

This year saw the Mountain Association and the businesses, organizations and communities we support enter one of the most tumultuous times in our nation’s history: the COVID-19 pandemic. Just as our region was beginning to turn its economy around, the pandemic forced everything to a halt. But despite these challenging conditions—in fact, to some extent because of them—we are doing some of the most critical work we’ve ever done to help build a more resilient Eastern Kentucky economy.

This resilience can be seen in the dozens of businesses we are supporting with expert advice and quick capital to help them get through the pandemic. It can be seen in the essential community organizations and businesses completing solar and energy efficiency projects so they’ll have more stability and resilience in the face of climate change and economic downturns. And it can be seen in the stories we tell of community efforts across Eastern Kentucky to address challenges, from food security to addiction recovery, with many of those efforts having youth at the forefront.

In the past year, our staff also engaged in deep learning about historic and ongoing inequities and injustice in our region and nation. We wanted to build a new five-year plan centered around equity and justice. We began operating under this new plan in May 2020, just as a rising tide of voices began renewed calls for racial justice.

The movement for justice brings celebration amidst grief, new hope for justice amidst upheaval, and calls each of us to look deeply, think broadly, and act wisely. I believe we have made a good start on that work as an organization, but there is still much to do. We look forward to sharing more with you over the coming months and years.

We will come through these times—however long it takes and no matter what it takes—stronger and better, together. Thank you for your continued support of the Mountain Association.

Peter Hille, President

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This year we...

# Gave Support During the Coronavirus

## We quickly pivoted our work when the COVID-19 pandemic took hold in March, and the economy began to necessarily shut down.

We knew this pandemic would last longer than just a few months, and that our borrowers would need help to make it through.

We surveyed our clients about their needs and offered the choice of either three months of interest-only or deferred payments in the very early days of mandated business closures. We also created a new “Immediate Response

Loan,” disbursing more than \$110,000 to 24 businesses and organizations, transferring funds directly into the clients’ accounts within a week of getting their completed application.

This was an important stop-gap measure while these business owners and non-profit leaders expectantly waited for federal relief funds.

## Our Business Support program quickly assembled a team of coaches to help businesses plan for an uncertain future.

Tammy Jordan of Fruits of Labor, a social enterprise business, has told us the coaching she received during the pandemic was invaluable. “There are times that it is very challenging to stay focused on what is coming because of

what is happening in the moment, but each day we press forward,” Tammy said. “The coaching sessions have been so helpful to have all of the needed structure in place to continue without hesitation into the future.”

**Our Community Development team helped the What's Next EKY?! network plan a virtual series focused on various themes for community leaders that have helped Eastern Kentucky communities stay connected.**

Some of the themes have been how to plan and prioritize for additional budget cuts and declining tax revenues, how to support local businesses, and how to responsibly promote tourism in the time of social distancing. The team has also reshaped our 'How to Airbnb' training for a virtual audience, adding an element about how rural short-term rentals can be popular and safe destinations during the COVID-19 pandemic.

**We are proud to be a lifeline to Eastern Kentucky businesses and nonprofits and while we work to support our borrowers in all the ways we can, we also recognize there is an inevitable risk of loss to our portfolio. Although the future is uncertain, we have seen support from foundations, individuals and government entities, all stepping up to help us meet the moment. We are grateful for that support. Likewise, our networks and partners have quickly come together and worked diligently to respond to the needs the region is facing.**

Mountain Association

**Our staff has worked non-stop to support our clients.**

They've spent hours listening to and coaching our borrowers, expediting internal processes, closely tracking relevant legislation, funds and programs that could benefit those we serve, and helping tell stories of business owners and communities to spread hope and foster community support. As a result of these interventions, the businesses, organizations and communities we serve will be better able to survive this crisis and the quickly changing landscape it's created.

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This year we...

## Invested in Businesses to Provide Good Jobs

**Featured story:**

## Powell Valley Millwork

**Powell Valley Millwork (PVM) is the second-largest employer in Powell County behind the school system. Through the recent acquisition of another facility in an adjacent county, they have hired approximately 90 Kentuckians.**

PVM opened its doors in 2014 after owners Jimmy Thornberry, Michael Thornberry, Jim Thornberry, Brian Lambert, and Dale Budke bought the facility in Clay City and expanded operations. The company buys poplar lumber cut by sawmills within a 200-mile radius that are certified for sustainable harvesting practices. PVM manufactures that lumber into various wood products for sale to large volume consumers across the country.

The Thornberrys originally owned the facility they just purchased in Montgomery County. They built that facility with financing help from the Mountain Association, and decided to sell it in 2007 to a Canadian company. But, when the opportunity came to buy the facility back this year, the Powell Valley group of owners returned to the Mountain Association for financing.

Today, PVM is providing more than 200 jobs with good wages, benefits and subsidized healthcare to Eastern Kentuckians, all with an eye toward community and sustainability. They partner with a local addiction recovery program to help employees struggling with the opioid crisis, allowing them to keep their jobs until they can return to work.

“We are striving for this place to be a place that employees would want to call a second home,” Jimmy Thornberry said.

PVM works with local high schools each year through job fairs and by providing tours, and partners with extension agents to provide an engaging event series to encourage students to enter the forest products industry. The

Clay City facility produces zero wood waste, using the by products as fuel for their boiler, which creates steam, driving kilns that dry the lumber. Saw dust is packaged and marketed to equine and livestock industries and local farms for animal bedding.

We are proud to continue supporting PVM. We provided capital for the initial purchase of the Clay City facility, and we’ve helped with business support as they have added more advanced machinery to keep up with innovations in their industry. This year, we provided 50 percent of the funding PVM needed to buy the Montgomery County facility, supporting the Powell Valley team and the more than 200 Kentuckians they employ.

**“We are striving for this place to be a place that employees would want to call a second home.”**

**Jimmy Thornberry, Powell Valley Millwork**

## Mountain Association’s Impact

**226 jobs created or saved**

**525 businesses and organizations strengthened through 5,636 hours of technical support**

**4.4 million invested in 54 businesses or organizations**





This year we...

# Remained Resilient in the Face of Climate Change and Economic Downturns

**Utility rates have continued to rise despite the economic downturn caused by the COVID-19 pandemic. This has forced businesses and organizations to further tighten their budgets.**

Rates had already gone up by 30 percent on average statewide over the past decade, and those increases coupled with continuing rate hikes have generated growing demand for energy independence. That demand has created increased interest in solar.

Over the past year, we invested more than a million dollars to finance solar installations in Eastern Kentucky, and provided technical support for 19 new installations – eight of which are in Letcher County, deep in the former coalfields.

The movement in Letcher County began when we helped three nonprofits in the county go solar. Each organization immediately experienced hundreds of dollars in monthly savings. One year after those installations, their energy bills have dropped by a combined \$18,603 in annual savings. As their success became evident, five more businesses in the county contacted us for help to go solar. Our energy experts made recommendations about savings and

supported them through the process, which included getting bids from potential installers, figuring out financing options to pay for the installations, and completing projects.

Because we know many businesses and organizations in our region struggle with cash flow, we committed to creating a new loan product specifically to finance solar projects, offering terms as long as 20 years with a fixed low interest of 4 percent. These loans make it possible for the savings generated by the solar installation to cover the loan payments, making the investment cash-neutral or in some cases, cash positive.

**Featured story:**

## **Isom IGA**

**Many of our clients have also completed major efficiency upgrades, which has added to their cash flow. An important example is Isom IGA, a grocery store in Letcher County.**

We've worked with owner Gwen Christon to reduce her electric bills from \$122,000 to less than \$82,000 per year, and bring in more than \$127,000 in grant funding to cover the projects. She's had those savings despite her utility, Kentucky Power, increasing rates by more than 30 percent in recent years.



We helped Gwen make another investment in LED lighting this year. The update will create about \$7,000 in additional savings each year. A new insulated roof and newly installed solar installation is bringing \$8,000 in additional savings. Margins are incredibly tight in the grocery industry, so these savings have allowed Gwen to hire more employees, stock a variety of local produce and healthy items, and most importantly, stay open in a community that would not have a grocery store otherwise.

These projects are creating important savings for organizations and businesses that are providing vital services, like affordable housing, community arts and essential groceries. When we help small businesses and organizations succeed, we are investing in the future of Appalachia, proving that businesses can thrive and the local economy can diversify.



Mountain Association's Impact

**19** solar installations  
completed or underway  
**\$115,393** in savings for **60**  
businesses, organizations  
and homes



Mountain Association's Impact

**489** metric tons of carbon reduced  
through efficiency and solar  
upgrades, equivalent to offsetting  
**1.2** million miles of driving  
**\$148,239** in clean energy funding  
received by businesses as a result of  
our grant application support





This year we...

# Told the Stories of Eastern Kentucky

The images of Appalachia most often seen by national audiences are rooted in well-established stereotypes.

But we know better. And the people we serve in Eastern Kentucky know better.

➔ Read more at [mtassociation.org/blog](https://mtassociation.org/blog)





## Digital Divide

The pandemic forced students and employees to learn and work from home. Thousands of Kentucky's rural citizens – many in Eastern Kentucky – continue to struggle with connectivity issues.

➔ [mtassociation.org/training-ideas/covid-19-digital-divides](https://mtassociation.org/training-ideas/covid-19-digital-divides)



## Music Economies

From its studios in Stanton and Irvine, local radio station, WSKV 104.9, strives to be a resource for all local musicians to receive air play, make connections, and now, record.

➔ [mtassociation.org/training-ideas/estill-music](https://mtassociation.org/training-ideas/estill-music)



## Black Leadership

History was made on the Pine Mountain Settlement School campus when more than 40 young African American Appalachians gathered to discuss change-making in the region.

➔ [mtassociation.org/training-ideas/black-appalachian-youth](https://mtassociation.org/training-ideas/black-appalachian-youth)



## Cultural Changes

Every few weeks, students from a Floyd County high school enter a portal that transports them across the country to a high school 700 miles away in the Bronx, New York.

➔ [mtassociation.org/training-ideas/cultural-exchange-eastern-kentucky](https://mtassociation.org/training-ideas/cultural-exchange-eastern-kentucky)



## Harm Reduction

Many Eastern Kentucky counties have a syringe exchange at their county health departments, but several counties are taking their support a step further.

➔ [mtassociation.org/training-ideas/harm-reduction-eastern-ky](https://mtassociation.org/training-ideas/harm-reduction-eastern-ky)



## Black Lung

Black lung disease puts past and present miners at a high risk for the coronavirus. A coalition is finding new ways to provide critical information to miners during COVID-19.

➔ [mtassociation.org/training-ideas/black-lung-during-covid-19](https://mtassociation.org/training-ideas/black-lung-during-covid-19)



## Pride & Progress

Progress Pike formed after community members planned a peace rally to counter-protest a group of neo-Nazis. Organizers are working to unite Pikeville around acceptance.

➔ [mtassociation.org/training-ideas/pride](https://mtassociation.org/training-ideas/pride)



## Rural Hospitals

Budget cuts have caused many rural hospital closures. Innovation is allowing others to keep providing excellent patient care even with increased costs and declining populations.

➔ [mtassociation.org/training-ideas/rural-hospitals](https://mtassociation.org/training-ideas/rural-hospitals)



## Rethinking Tourism

The Carr Creek Alumni Association in Knott County created both a virtual visitor center and a visitors' center in the old high school to reach the growing tourism market.

➔ [mtassociation.org/training-ideas/rethinking-tourism](https://mtassociation.org/training-ideas/rethinking-tourism)



## Mountain Association's Impact

**150** stories of clients and communities shared

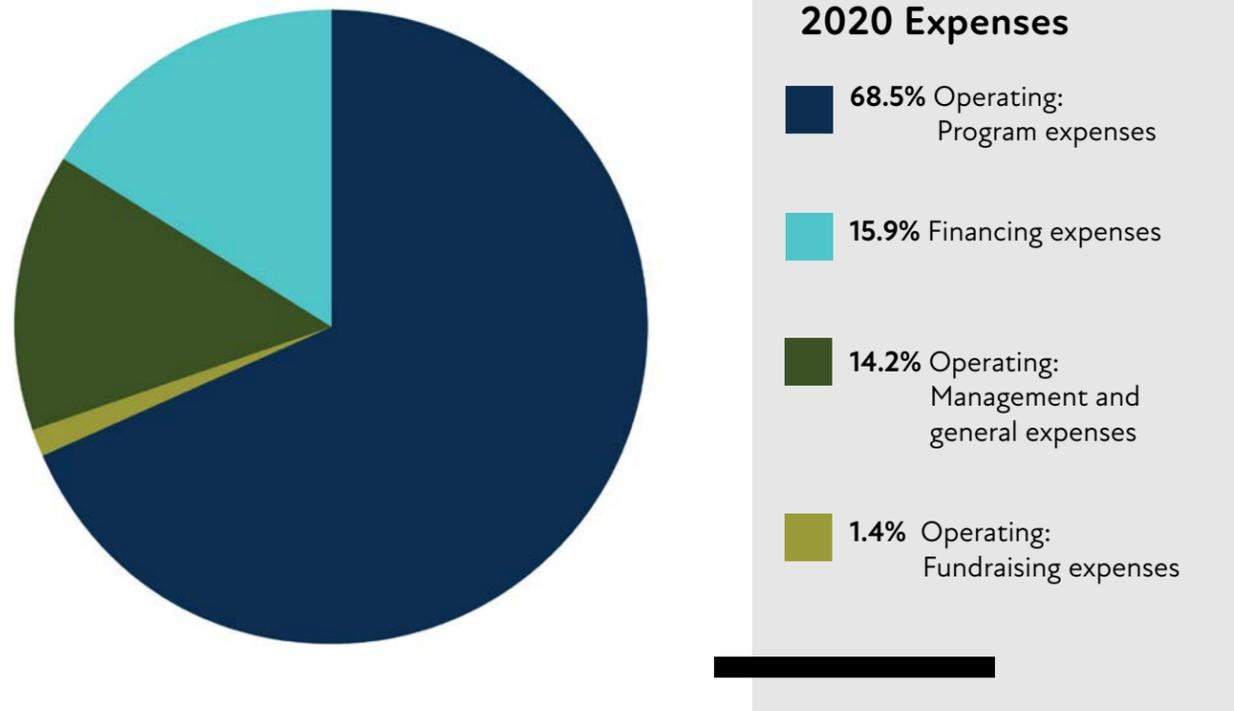
**1,897** new followers across social media

**60** articles or mixed media by local and national outlets featuring our work



# Financials

The majority of the Mountain Association's funding comes from private grants and contributions (49 percent), followed by financing revenue, including interest and fees (28 percent), government grants (17 percent) and other revenue, including program income (6 percent). We dedicate most of our spending to our programmatic work. Full financials are available at [mtassociation.org/about/by-the-numbers](https://mtassociation.org/about/by-the-numbers).



# Our Work as an Association

A just and equitable economic transition to a post-coal economy in Eastern Kentucky and the wider Central Appalachia region cannot be achieved by any single community group, nonprofit, institution or other entity alone. We must work together in interconnected networks to move toward this ambitious goal. The Mountain Association is a strong believer in these kinds of efforts. That's why we provide support to networks and nonprofits that are aligned with our mission of advancing a new economy in the region.

Currently, we provide fiscal sponsorship and support for two affiliates, three networks and one leadership program. Our affiliates are: KyPolicy (Kentucky Center for Economic Policy) and Kentucky Natural Lands Trust. The networks and program we fiscally sponsor are: What's Next East Kentucky?!, Central Appalachian Network, Appalachia Funders Network, and Ridgeway Leadership.





# Thank You to Our Supporters

Appalachian Regional Commission

BB&T

Catholic Campaign for Human Development

Charles M. and Mary D. Grant Foundation

Just Transition Fund

Marguerite Casey Foundation

Mary Reynolds Babcock Foundation

Opportunity Finance Network

Rural LISC

The Chorus Foundation

The JPB Foundation

US Small Business Administration

*and to our many generous individual donors and partners!*





Building a New Economy, Together.