

Building communities. Changing lives.



2004 – 2005 Annual Impact Report

Our Mission

Southern Good Faith Fund, a 501(c)(3) non-profit organization and an affiliate of Southern Bancorp, is committed to increasing incomes and assets of low-income and low-skilled residents in rural communities.

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Celebrating Success and Planning Ahead

At Southern Good Faith Fund, we work to increase the income and assets of families in our region by helping them to achieve their dreams of home ownership, a college education, or starting their own business.

Over the past few years, the families in our programs have seen great impact on their lives:

- IDA participants exceeded \$1 million in matched savings
- 75 low income preschool children in Phillips County opened SEED college savings accounts
- More than 100 families received free tax filing assistance and received almost \$153,000 in federal income tax returns
- Almost 400 businesses have been started, expanded, or retained, with almost 700 jobs created or saved
- Over 650 students have graduated from our Career Pathways program and 88% of them found employment or enrolled in continuing education in 2004

And we are beginning several new initiatives that will spread this impact to even more families:

- The Arkansas Transitional Employment Assistance Board voted to allocate \$16 million to replicate the Career Pathways model that we developed with Southeast Arkansas College in Pine Bluff at 10 additional community colleges around the state
- We are building on our partnership with First Bank of the Delta to provide free tax filing assistance by developing new bank products that meet the needs of the un- and under-banked

Finally, over the past year we have changed our name to Southern Good Faith Fund to reflect our affiliation with Southern Bancorp. We will continue to work with the Southern family of banks and nonprofits to build our communities and improve the lives of families in them.

We thank our funders, partners, and other supporters for helping us to do this good work. But most importantly, we honor the families with whom we work every day. We help them to fulfill their dreams, but it is their hope, hard work, and dedication that are the successes we celebrate.

Best wishes,

Angela Duran
President
Southern Good Faith Fund



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Asset Builders and IDAs

Poverty is more than a lack of income—it's also a lack of assets. Southern Good Faith Fund helps families build assets through home ownership, post-secondary education, and entrepreneurship. Since 1999, the personal and matched savings in our participants' Individual Development Accounts (IDAs) have accrued more than \$1 million.

Our Asset Builders program combines IDAs and economic skills training to help people with limited means secure their financial future.

Accomplishments through mid-2005:

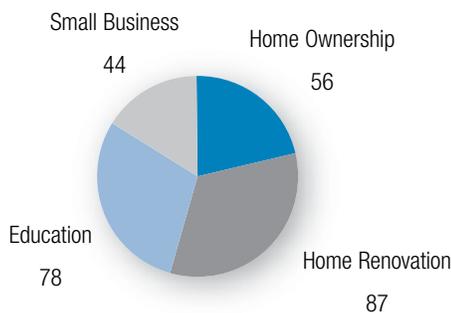
- Number of participants who purchased an asset – 265
- Number of additional participants saving in an IDA – 319
- Median net worth at enrollment – \$900*
- Median net worth upon asset purchase – \$3,200*
- Accrued IDA matched savings – \$1.1 million
- Amount leveraged in mortgage loans – almost \$2.7 million

Our Asset Builders participants:

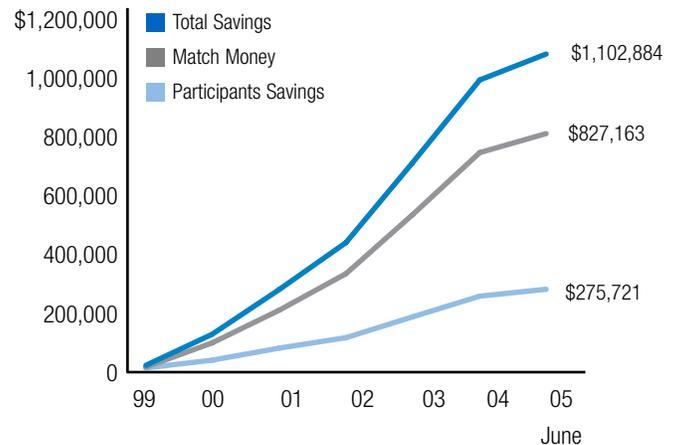
- 88% are African-American
- 83% are female
- 50% are single
- 84% have a monthly household income of less than \$2,000

* net worth was self-reported by participants

265 Total Asset Purchases



Cumulative Savings



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Patience Pays Off

Sharon Mallet is a hard-working, single mother of three who almost lost everything that she had worked so hard for. Sharon was eager to buy her first home after she completed Asset Builders economic skills classes and saved the money in her IDA. However, Sharon doubted that she could obtain a mortgage through a traditional lender because of her credit issues.

When she found a company willing to give her a loan, she could not believe her luck; unfortunately, she probably should not have. In her excitement, she did not fully consider the terms of the loan, which put an undue burden on her. The loan was a two-year, adjustable-rate loan at 9.5 percent interest and added \$5,000 to Sharon's down payment and closing costs. Asset Builders staff counseled Sharon on the onerous disadvantages of the loan and advised her to use the \$5,000 to pay off her current debts to improve her credit standing. Sharon agreed and focused her efforts on improving her credit.

Today, Sharon is the proud owner of a three-bedroom, brick home with something she had always dreamed of having—a fireplace. She also lives closer to her work, which lets her spend more time with her family. And what are the terms of her new loan? She has a 30-year, fixed-rate loan at 5.2 percent and only had to pay an extra \$166 toward closing costs in addition to her IDA savings and match.

"I've learned that saving takes discipline, and that I can do it," says Sharon. "I've also learned some important dos and don'ts about making a major purchase." Now, Sharon knows that getting a home loan is not about luck.



Sharon Mallet

Policy Matters: Bolstering IDAs Statewide

The Southern Good Faith Fund Public Policy program organized and currently staffs the Arkansas Assets Coalition, which made presentations throughout Arkansas about using Community Development Block Grant (CDBG) funds for IDAs. During this public hearing process, our coalition also met with Arkansas Department of Economic Development (ADED) staff who were coordinating the state's HUD Consolidated five-year plan. The coalition garnered positive responses across the state and region, and the HUD plan recommended considering CDBG funds for IDAs. Now, we are working with ADED to demonstrate how the plan will work.

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Asset Builders and Tax Relief

Income tax forms can be intimidating and people often do not know if they are eligible for deductions or credits. The Earned Income Tax Credit (EITC) benefits working people who earn low or moderate incomes; it is an important asset-building tool that helps reduce poverty and strengthen local economies. Estimates of unclaimed EITC in Phillips County reach \$2.1 million.

In 2004, Southern Good Faith Fund and First Bank of the Delta sponsored our first Volunteer Income Tax Assistance (VITA) site in Helena, Arkansas. Volunteers provided free tax preparation advice to families within a certain income range to ensure that they received their full EITC and Child Tax Credits benefits and avoided the often exorbitant fees of tax refund loans. We provided information about our IDA program and other Southern Good Faith Fund and Southern Bancorp asset-building products and services to help with purchasing a home, continuing education, or starting a small business.

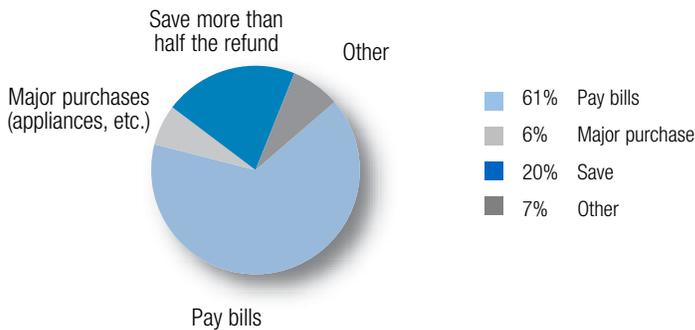
Accomplishments through mid-2005:

- Residents of Phillips County filing taxes – 101
- Total federal income tax refunded – \$152,978

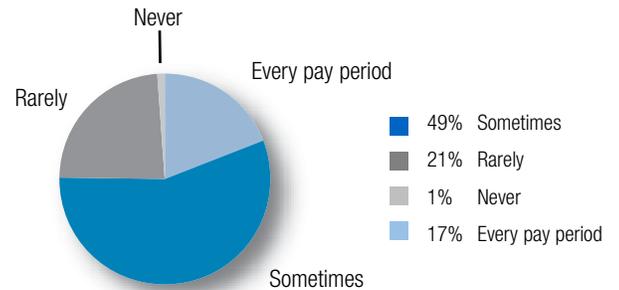
Our VITA participants:

- \$14,590 is their average adjusted gross income
- 100% are first-time users of free tax-filing services
- 81% are previous users of paid tax-filing services
- 76% have a checking account
- 49% have a savings account

Participants Plan For Tax Refund



Participants Savings Habits



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SEED Initiative Helps Kids Save

Our Asset Builders program is helping Phillips County, Arkansas three- and four-year-old children save money for college. Southern Good Faith Fund is one of only 12 organizations nationally chosen to test a savings initiative for children called Saving for Education, Entrepreneurship, and Downpayment, or SEED.



Evelyn Archer and her daughter Alexandria Cooper

Each child in our program saves toward college with an account at First Bank of the Delta in Helena, Arkansas that was “seeded” with an initial deposit of \$500 and a match of \$500. What is more, family’s and friends’ contributions to the children’s accounts are matched dollar for dollar up to an additional \$1,000. In addition to the savings, parents and children participate in financial education classes about asset building and money management.

Accomplishments through mid-2005:

- Number of three- and four-year-olds who have opened SEED accounts – 75
- Accrued SEED matched savings – \$84,537

The Value of Saving

Cheryl Lee, a 31-year-old single mother, learned about Southern Good Faith Fund’s SEED accounts two years ago and couldn’t wait until her son was old enough to participate. When Terrance turned three, Cheryl excitedly joined the program and started making regular monthly deposits of \$25 in his college savings account.

Terrance loves receiving the program’s mail, which is addressed to him personally. Shortly after enrolling, the “Add It Up” newsletter arrived, featuring a story about Senator Mark Pryor’s visit, money-saving tips, fun and games, and pictures to color. Terrance insisted that Cheryl read the entire newsletter to him cover to cover. They also attended a semi-annual SEED event where Terrance decorated one can for money to save, and one can for money to spend.

Even though Terrance is only three years old, he is learning the value of saving and knows that he’ll have money for college when he turns 18.



Terrance Turner

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Business Development Center

Entrepreneurs and small businesses are vital to the strength and growth of rural communities in Arkansas, providing countless benefits such as new jobs, increased incomes, and stronger tax bases.

Accomplishments through mid-2005:

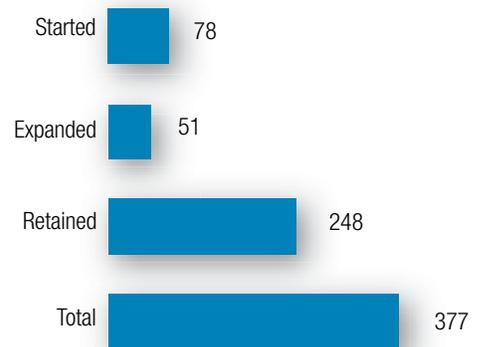
- Number of clients receiving training, technical assistance, counseling, and resources from the Business Information Center – 3,985
- Number of businesses started, expanded, or continued – 377
- Number of jobs created or retained – 674
- Access to loans and grants – \$3,116,064 to 70 business owners
- Individual Development Accounts – \$53,000 to 26 business owners
- Increased median household income by 5% from \$31,000 in 2003 to \$32,500 in 2004*
- Increased household income for 57% of survey respondents; 23% had no change; 21% experienced a decline**

Our BDC participants:

- 83% are female
- 72% are African American
- 31% have a high school diploma
- 40% have some college education
- 12% have a bachelor's degree
- 35% have gross income between \$10K and \$25K
- 35% have gross income between \$26K - \$50K
- 14% have gross income above \$50K

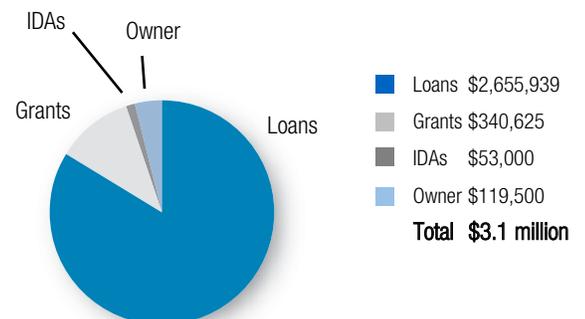
Impact on Small Businesses

Cumulative Since 1999



Access To Financing

Cumulative From 1999



* clients surveyed received at least 10 hours of services; 52% responded

** clients surveyed received at least 10 hours of services; 53% responded

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Mother-Daughter Team Pays Off

Julee Johnson started business with a small print shop in Pine Bluff, Arkansas. After several moves, she settled the business on Olive Street as Graphics R Us. Business was great, but growth presented serious challenges.

By 2003 Julee knew that she needed help. “Despite my business management classes, my skills were falling short,” she says. “I used all of my savings and found myself in debt.”

Julee enrolled in Southern Good Faith Fund’s intensive 11-week Next Step training program and hired an experienced consultant from our partner, alt.Consulting. “It was a difficult time; we had to reorganize the business and manage our finances to pay off our debts.”

Julee also brought in a principal partner with a wealth of retail and management experience: her daughter, Melissa Watts. Mother and daughter developed a new business plan, re-opened under the new name of Class ‘A’ Apparel, and expanded their product line to include uniforms, corporate wear, and services like logo design, sewing, and monogramming.

In 2004, the business relocated to the high-traffic Pines Mall. “It was a frightening move, but we took the risk,” says Melissa. This time they were prepared for the business growth. Revenue currently approaches \$1 million and sales between January and July of 2005 doubled when compared to the same period last year.



Julee Johnson and daughter Melissa Watts

Policy Matters: Supporting Women in Business

Southern Good Faith Fund has worked closely with the Association of Enterprise Opportunity (AEO) and the Association of Women’s Business Centers (AWBC) over the last two years to help maintain funding for the U.S. Small Business Administration’s Women’s Business Center (WBC) program.

When the WBC’s federal funding was threatened, particularly for centers in their second—or sustainability—phase of funding, our Public Policy program worked with AEO and AWBC to advocate, educate, and raise awareness of the program’s importance in assisting women business owners start and expand their small businesses.

As a result, the Small Business Administration was appropriated \$579.5 million. \$12.5 million of this amount was appropriated for the WBC and included the provision that 48.5% would be targeted to sustainability centers—a great victory for our Business Development Center, which was just starting its first year as a sustainability center.

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Career Pathways

Career Pathways helps low-income workers learn job skills and continue their education so that they can advance to more satisfying jobs that pay enough to support their families.

Southern Good Faith Fund partners with Southeast Arkansas College and Phillips Community College on our Career Pathways program, which uses a series of connected educational programs to help students advance to better jobs and higher levels of education and training. We work with area employers to target high-demand jobs and provide career training in the areas of business, education, emergency medical services, manufacturing, nursing/allied health, and welding.

Accomplishments through mid-2005:

- Number of students enrolled – 85:
 - 9 in Adult Education
 - 10 in WAGE (a contextualized college preparation program)
 - 16 in Prerequisites
 - 26 working for Certificates of Proficiency
 - 7 working for Technical Certificates
 - 17 working for Associate's Degrees
- Students graduated – 653
- Graduates advancing in their pathway or were placed in jobs – 88%
- Graduates still employed after 6 months – 74%

Our Career Pathways participants:

- 94% are ages 18-35
- 97% are female
- 81% are African American
- 24% lack a high school diploma or GED
- 67% have incomes under \$5,000
- 73% have children under 18
- 59% do not own a car

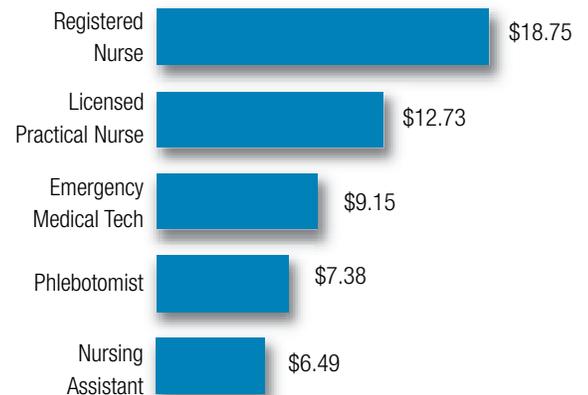
Total Graduates By Step On The Pathway

Cumulative From 1997

Degree	# of Graduates
WAGE*	6
Nursing Assistant	617
Nursing Skills Audit	11
Licensed Practical Nurse	12
Registered Nurse	4
Phlebotomist	1
EMT	1
General Studies AAS	1

* This program teaches basic education skills through contextualized learning to prepare students for entry into college.

Wage Analysis: Average Starting Wage by Certification or Degree



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Realizing Dreams

Tawanna Dunlap knew for many years that she was interested in a nursing career. As a single parent, she faced many challenges to her goal: juggling work and school schedules, supporting her son, and dealing with child care, transportation, and financial problems. However, in January of 1999 when her son started the Head Start program, Tawanna started on a path that would change her life.

She enrolled in Southern Good Faith Fund's Certified Nursing Assistant (CNA) class. "I decided to see if nursing was something that I really wanted to do," says Tawanna. "The people were so helpful and even helped me get to class if I had problems with child care or transportation."

After she successfully completed our CNA program, Tawanna enrolled in the Licensed Practical Nurse program at Southeast Arkansas College (SEARK). "Southern Good Faith Fund helped me get my child care and financial aid in place so that I could be stable enough to continue my education," she says.

In December of 2000, Tawanna graduated with honors from SEARK and was ready for the next step on her pathway, enrolling in the University of Arkansas at Pine Bluff nursing program to become a Registered Nurse (RN). She also joined our Asset Builders program and opened an IDA to save money for her school tuition, testing fees, books, insurance, and supplies.

Now a proud graduate with a Bachelor of Science degree in Nursing, Tawanna is preparing to take her board examinations to officially earn the title of "RN." She is also buying a house—with her own money. "I knew that I had it in me," Tawanna says, "but I just needed someone to motivate me and not let me quit."



Tawanna Dunlap

Policy Matters: Career Pathways Across Arkansas

The Southern Good Faith Fund's Public Policy program drafted a proposal on behalf of the Arkansas Association of Two-Year Colleges (AATYC) and the Governor's Office to participate in a National Governor's Association Policy Academy. Called Pathways to Advancement, this academy focused on developing state policy to improve access to and completion of post-secondary education among low-income, working adults. Arkansas was one of eight states selected to participate, and the only southern state.

Our policy program led the state's efforts in the academy with AATYC, the Governor's Office, and the Arkansas Department of Higher Education and accomplished two key policy objectives:

1. In February 2005, the Arkansas Transitional Employment Board approved a \$16 million grant to implement career pathways programs based on our model at 11 Arkansas two-year colleges. All of these schools are expected to start their programs by the spring semester of 2006.
2. The Arkansas General Assembly also passed Act 2124 that provides \$3.71 million in Workforce Improvement Grants for the next two fiscal years, which is a substantial increase over the \$50,000 appropriated in each of the previous two years. The Workforce Improvement Grant provides scholarships to working adults who demonstrate financial need and meet certain educational conditions.

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Financials

Balance Sheet

	December 31,	
	2004	2003
ASSETS		
Unrestricted		
Cash and cash equivalents	\$ 1,373,268	\$ 777,875
Certificates of deposit	100,000	500,000
Grant income receivable	48,832	107,420
Grant income receivable from Southern Financial Partners	31,067	154,300
Other assets	2,275	15,159
Property and equipment (net)	4,031	29,355
Restricted		
Cash and cash equivalents	139,655	542,061
Grant income receivable	228,000	224,808
	<u>\$ 1,927,128</u>	<u>\$ 2,350,978</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 297,770	\$ 233,263
Deferred revenue	118,754	164,526
Long-term debt	-	20,000
	<u>416,524</u>	<u>417,789</u>
 Net assets		
Unrestricted	1,142,949	1,166,320
Temporarily restricted	367,655	766,869
	<u>1,510,604</u>	<u>1,933,189</u>
	<u>\$ 1,927,128</u>	<u>\$ 2,350,978</u>

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Statement of Activities

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Grants	\$ 158,783	\$ 439,272	\$ 598,055
Grants from Southern Financial Partners	303,718	-	303,718
Contributions	14,723	-	14,723
Interest income	16,614	-	16,614
Other	<u>39,908</u>	<u>-</u>	<u>39,908</u>
Total support and revenues	<u>533,746</u>	<u>439,272</u>	<u>973,018</u>
Net assets released from restrictions	<u>875,986</u>	<u>(875,986)</u>	<u>-</u>
Expenses			
Program services	1,296,472	-	1,296,472
Management and general	345,743	-	345,743
Fundraising	<u>38,245</u>	<u>-</u>	<u>38,245</u>
Total expenses	<u>1,680,460</u>	<u>-</u>	<u>1,680,460</u>
Change in net assets	(270,728)	(436,714)	(707,442)
Net assets—beginning of year	1,166,320	766,869	1,933,189
Net assets transferred from Southern Financial Partners	<u>247,357</u>	<u>37,500</u>	<u>284,857</u>
Net assets—end of year	<u>\$ 1,142,949</u>	<u>\$ 367,655</u>	<u>\$1,510,604</u>

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Our Supporters

Southern Good Faith Fund gratefully acknowledges the many individuals, corporations, foundations, and public agencies that generously support our work to increase the income and assets of families in our region. You are vital partners in our mission and we offer you our warmest thanks:

Annie E. Casey Foundation
Arkansas Department of Higher Education
Arkansas Department of Human Services
Catholic Campaign for Human Development
Center on Law and Social Policy
CFED
Charles A. Frueauff Foundation
Charles and Mary Grant Foundation
Energy Charitable Foundation
Enterprise Corporation of the Delta
Delta Health Education Center
Foundation for the Mid South
Hitachi Foundation
Ms. Foundation for Women
National Governor's Association
National Network of Sector Partners
National Rural Funders Collaborative
David and Lucile Packard Foundation
Southern Bancorp
Synergy Forum
U.S. Department of Agriculture
U.S. Department of Health and Human Services
U.S. Department of Labor
U.S. Small Business Administration
W. K. Kellogg Foundation
Walton Family Foundation
William Randolph Hearst Foundation
Winthrop Rockefeller Foundation

SGFF Community Deposits

Adorers of the Blood of Christ
Dominican Sisters of Springfield, IL
Gail Kirkland
Loretta Literary and Benevolent Institute
Nazareth Literary and Benevolent Institute
School Sisters of Notre Dame
School Sisters of Notre Dame of Dallas
Sisters of Mercy of St. Louis
Sisters of St. Francis of Tiffin Ohio
Sisters of St. Joseph in California
Sisters of the Sorrowful Mother
Society of the Divine Word

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Offices & Service Area

Pine Bluff

Asset Builders
Business Development Center
Career Pathways

2304 W. 29th Avenue
Pine Bluff, AR 71603
870.535.6233

Helena

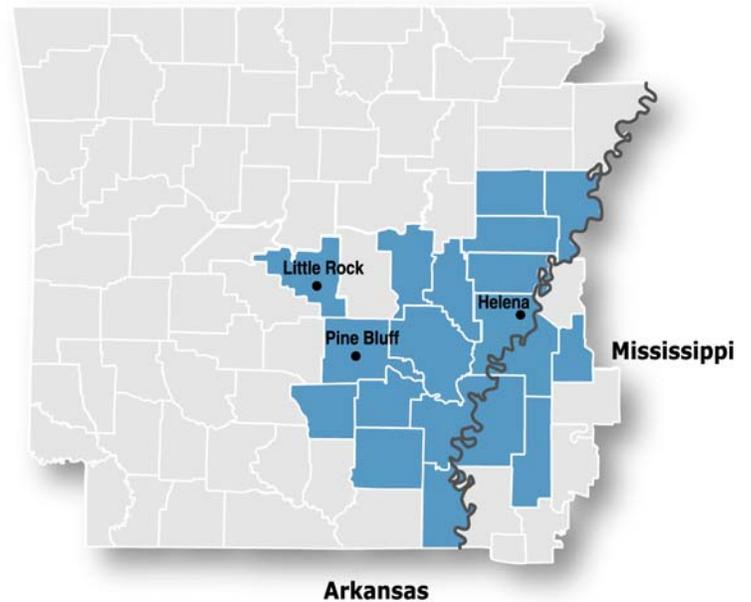
Asset Builders
502 Cherry Street
Helena, AR 72342
870.816.1104

Business Development Center
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Helena, AR 72342
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Career Pathways
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