

2019-2021 Strategic Plan

Mid-period Update June 2020

I. Background

Southern Bancorp Community Partners (“SBCP”) is a 501(c)(3) loan fund designated by the United States Department of Treasury as a Community Development Financial Institution (“CDFI”). SBCP was incorporated in 1987 to stabilize and revitalize low-income communities in rural Arkansas by providing responsible and responsive financial services critical to a community’s economic development and an individual’s economic security.

Today, SBCP works across Arkansas and Mississippi to promote economic mobility through development lending, financial development services, and public policy advocacy and research.

SBCP is a shareholder of Southern Bancorp, Inc., a bank holding company (the “Corporation” or “SBI”) and CDFI that was established in 1986 with a stated purpose of encouraging and promoting economic development in rural communities. Southern Bancorp Bank (the “Bank” or “SBB”) is a 100 percent owned subsidiary of the Corporation. The Bank is also a CDFI.

SBCP, the Corporation, and the Bank work cooperatively toward their shared mission and share three “Big Hairy Audacious Goals” (BHAGs):

- **10,000 people supported in attaining and/or sustaining affordable housing**
- **100,000 jobs created or retained**
- **1,000,000 people empowered to save**

Research has shown the families with access to affordable housing, good jobs, and savings have greater net worth and those with greater net worth show higher positive economic mobility. Those who work for the Southern companies understand themselves as “Wealth builders for everyone.”

II. Vision, Mission, Guiding Principles, Core Values, Diversity, Equity and Inclusion, and Environmental Sustainability

Vision

To sustainably provide responsible, responsive and innovative financial products and financially-related development services to people, businesses and communities across the rural Mid-South, with a particular focus on low wealth people and the un/underbanked, while developing a sustainable and scalable CDFI model.

Mission Statement

To create economic opportunity in SBCP's target market.

Strategic Guiding Principles

The Board has adopted strategic guiding principles to direct the work of SBCP. SBCP shares these strategic guiding principles with the Corporation and the Bank.

- **One Southern:** focus on maximizing collective mission impact regardless of legal entity, structure or position.
- **Being guided by our mission, sustained by our financial stability:** mission and margin.
- **Balance the needs of all stakeholders:** customers and clients, community partners, shareholders and supporters, and employees.
- **Focus on target market:**
 - Distressed rural communities in the Mid-South
 - Un/underbanked and low wealth people
- **Community Accountability & Engagement:** commitment to local communities

Core values

SBCP operates in the context of five core values – relationship, accountability, innovation, sustainability, and empowerment.

Diversity, Equity, and Inclusion:

The board of Southern Bancorp Community Partners, along with the boards of Southern Bancorp Bank and Southern Bancorp Inc., have a broad commitment to promoting diversity, equity, and inclusion through Southern’s products, services, and operations to the benefit of Southern’s customers, clients, staff, and communities.

- **Promoting diversity** means paying attention to all the ways in which people and groups differ. These differences include but are not limited to race, ethnicity, gender, age, national origin, religion, disability, sexual orientation, socioeconomic status, citizenship status, education, marital status, language, and physical appearance. In addition, we include diversity of experience and perspectives. We also recognize that individuals often claim multiple identities.
- **Promoting equity** means improving fair treatment, access, opportunity, and advancement for everyone. Doing so requires recognition that everyone starts with different resources for success and that there are often barriers to success that are unevenly applied. Promoting equity requires attention to not only resources for individuals and families, but also to policies and other systemic factors that have overt or disparate impacts on certain groups and communities. Improving equity increasing fairness and justice.
- **Promoting inclusion** means creating an environment in which everyone is welcomed, respected, supported, and can participate fully. An inclusive community values the differences created by a focus on diversity but, importantly, also requires that all members of the community are welcomed and able to engage fully. Creating an inclusive environment requires ongoing recognition of the unconscious and implicit biases that all people exhibit.

There are bodies of research that make the case for organizational diversity, equity, and inclusion for financial (economic inefficiency), market (customer/client pool), and results (outcomes and productivity) reasons. Southern's board and organizational commitment to living these ideals is rooted in Southern's history. In his 2004 history of Southern, *Doing Development in Arkansas*, Richard Taub writes about Southern's founding:

- “The reader should keep in mind that the story we are discussing has three steps to the analysis. The first has to do with the availability of credit. The second has to do with the importance of credit in encouraging entrepreneurship and business growth. And the third step is that the building of local business capacity will also build the local economy. Implicit in this analysis is that, if the first three steps are taken, the economic gains will be distributed in such a way that those further down the economic ladder will also benefit. In the story we are considering, there is overwhelming evidence that African Americans have been discriminated against in credit markets. The evidence for each of the subsequent individual steps in the process is sparse or nonexistent.” pg. 7
- “One of Southern's missions was to improve the plight of African Americans.” pg. 33

In addition, SBCP initial funders shared this commitment to racial equity. The Winthrop Rockefeller Foundation's 2009 *Partners in Progress* publication, *Southern Bancorp: Revitalizing the Rural South*, examined Southern's history and impact and notes:

- “Increasing lending to under-served groups like African Americans and low-income individuals has been an objective since Southern's inception, and is crucial to accomplishing WRF's aims for racial, economic, and social justice.” pg. 18

Southern's history and founding emphasizes the goal of racial equity, so SBCP will initially focus efforts in that area with plans to expand to other critical areas in the future. SBCP promotes diversity, equity, and inclusion in many ways including, but not limited to:

- Loan product design and delivery
- Public policy research, advocacy and design

- Financial development service design and delivery
- Operational policy design
- Hiring
- Contracting
- Investments
- Procurement
- Organizational culture

We recognize that full diversity, equity, and inclusion is a large goal and a long-term one. SBCP is committed to measuring our progress in these areas so that we can hold ourselves accountable and improve our efforts to meet the vision of our founders and the goals of the people and communities we serve.

Environmental Sustainability

Southern is rooted in applying sustainable practices to the communities we serve. Sustainability is culturally ingrained as the “S” in our “RAISE” core values. In the employee handbook on our core values, sustainability means “We’re in it for the long haul.” Historically, our commitments and cultural understanding have revolved around social and economic sustainability – from our history of diversity, equity, and inclusion to our mission to provide capital to rural and underserved areas. In alignment with the other Southern organizations, SBCP now commits to expand our understanding of sustainability to include environmental sustainability. Specifically, SBCP will work to further Southern-wide efforts to develop a plan to measure, then reduce and/or off-set Southern’s carbon footprint by 10 percent.

Sustainability is a broad term. A similarly broad definition, in use since the 1980s, calls sustainability “development that meets the needs of the present without compromising the

ability of future generations to meet their own needs.” Useful literature has attempted to define sustainability as having three parts: economic, social, and environmental. In practice, this manifests in business as a triple-bottom line approach. Other models show concentric circles with economy at the center, society next, and environment comprising the outer circle. Another model shows a Venn-diagram where all three overlap. Regardless of the model, all three are interconnected.

A strong commitment to environmental sustainability strengthens Southern’s initiatives around social and economic sustainability while staying in step with our partners and communities both internationally and locally. Internationally, Southern’s partners in the Global Alliance for Banking on Values have demonstrated that banks with a strong commitment to sustainability outperform those without. Locally, southwestern Arkansas – the birthplace of Southern – has a long history of conservation through forestry practices.

Environmental conservation and pride in our natural lands swells in Arkansas and Mississippi, in part because so many communities rely on these natural features for prosperity. The communities and people Southern serves are also likely to be negatively affected by climate change – whether through flooding, drought, increased tornadic activity, or other natural disasters or displacement. Ensuring the long-term viability of rural and underserved communities is central to Southern’s creation. Being cognizant of environmental risks and working to mitigate our impact will serve to further Southern’s mission.

Environmental sustainability is a natural extension of our commitment to fiscal sustainability. By pursuing environmental goals, Southern can also reinforce our internal fiscal sustainability and SBCP’s goal of self-sufficiency. Systematic organizational changes are necessary to move the needle on environmental sustainability. The specific changes related to environmental sustainability will be integrated and ingrained into every part of SBCP’s work, from lending to credit counseling to operations and will help Southern reach the overall goal of a 10 percent carbon footprint reduction.



At its heart, environmental sustainability requires changing both policies and behaviors. It is both a long-term governance as well as a cultural commitment. Just as Southern has adopted an intergenerational approach to building wealth, a commitment to environmental sustainability requires short-term action and long-term fidelity to the goal. As such, the SBCP leadership recognizes the challenge and the importance of a full commitment to environmental sustainability and is committed to ensuring accountability and progress towards this goal.



III. Corporate Governance and Management Succession

The SBCP Board of Directors (the “Board”) has primary responsibility for governance. The Board has established board level committees that allow SBCP to comply with all necessary governance issues and ensure effective, efficient, and sustainable operations.

The Board works closely with the Corporation’s Board of Directors and the Bank’s Board of Directors, which are vested with authority to oversee and direct the activities of each organization, respectively. It is fully intended that the Corporation’s Board and Bank’s Board work in concert with SBCP’s Board to achieve the shared mission and purpose of all three entities. Two of SBCP’s directors also serve on the Corporation’s Board and one serves on the Bank board. All three Boards meet jointly once per year. The SBI CEO serves on the SBCP board and the SBCP President serves as ex officio, non-voting member of the Board.

The SBCP Board operates a formal board committee structure, as summarized below:

Loan Committee

Oversees all of SBCP’s development financing activities. It reviews and approves loan policies and procedures. It evaluates and makes decisions on all loan requests exceeding \$500,000. It is responsible for the ultimate monitoring and management of SBCP’s loan portfolio.

Finance Committee

Meets quarterly to review SBCP’s financial reports. This committee provides support and oversight of the fiscal health of the organization. It is responsible for monitoring and evaluating financial reporting, management, loans, assets and liabilities in accordance with Generally Accepted Accounting Principles. It also reviews and approves SBCP’s tax forms and annual audit and meets with independent auditors.

Nomination Committee

Meets as needed to identify and offer candidates for board membership and officers.

When a key leadership position becomes vacant, SBCP's leadership will work to ensure that the most qualified person is selected to assume the vacated position over the long term. With respect to the President, the SBCP Board, in consultation with the leadership of the Corporation and the Bank, will determine the most appropriate method (e.g., internal hiring, a national search) of hiring a new President. In the case of other officers, the President will work to fill vacant positions and involve the Board and the key leaders of the other two Southern organizations.

Management is committed to devoting sufficient resources to assure that staff members are prepared to meet their responsibilities and have opportunities to enhance their education and to avail themselves of cross-training activities. In addition, SBCP works to provide clear career development paths for all staff members.

IV. Programmatic Activities

SBCP's programs, products, services, and activities fall into three broad categories:

- **Financial development services**
- **Development lending**
- **Public policy and advocacy**

These are described below along with the financial management practices that make them possible. This discussion provides context for the strategic themes of impact, scale, and innovation and the strategic goals described later in this document.

Financial Development Services

SBCP's financial development services (FDS) were initiated in recognition of the strong positive impact of one-on-one and other direct services with individuals working to reach their goals. They have grown in response to expressed needs. For example, SBCP has operated an Individual Development Account (IDA) program since 1999. When IDA participants who were saving for a new home had trouble qualifying for a mortgage, SBCP initiated a HUD-certified housing counseling program.

SBCP currently operates several financial development services:

- **Volunteer Income Tax Assistance (VITA)** is a free tax preparation program certified by the IRS. We have operated this program since 2006 and it has grown significantly over the years from just two sites the first year to availability in all markets in 2018. In addition to achieving this scale, the VITA program has shown significant economic impact through the return of more than \$5 million in refunds and credits annually and has shown innovation through the development of widely recognized tax-time savings initiatives.

- **Housing and Credit Counseling** offers one-on-one counseling and group education for people wanting to establish or repair their credit history, purchase or maintain a home, or learn about key financial and homeownership skills. Counseling is available in person and remotely (often through the assistance of the Opportunity Center and Southern Bancorp Bank). Classes are offered in person though this program and via our eHome America online homeownership education class. Together, these programs have deep and significant impact in part because they help people with their particular issues and help them reach their (often large) financial goals. As the Opportunity Center grows and as we increase and improve our relationships with other financial institutions, we will need to ensure we can continue to provide high quality services to more and more clients across a larger geographic region.
- **Individual Development Accounts (IDAs or matched savings accounts)** allow income-eligible participants who save a certain amount of money and complete general financial education classes to receive match funds. These funds along with the savings are used toward appreciable asset purchases like small business development, homeownership, home repairs, and higher education. In the last three years, federal and Arkansas funding has been eliminated. This significant funding reduction has caused us to limit enrollment severely, depending on available funding.

In addition, we have developed relationships with several business counseling and technical assistance firms to which we can refer our clients and borrowers. Together, our financial development services serve as the main engine for Southern Bancorp Bank's Opportunity Center and are available publicly and to other financial institutions, currently Bank of America and Diamond Lakes Credit Union.

Development Lending

SBCP was founded as a loan fund to provide access to capital in ways that highly regulated depository institutions may not be able to do. That can be through direct loans to borrowers or through participations with other lenders to reduce their risk to an acceptable level. As a loan fund and part of the One Southern family, SBCP does not compete with banks but still seeks borrowers with ability and willingness to repay.

SBCP's loan fund contributes both to our margin and mission. Finding the appropriate balance between those two goals is critical for long-term success. In the past, SBCP has had difficulty identifying and/or maintaining the appropriate balance – sometimes prioritizing loans to borrowers without the ability and/or willingness to repay or other times focusing on loans that provide income for the organization but do not increase access to capital. In addition, SBCP's lending has generally been centered in certain limited geographic areas.

Our new lending strategy, developed and implemented during the plan period, requires our lending efforts to consider the follow factors in product development:

- Alignment with the BHAGs
- Availability of capital
- Demand for loan products
- Availability of support services
- Staff capacity

Given those requirements and in close collaboration with SBB, products will represent the following loan types during the plan period:

- Small business loans where the owner's personal credit is the business credit
- Loan participations with SBB and other financial institutions
- Innovation lending (e.g. alternative payday loans)
- Expanded niche lending (e.g. mortgage lending)
- Funder-driven lending that is not counter to our goals, values or target market

Public Policy

SBCP's Public Policy Program is an extension of Southern's mission-focused efforts to increase net worth and help families and communities build wealth through the balanced use of thought leadership and advocacy activities aimed at affecting policy and regulatory change.

SBCP started a public policy program in recognition of the large-scale impact resulting from previous strategic policy success. The program has had significant victories with initiatives related to children's savings, payday loan availability, community college education, minimum wage and more. Unlike many others, SBCP's public policy program benefits from a close relationship with SBCP's FDS program, with each informing the other. For example, our work directly with children and families to help them save for college informed our policy work that resulted in the (now defunct) Arkansas Aspiring Scholars Matching Grant 529 program. It is worth noting that these and other successes occurred in different political and organizational environments than exist today.

While the Public Policy Program supports each of Southern's three focus areas (Jobs, Housing, and Savings), Savings is the primary focus. Southern's Savings' BHAG is to empower one million people to save. Such a goal is unattainable through traditional product and service offerings within our communities due to population sizes and staffing capacity. However, public policy changes have the capability of affecting hundreds of thousands of individuals both within and far beyond our market boundaries and customer numbers. In addition, the SBCP policy team is responsive to key issues relevant to the CDFI sector and SBCP operations.

The Public Policy Program's efforts are guided by the SBI CEO, the SBCP President, and SBI's SVP of Policy and Communications, and implemented by Southern's Director of Public Policy and Advocacy. Additional support is provided by SBB's Community Relations Leaders who provide local outreach and guidance.

In 2019, the SBCP Policy Program hired new staff and refocused our agenda to balance research efforts with advocacy and thought leadership. We are developing strategies to engage and inform residents and policymakers outside the capitol buildings about Southern's mission and build support for our work, focusing particularly those who represent Southern's markets.

Additionally, we are developing methods to activate Southern employees and community members around issues and legislation that affects them through internal and external communications mechanisms ranging from media relations to digital messaging.

Finally, we are increasing our leadership of and engagement with coalitions and partners at all levels, from federal partners that represent industry positions and statewide issue coalitions to local committees working to affect change. This advocacy growth is balanced with a continued focus on thought leadership through communications tools ranging from blog posts to research papers to opinion editorials that will support our advocacy efforts and position us as a leader on policy issues that are critical to our communities.

Financial Soundness

While SBCP is not a regulated depository financial institution, it adheres to all relevant state and federal lending regulations and complies with requirements of public and private funders and certifiers. SBCP is not subject to supervision by any public banking or other financing regulator. SBCP has attained an A- AERIS rating of financial soundness.

Audit Results

SBCP received unqualified opinions on our fiscal 2019, 2018, 2017, 2016 2015, 2014, and 2013 audits. The reports include A-133 or single audits for 2015, 2016, and 2017 and each received unqualified opinions. SBCP has not received management letters in recent years and will continue its focus on strong financial controls and process improvements.

Internal Financial Controls

SBCP maintains its deposit accounts with the Bank. SBCP uses MIP software for nonprofits and integrates it with SBCP's loan accounting system. SBCP has adopted and adheres to the Bank's written accounting policies and procedures; SBCP's purchasing policy is actually more stringent than the Bank's. Among other things, the policies create a firewall between the individuals entering financial transactions and those reconciling accounts and activities. SBCP requires two separate signatures for all transactions above \$10,000, and only the Board can grant individuals signing authority.

SBCP's accountants record all financial transactions in the respective accounts at the time they are made and reconcile them each month. The finance team generates monthly statements for review by the President and quarterly statements for the Board's review. SBCP regularly compares actual and budgeted revenues and expenses.

SBCP's finance committee is composed of board, staff, and nonboard members and oversees implementation of SBCP's policies, procedures and internal controls. SBCP's management team meets monthly to monitor the financial statements for SBCP's key administrative and program areas including all current, pending, approved and prospective loans. SBCP undergoes a rigorous annual third party audit of its internal controls and fraud prevention systems. SBCP also contracts with the Bank to provide an annual review of SBCP's loans.

SBCP has a whistleblowers policy regarding fraudulent activity. Staff members are required to report any suspicious activity to the President or to an external firm, which encourages anonymous reporting. SBCP contracts with the Bank's IT Security Department to address and resolve the issues regarding potential incidents. The whistleblower may remain anonymous throughout the process and will not be subject to any reprisal.

Additional Services

SBCP provides a variety of other services that support the mission and transformational goals. The following services may be short term, in development, or indirectly related to the transformational goals. Examples include use of various community development programs of the Federal Home Loan Bank of Dallas and working with Arkansas Access to

Justice and Mississippi Center for Justice to provide pro bono legal services at certain VITA tax preparation events.

Gaps in Programming

The organization recognizes that the activities described in the previous sections may not always be the most effective and/or efficient ways of contributing to the BHAGs. During the plan period, the organization will continue to identify, develop, and implement best practices in programs, projects, products, and activities that will accelerate progress toward the goals.

V. Resource Development

SBCP has had significant success in generating funding in the past few years with an emphasis on recruiting loan capital to increase its lending efforts. SBCP's fundraising strategy emphasizes not only traditional funding sources but also new and non-traditional funding sources and options that focus on impact, scale and innovation. The strategy is consistent with the following criteria:

- Mission fit that is scalable across SBCP's market and provides maximum flexibility
- Expected impact on SBCP's mission, goals, and the three BHAGs
- Geographic fit that enables SBCP's services and initiatives to be available throughout its market
- Programmatic fit that supports impact, scale, and innovation

Fundraising Strategies

SBCP's fundraising Impact, Scale and Innovation strategy will include several approaches going forward, including:

- **Grants and program related investments (PRIs) from private and corporate foundations, governmental entities, and other sources.**
 - Maintain current funder relationships and support where these funding sources are consistent with SBCP's vision for impact, scale and innovation of its financial development services, public policy and lending as described in this plan. SBCP has a long history of working in partnership with multiple public and private funding sources but this has sometimes resulted in SBCP managing particular projects that were restricted to certain geographic areas, population demographics or program goals. SBCP will continue to pursue its traditional funding sources where funding is flexible and deliverables match program, service, or lending priorities and scalability based on this plan.

- Emphasize development of new and innovative public and private opportunities. SBCP will work to identify and explore new and non-traditional funding sources that may offer opportunities for supporting the vision for its services, policy efforts and lending that embraces impact, scale and innovation. For instance, a funder with a vision to empower traditionally underserved populations to achieve equity may be a viable funding source to support SBCP's program, public policy and/or lending priorities directed toward building wealth for everyone regardless of income or zip code. Funders that prefer to fund programs with broad scale impact may provide support for scaling SBCP's services throughout Southern's markets.
- **Nongrant direct support to the organization.**
 - Pursue Individual and Corporate Donations that are consistent with SBCP's funding priorities and emphasize impact, scale and innovation. This may include efforts like inviting SBCP's and other Southern vendors to take advantage of the IDA Tax Credit by donating to support its Individual Development Accounts and/or communicating with SBCP's past clients who benefited from financial development services and who may consider paying forward with donations to help others as they were helped.
 - Promote Internal Donations from employees and board members as they have provided significant support to SBCP in the past few years. SBCP will focus efforts on how to increase these donations through positive strategies like thanking donors publicly and gentle reminders about how Southern's staff and board members can support our mission through donations.
 - Explore Planned Giving and major gifts from high net worth and other individuals.

- **Support that takes advantage of the Southern companies' status as financial institutions.**
 - Maintain dividends and donations from Southern Bancorp. These are generated from a variety of sources including equity investments, loans interest from the Southern Bancorp loan portfolio, and other bank products and services.
 - Track loan interest from the SBCP loan portfolio.
 - Grow earned income from financial development services.
 - Pursue flexible loan capital to support the SBCP loan portfolio.
 - Consider donation of interest from mission driven deposits in Southern Bancorp Bank. Many CD holders previously donated a portion of their interest income to support SBCP's services providing thousands of dollars in contributions annually. When interest rates increase, SBCP will invite CD holders to share interest in support of SBCP's mission.
- **Consider developing a policy-based fundraising approach that operates at the state and national levels.**

All of these strategies provide resources in support of SBCP's mission, three big hairy audacious goals, and focus on impact, scale and innovation. Developing these resources requires a focus on marketing, branding, communications, and public relations activities that support nonprofit fundraising efforts.

Additionally, SBCP's grant development team supports capital fundraising efforts of SBI and SBB. SBCP's grant development team will continue to support SBI's and SBB's capital fundraising efforts as needed, recognizing the direct connection between SBB/SBI capital position and dividend support it can provide to SBCP.

VI. External Market Situations

Trends and Conditions

The regional economy had enjoyed a relatively strong economic conditions during the first half of the plan period until the major economic shock caused by the coronavirus pandemic. At this writing, unemployment is up significantly and both the supply and demand sides of the market have been negatively affected. Because there is currently no vaccine or standard effective treatment for the novel coronavirus and no clear endpoint for the pandemic, the economic outlook is uncertain. At this stage, neither the timing nor nature of the expected economic recovery is clear.

The pandemic-caused economic crisis is having significant effects on our markets, clients, and borrowers. Numerous restaurants, childcare facilities, have closed, perhaps permanently. Many people have had their work hours reduced, been furloughed from their jobs, or lost their jobs. Prior to the pandemic, 40 percent of Americans could not get \$400 for an emergency without borrowing or selling something, so many people have had their personal savings depleted, often without a clear path or timeline for rebuilding their savings and financial security. Because of the nationwide (and worldwide) economic impact of the pandemic, policymakers have been more willing to implement financial safety net policies both for families (demand) and for businesses (supply). This is the case even for legislators that are typically less supportive of financial safety net efforts.

The much-needed efforts to stabilize the economy are raising deficits (state and federal) from already high level. This suggests that income taxes and interest rates will eventually rise substantially and/or that federal budget will be cut substantially – all of which are likely to reduce funding availability, capital investment, and loan demand. Economic factors such as volatile investment portfolios, large federal deficits, and federal cutbacks have negatively affected fundraising operations and those challenges are expected to continue during the plan period.

The results of the 2016 presidential election have led many private foundations to increase their investments in the Center and South of the country. SBCP stands to benefit from this trend but will need to prepare for the likely case that it will be temporary, particularly given the upcoming 2020 presidential election.

The bulk of SBCP's service area is rural. The economy is heavily dependent on natural resource industries such as agriculture, timber, and poultry as primary business activities for employment and industrial development. While these areas have not had the highest rates of coronavirus infection or death, according to data from the Surgo Foundation, these areas are among the most vulnerable in the country to the broader economic, education, and other impacts of the pandemic. Many of the municipalities continue to face sustained outmigration and the accompanying economic distress. This potential spiral creates an environment that will challenge progress toward Southern BHAGs.

Competition

SBCP does not generally compete with depository financial institutions (including SBB) for loan customers. Rather, SBCP works with local banks and credit unions, including SBB, to provide access to capital and improve financial inclusion. In a similar manner, SBCP considers other development lenders and CDFI loan funds who operate in SBCP's primary service area as strategic partners rather than competitors. This philosophy is a key factor in implementing the new SBCP lending strategy.

SBCP has relationships with CDFI loan funds and depositories in Arkansas and Mississippi and will continue to work in partnership with these organizations to meet outstanding need. As SBCP expands its service area during the plan period, we will work to develop similar relationships with financial institutions in the new geography.

There is limited competition in financial development services, primarily because of the significant need. For example, the recession of 2008 facilitated the closure of several IDA providers and housing counseling agencies leaving fewer organizations to meet growing need.

SBCP's Public Policy program has no direct competitors either. There is no entity in Arkansas or Mississippi providing the savings-focused research and advocacy that SBCP offers. SBCP works in partnership with other organizations that may have similar interests, but from different perspectives, such as Housing Arkansas or the Mississippi Community Financial Access Coalition. Regarding federal CDFI and program funding policy, SBCP works in collaboration with a variety of other organizations to ensure that all have access to the necessary funding.

As the SBCP service area grows during the plan period, the organization will need to intentionally build relationships with other organizations in our sectors to meet unmet needs and maximize our respective impact. In addition, we will continue to define SBCP's unique value proposition as compared to similar organizations in our area.

Service Area and Customer Demographics

The SBCP target market consists of the entire state of Arkansas and Bolivar, Coahoma, Quitman, Sunflower, Tate, Tunica, and Washington Counties in western Mississippi where the organization provides financial development services, development lending, public policy and advocacy activities. The SBCP target market is completely contained within that of Southern Bancorp Bank. Public policy initiatives are primarily aimed at state policies in Arkansas and Mississippi.

The target market was intentionally chosen because of the organizational focus on financially underserved people and places. Key characteristics of select locations are listed in the table below:

Metric	AR	MS	US	BHAG	Source
Homeownership rate	65%	71%	63.9%	Affordable Housing	St. Louis Fed, 2017
Nonmortgage median housing costs	\$336	\$346	\$474	Affordable Housing	Census, 2018
Jobs that are low wage jobs	33.7%	34.1%	22.5%	Jobs	Prosperity Now, 2016
Microenterprise ownership	7.9%	8.4%	7.8%	Jobs	Prosperity Now, 2016
Unemployment rate	3.6%	4.7%	3.9%	Jobs	Bureau of Labor Statistics, Dec 2018
Employment rate	57.4%	57%	63.1%	Jobs	Bureau of Labor Statistics, Dec 2018
% Underbanked + unbanked	26.5%	38.3%	25.2%	Savings	FDIC, 2017
Liquid asset poverty rate	53.3%	57.3%	40.0%	Savings	Prosperity Now, 2016
Households with zero net worth	20.3%	18.0%	16.5%	Savings	Prosperity Now, 2016
Those with prime credit	44.5%	36.5%	51.9%	Savings	Prosperity Now, 2016

VII. Internal Situations

Corporate Governance

SBCP's Board of Directors has primary responsibility for corporate governance for SBCP. The Board meets quarterly to review financial results, development activities, and all strategic matters or concepts. The SBI CEO serves as voting member of the Board.

Officer and Executive Loan Committees

The SBCP loan committee that will review and revise the loan program as the new lending strategy is implemented. Currently, it includes three independent Board members, and meets on an as needed basis to consider all loans in excess of \$500,000.

Operational Support and Efficiencies

SBCP pays Southern Bancorp, Inc. for administrative support and infrastructure for fundraising, communications/marketing, human resources, and payroll. Southern Bancorp Bank provides offices and data processing. This support allows SBCP to concentrate on programmatic activities rather than administrative and support functions.

SBCP is an SBI shareholder and in addition to quarterly dividends, expects to continue receiving a \$1,000,000 annual donation from the bank holding company. In addition, SBCP receives an additional donation if SBI exceeds certain profit goals. This revenue plus interest income and earned income from certain financial development services should increase SBCP's earned self-sufficiency ratio to at least 62.5 percent during the plan period. SBCP will continue to augment its earned revenues with operating grants, most of which will go to cover the costs of various financial development and public policy services. With the earned income, we expect to maintain an overall self-sufficiency rate of more than 100 percent.

SBCP is implementing a new lending strategy to result in additional earned income. Projections assume that as lending grows, loans will continue to perform at levels like those of the past few years. SBCP anticipates 30-day past due rate of less than 1.5 percent and a nonaccrual rate of less than 1 percent, though that may be a challenge due to the economic impact of the coronavirus pandemic. SBCP will continue to closely monitor borrowers and the overall loan portfolio and maintain a sufficient loan loss reserve. SBCP will also continue to allocate \$10,000 monthly to an operating cash reserve with the intention of being able to cover at least six months of operating expenses in the event of a funding disruption.

VIII. Strengths, Weaknesses, Opportunities, Threats

Strengths

Strengths are attributes that contribute to the accomplishments of organizational goals and mission. Strengths are something that an organization does well enough to give it an advantage over its competition. A list of perceived strengths follows:

Strong legacy and reputation – Over more than thirty years, SBCP has built upon an impressive founding story to build a strong reputation based on success in various programmatic areas. Because of this, some national organizations request to work with us on various projects. As SBCP strengthens its commitment to impact, innovation, and scale in all three broad program areas, we stand to increase such opportunities.

Staff commitment – Many SBCP staff have a long tenure with the organization and generously share their institutional knowledge in ways that facilitate growth and innovation. Our staff are committed to the mission and the people we serve and often joined the organization as an extension of their personal values.

Innovation in lending – Because of SBCP's collaboration with SBB through the One Southern culture, SBCP is well-positioned to innovate in development lending through intentional long-term collaboration with a depository (i.e. SBB) and through development of innovative loan products.

Unique policy approach – SBCP has developed and is implementing a unique approach to public policy that is well positioned for success. Features include a wide array of organizational stakeholder, collaboration with practitioners, a unique policy focus area, and strong community engagement prospects.

Cultural Competency – SBCP's staff resides in many of our markets and so can provide culturally competent service to clients around often sensitive issues. Similarly, many of the SBCP board members also live in our markets and so can provide informed guidance to the organization.

Board of Directors – The SBCP Board members have varying areas of expertise that include banking, finance, state and federal government, legal, nonprofit management, education, philanthropy, and private industry.

SBCP is a unique nonprofit development organization – This uniqueness is due in part to its relationship with Southern Bancorp, a \$1.4 billion development bank and holding company. This One Southern relationship facilitates mutually beneficial bidirectional referrals and allows SBCP to access (at cost) back office services such as human resources and communications, while also providing services to SBB customers and value to the bank. SBCP is careful to follow nonprofit and other regulations against steering.

Commitment to evaluation and improvement – SBCP has long demonstrated a willingness to learn from its own experiences and the experiences of others. SBCP regularly reviews programs, projects, products, and activities and adjusts based on programmatic successes and deficits in an ongoing effort to maximize impact and efficiency. In addition, there is attention to validated best practices that can be replicated or modified for implementation in SBCP.

Resource development – The organization is served by a dedicated and effective fundraising team. Their ongoing efforts have resulted in an effective grant strategy, lasting relationships with existing and potential funders, new ways of funding activities, and an ongoing stream of funding that supports the SBCP's work.

New product and program development – Because of SBCP's long and varied experience in financial development, the organization is well positioned to develop new products, programs, and activities that are based in research, evidence, and client goal and that advance the organizational goals.

Relatively flat organizational structure – SBCP has a small staff and relatively flat organizational structure that facilitates information dissemination and cultural consistency.

Weaknesses

A weakness is something that will hinder the organization in accomplishing its goals and mission and is a flaw that gives competition an advantage. The organizations will focus on improving these weaknesses during the plan period. A list of perceived challenges follows:

Risk of complacency – Over more than thirty years of operation, SBCP has had significant success resulting in national attention. We must ensure that our prior success does not lead to complacency.

Dispersed workforce – SBCP has a relatively small staff (currently ten) in five locations in two states. This dispersed workforce can make communication and collaboration challenging.

Limited workforce – The SBCP target market consists of all of the state of Arkansas and seven counties in western Mississippi. However, as of this writing, we have a limited service delivery staff (four counselors and one policy director) that is geographically concentrated in the Delta region of Arkansas and Mississippi. To be successful, SBCP should expand the number of staff providing services and ensure they are located throughout our service area.

Management and staffing capacity – Nonprofit management will be faced with the challenge of controlling the expansion into new communities, developing and expanding existing programs, projects, and activities, and managing new activities while soliciting funding to cover expenses. The organization seeks major sustainable impact with a relatively small staff and budget, risking over-burdening staff at the line and management levels and responding too slowly to external and internal demands.

Staff recruiting, retention, and development – SBCP must develop methods to facilitate more timely filling of open positions to minimize disruption of programs and operations. The organization should continue to strengthen rewards for outstanding performers, provide opportunities for star performers, develop and implement succession plans, and work to improve outcomes by underperformers.

Fundraising – SBCP must diversify its funding base to include substantial support from public, private, and individual funders in order to mitigate the risk to our programs and operations. The organization should avoid reliance on a large number of small grant donors as well as on a small number of large donors. Projected economic conditions may exacerbate the fundraising challenges.

Ability to take on new projects – Because of the organization’s relatively small staff and budgets, it can be challenging to develop and scale new activities or take advantage of new opportunities that do not neatly fit into what we already do. Meeting this challenge may involve both increasing staff size and increasing the variety of skills available on staff.

Opportunities

Strengths and weaknesses are internal characteristics of an organization. An opportunity is an external situation, which can be taken advantage of by the organization. A list of perceived opportunities follows:

Service expansion – The organization is generating real and quantifiable results in its financial inclusion and economic mobility work. Subject to financial and human resource constraints, SBCP is able to develop and expand into other markets.

Improved and expanded internal relationships – Given the One Southern culture, the Southern family of companies work cooperatively toward shared and aligned goals. This coordination results in emergent opportunities for SBCP clients. Good cooperation already exists and there are intentional proactive efforts to improve upon complementary organizational and programmatic activities.

Strategic direction – The organization is well positioned to redefine its set of activities to focus on those that have the most impact and then use data-driven methods to scale up those activities and innovate to develop new ones. Programs should be designed to contribute to the achievement of SBCP’s mission and its BHAGs. In addition to impact, programs should contribute to financial sustainability and organizational self-sufficiency.

Strategic partnerships with funders – SBCP had a strong and multifaceted fundraising platform that can be used to develop and maintain strategic relationships with funders. The relationships can be used to diversify organizational funding and increase the size and frequency of investments, particularly as these efforts are aligned with the SBI capital campaign.

Threats

A threat is an external situation that could negatively impact an organization but over which the organization has no direct control. A list of perceived threats follows:

Shrinking number of CDFI loan funds – Over the last several years, the number of CDFI loan funds has decreased from over 800 to 549, as of this writing. Many less financially secure funds may not have survived the 2008 recession; others may not survive the coronavirus related economic crisis. Remaining loan funds may grow to meet needs. It is not clear how these changes will affect the sector.

Population decline - Two thirds of Arkansas counties lost populations from 2012- 2017. Similarly, between 2017 and 2018, Mississippi lost population overall. Declines in population are often associated with economic distress and continuing population loss can result in a negative economic spiral that is difficult to reverse. These factors can negatively affect SBCP’s ability to responsibly lend for business development, homeownership, and other purposes.

Government and foundation funding uncertainty – Changes in federal, state, and foundation priorities and budgets mean that funding may not be available to support SBCP programs either because of misalignment or because of low amounts.

Challenging and uncertain economic conditions – With the economic downturn and unclear path to economic recovery, SBCP’s loans are likely to be adversely affected particularly as its credit and collateral risk are higher than in communities with stronger economies. The business environment in the Arkansas and Mississippi Delta remains generally weak compared to the nation as a whole and may be

eroded further by the crisis in the national financial economy. The dramatic changes in the current economy will also have a strong impact on financial development services. On one hand, demand for these services will increase. On the other hand, the economic situation is substantially limiting key sources of funding – private foundations and state and federal government.

Federal budget crisis – The federal responses to the 2008 economic recession and the 2020 coronavirus economic crisis have significantly increased government debt. Efforts to reduce the federal deficit may result in substantial budget cuts through both direct and automatic methods. Such cuts may disproportionately affect human service and community development programs, leading to increased competition for limited resources.

Donor-driven priorities – The funding priorities of the organization’s major financial supporters could stifle the work the organization or community has prioritized. This is especially frequent among private foundations. For example, a funder that supports our work in one geographic area may not support that same work in another geographic area, even though the work is needed in both places. Similarly, a new and growing philanthropic focus on rural areas may be temporary. The lack of unrestricted funds further exacerbates this problem.

Limited number and capacity of local service providers – In our markets, there is a limited number of local service providers, e.g. entrepreneurial support organizations, with the capacity to initiate, sustain, and grow partnerships with SBCP.

National and regional political focus – State and national political shifts may lead to reduced support for some of SBCP’s public policy priorities. The organizations cultural competency will be an asset in developing allies and generating support for its policy initiatives.

Declared natural disasters and climate change – Local short-term variations in weather and long-term climate changes will dramatically affect the agricultural and industrial sectors in the Southern’s markets and can alter the economy in both positive and negative ways, many of which are currently unknown.

IX. Goals and Action Plans

The goals listed below are critical for promoting economic mobility by providing responsible and responsive financial services. Staff members participate in goal development, implementation, execution, and evaluation and the organization seeks to meet or exceed all stated goals.

All the goals outlined in this section are intended to lead to meaningful sustainable change, accomplished by realizing the three ten-year Big Hairy Audacious Goals adopted by the three Southern companies:

- ***10,000 people supported in attaining and/or sustaining affordable housing***
- ***100,000 jobs created or retained***
- ***1,000,000 people empowered to save***

Accomplishment of these goals depends on securing sufficient financial and human capital and operating in ways that maximize efficiency and effectiveness.

Goals for the 2019-2021 Plan Period

SBCP is committed to the following broad goals for the three-year plan period:

- Use a data-driven, evidence-based approach to understanding and increase the impact of our programs and activities in alignment with our mission and the One Southern culture.
- Use communications technology, staffing, and other tools to increase the scale of our programs and activities so that they can serve more people and are aligned with the expanding One Southern footprint.

- Leverage the unique feature of SBCP and its partner organizations to demonstrate innovation, best practices, and thought leadership in our various sectors or work.
- Use our financial, human, and other resources in ways that facilitate sustainability and self-sufficiency through a focus on efficiency, proactive problem solving, and accountability in our program and general operations in the context of our One Southern culture.

Details on these goals along with the accomplishments of the first half of the plan period are found below.

IX.A. Offer meaningful financial development services throughout the Southern markets and expand national thought leadership on best and innovative practices in the sector.

Accomplishments of the first half of the plan period:

Completed - Work with SBB and SBI to install video conferencing equipment in all Southern markets to facilitate one on one service provision of housing counseling, credit counseling, and the like in a broader area.

Completed - Expand VITA coverage to all of Arkansas and Mississippi through MyFreeTaxes.com.

Completed - Write a white paper about the Split Save and Win tax-time savings sweepstakes for board distribution and possible replication of the program by other organizations.

Completed - Develop signature financial education curricula that can be delivered by all Southern staff.

Completed - Develop robust referral partnerships with existing entrepreneurial support organizations such as the Arkansas Small Business Development and Technology Center, SCORE, Higher Purpose Co., and/or Arkansas Women's Business Development Center.

Completed - Achieve at least a two star AERIS impact rating. SBCP was rated for the first time in 2020.

Goals for the last half of the plan period:

- A1** Expand certified counseling staff to meet needs and strategically place them in areas without in-person counselors.
- A2** Work with SBB and SBI to measure customer and client financial health and Southern's contribution to it.
- A3** Improve program outcome and impact measures and use the information to refine the financial development services work and for other internal and external purposes (e.g. fundraising, evaluation, compliance). Include feedback from clients, customers, and partners.
- A4** Consider adoption of the National Industry Standards on Financial Capability. SBCP is already an adopter of the National Industry Standards on Homeownership Education and Counseling.
- A5** Develop a series of audio/visual financial education shows for broad distribution. These could include a podcast, YouTube channel, or the like.
- A6** Based on client feedback and requests develop paper reduction methods like online intake forms or online asset purchase requests.
- A7** Consider developing methods of packaging the FDS for sale to other financial institutions for their customers (i.e. financial education) or staff (i.e. train the trainer).

- A8** Consider adding new programs to enhance our ability to meet customers' needs and goals and achieve the BHAGs.
- A9** Work with the public policy team to support federal and state efforts to provide funding for and facilitate SBCP financial development services.
- A10** Use an evidence-based approach to refine existing programs.
- A11** Review program policies and procedures and revise as needed to facilitate and ensure efficient operations and ensure alignment with SBCP's core mission and commitment to diversity, equity, and inclusion and to environmental sustainability.
- A12** Achieve at least three star AERIS impact rating.
- A13** Integrate videoconferencing, remote work, and related technology in all SBCP programs and operations to improve internal and external communications with clients, colleagues and others, to facilitate productivity at and away from the office, and to promote a consistent organizational culture.
- A14** Develop and implement methods to facilitate communications about financial development services internally (e.g. with SBB staff) and externally (e.g. with existing and potential clients and partners)
- A15** Intentionally seek and implement relevant best practices.
- A16** Identify and share successful internal initiatives to establish best practices and thought leadership.
- A17** Ensure all programs, projects, and activities are audit ready at all times.
- A18** Maintain organizational, counselor HUD, and other counseling certifications.

- A19 Consider membership with NeighborWorks America, Council on Accreditation or similar organizations.
- A20 Consider attaining organizational certification in credit counseling aligned with our current organizational certification in housing counseling through HUD.
- A21 Scale the services to align with SBB's planned growth.

IX.B. *Develop and implement an evidence-based development lending strategy that provides access to capital in a fiscally sustainable manner.*

Accomplishments of the first half of the plan period:

Exceeded - Achieve at least a BBB- AERIS rating. SBCP was rated for the first time in 2020.

Completed - Begin reporting consumer loan payments to the credit reporting agencies.

Completed - Implement a lending strategy that does not compete with SBB and prioritizes small businesses loans based on personal credit that can be financed with capital from the USDA Intermediary Relending Program.

Completed - Implement a lending strategy that does not compete with SBB and prioritizes loan participations with SBB and other financial institutions in ways that facilitate access to capital.

Completed - Work with SBB and SBI to install video conferencing equipment in all Southern markets to facilitate communications with SBB lenders, potential borrowers, current customers and others throughout a broader area.

Completed - Implement a lending strategy that provides revenue that at a minimum supports itself financially.

Completed - Study the use and impact of the Spark Loan to determine if and how it could be expanded through SBCP in conjunction with a multi-unit credit education course.

Completed - Study the use and impact of the Credit Builder CD loan to determine if and how it could be expanded through SBCP.

Goals for the last half of the plan period:

- B1** Achieve at least an A+ AERIS rating.
- B2** Hire a director of lending to oversee implementation and development of the lending strategy, to manage loan capital sourcing and compliance, and to contribute to business development.
- B3** Increase the size of the loan fund by at least \$6 million.
- B4** Monitor operations and impact of the lending program by considering alignment with the BHAGs, capital availability, demand for loan products, availability of support services, and staff capacity for loan sourcing, underwriting, and management.
- B5** Apply for a CDFI Fund financial assistance award.
- B6** Consider expanding the lending focus through the inclusion of other traditional products for mortgage lending, credit builder loans, and/or small dollar loans that do not compete with SBB.
- B7** Consider expanding the lending focus through the development of innovative loan products. These could include payday loan alternatives, manufactured housing financing, financing cooperatives, financing national board certification of teachers, education completing lending, property assessed clean energy (PACE) financing, resident-owned community financing, etc. that do not compete with SBB. Some products may emphasize Southern's commitment to environmental sustainability.

- B8** Be responsive to funder-driven lending requests facilitated by program-related investments that are aligned with or not counter to SBCP or Southern priorities.
- B9** Develop and maintain at least an 85 percent deployment rate (loan capital deployed and committed/loan capital on hand).
- B10** Maintain strong asset quality in the loan portfolio with a 30-day past due rate of less than 1.5 percent and a nonaccrual rate of less than 1 percent.
- B11** Improve program outcome and impact measures and use the information to refine the development lending work and for other internal and external purposes (e.g. fundraising, evaluation, compliance). Include feedback from clients, customers, and partners.
- B12** Consider implementing an online loan application platform that expedites that application, review, and closure processes.
- B13** Identify and share successful internal initiatives to establish best practices and thought leadership.
- B14** Develop and implement a supplemental economic lens social governance lending policy that excludes loans to borrowers that extract individual and family wealth (e.g. payday lender) and prioritizes loans to borrowers that help build individual and family wealth (e.g. businesses that pay a family supporting wage).
- B15** Use an evidence-based approach to refine existing lending priorities and processes.
- B16** Review program policies and procedures and revise as needed to facilitate and ensure efficient operations and ensure alignment with SBCP's core mission and commitment to diversity, equity, and inclusion and to environmental sustainability.

- B17** Manage the lending so that it at least financially supports itself, if not provides revenue for other SBCP programs.
- B18** Develop and implement methods to facilitate communications about development lending internally (e.g. with SBB lenders) and externally (e.g. with CDFIs and depository lenders)
- B19** Work with the public policy team to support federal and state efforts to provide funding for and facilitate SBCP lending.
- B20** Consider methods for allowing online loan payments by borrowers.
- B21** Integrate videoconferencing, remote work, and related technology in all SBCP programs and operations to improve internal and external communications with clients, colleagues and others, to facilitate productivity at and away from the office, and to promote a consistent organizational culture.
- B22** Intentionally seek and implement relevant best practices.
- B23** Identify and share successful internal initiatives to establish best practices and thought leadership.
- B24** Ensure all programs, projects, and activities are audit ready at all times.
- B25** Consider changing or expanding SBCP's target market with the CDFI Fund.
- B26** Maintain CDFI certification.
- B27** Scale the services to align with SBB's planned growth.

IX.C. Create a nationally recognized public policy program that engages all Southern stakeholders around policy that facilitates savings.

Accomplishments of the first half of the plan period:

Completed - Establish an advocacy presence in Arkansas around savings-related policy issues.

Completed - Use the new Community Relationship Leader staff to implement a relationship building program in conjunction to meet lawmakers and their constituents in Southern's markets to both educate them about our policy goals and also learn about their savings and related priorities.

Completed - Monitor Mississippi legislation and advocacy efforts and provide coalition and messaging support.

Completed - Develop a consistent pattern of thought leadership around savings-related policy issues through creating, writing and research on our issues and disseminating through our public policy blog, Policy Points research papers, opinion pieces, and other outlets.

Completed - Identify and engage with partners and coalitions working on savings and related issues.

Completed - Identify opportunities for policy staff and organizational leaders to speak at events, seminars, meetings, and conferences so that we can share successes and best practices and influence the work of other organizations.

Completed - Achieve the Policy Plus AERIS rating. SBCP was rated for the first time in 2020.

Completed - Work with SBB and SBI to install video conferencing equipment in all Southern markets to facilitate communication with legislators, voters, customers, partners, and others throughout a broader area.

Goals for the last half of the plan period:

- C1** Identify opportunities for legislative or administrative policy change based on the state or municipality in Southern's market in which that change is most likely to succeed.
- C2** Use policy successes as a platform for thought leadership in ways that help Southern or other organizations learn from and replicate those successes.
- C3** Continue research, advocacy, thought leadership work nationally and in Arkansas and Mississippi.
- C4** Develop and implement methods to facilitate communications about public policy internally (e.g. with SBB staff and leaders) and externally (e.g. with existing and potential partners)
- C5** When feasible, seek to serve as a leader among policy partners and coalitions in Arkansas and Mississippi.
- C6** Develop an election year plan for elevating our issues with candidates and voters on the campaign trail.
- C7** Work with the fundraising and program teams to consider and pass legislation that facilitates donations and investments such as a new CDFI tax credit or the existing IRS VITA grant.
- C8** Engage and respond at the federal level to facilitate funding of organizations like SBCP through, for example, the CDFI Fund, the US Department of Housing and Urban Development, the Internal Revenue Service, and USDA Rural Development.
- C9** Improve program outcome and impact measures and use the information to refine the public policy work and for other internal and external purposes (e.g. fundraising, evaluation, compliance). Include feedback from clients, customers, and partners.

- C10** Continue building a national presence on savings-related policy through speaking and writing opportunities.
- C11** Maintain the Policy Plus AERIS rating.
- C12** Integrate videoconferencing, remote work, and related technology in all SBCP programs and operations to improve internal and external communications with clients, colleagues and others, to facilitate productivity at and away from the office, and to promote a consistent organizational culture.
- C13** Intentionally seek and implement relevant best practices.
- C14** Identify and share successful internal initiatives to establish best practices and thought leadership.
- C15** Review program policies and procedures and revise as needed to facilitate and ensure efficient operations and ensure alignment with SBCP's core mission and commitment to diversity, equity, and inclusion and to environmental sustainability.
- C16** Ensure all programs, projects, and activities are audit ready at all times.
- C17** Scale the services to align with SBB's planned growth.

IX.D. Continue to develop a comprehensive resource development and fundraising program that emphasizes SBCP's vision for increasing impact, scale and innovation of its financial development services, public policy and lending.

Accomplishments of the first half of the plan period:

Completed - Pursue at least three new funding opportunities.

Completed - Increase retail donations by 10 percent with an emphasis on new donors.

Goals for the last half of the plan period:

- D1** Consider methods of increasing earned income through offering financial development services through other financial institutions.
- D2** Consider pursuing grants and loan capital from depository institutions in addition to SBB and SBI.
- D3** Work with the public policy team to consider and pass legislation that facilitates donations and investments such as an IDA tax credit or CDFI tax credit.
- D4** Work with the public policy and other program teams to support federal and state efforts to provide funding for and facilitate SBCP programs such as housing counseling, VITA, and development finance.
- D5** If interest rates increase significantly, pursue interest donations from mission-focused CD holders to support SBCP programs and operations.
- D6** With SBB, explore methods of soliciting donations from SBB customers through, for example, rounded up loan payment donations.
- D7** Use ongoing measures of outcomes and impact to improve fundraising and reporting.

- D8 Whenever possible, prioritize pursuit of flexible unrestricted funding.
- D9 Evaluate funding opportunities based on a cost benefit analysis that includes a focus not only on resources required to develop proposals and respond to funders' due diligence but also considers the administrative, reporting and management resources required for implementation of these grants and investments over time.
- D10 Integrate videoconferencing, remote work, and related technology in all SBCP programs and operations to improve internal and external communications with clients, colleagues and others, to facilitate productivity at and away from the office, and to promote a consistent organizational culture.
- D11 Scale the services to align with SBCP's planned growth.
- D12 Ensure all funding records are audit ready at all times.

IX.E. Promote a culture and operations that prioritize accountability, efficiency, self-sufficiency, proactive problem solving, and impact in alignment with the SBCP mission and One Southern strategy.

Accomplishments of the first half of the plan period:

Completed - Work with SBB and SBI to install video conferencing equipment in all Southern markets to facilitate a consistent culture over a broad service area.

Goals for the last half of the plan period:

- E1 Align personnel management activities and organizational priorities with Southern's five core values – relationship, accountability, innovation, sustainability, and empowerment.

- E2** Receive unqualified annual audits.
- E3** Maintain an earned self-sufficiency rate of at least 62.5 percent.
- E4** Review all operational policies and revise as needed to facilitate and ensure efficient operations and ensure alignment with SBCP's core mission and commitment to diversity, equity, and inclusion and to environmental sustainability.
- E5** Consider developing standard questions for the vendor selection process that address the applicants' level of operations in Southern markets and their ability to support Southern's commitment to diversity, equity, and inclusion and to environmental sustainability.
- E6** Establish at least two strategic partnerships to allow SBCP to expand its markets and/or lending products, services and technical assistance offered to customers.
- E7** Use ongoing measures of outcomes and impact to improve organizational operations, communications, and other areas.
- E8** Integrate videoconferencing, remote work, and related technology in all SBCP programs and operations to improve internal and external communications with clients, colleagues and others, to facilitate productivity at and away from the office, and to promote a consistent organizational culture.
- E9** Consider implementing a mileage reimbursement incentive for electric or hybrid vehicles.
- E10** Consider purchasing carbon offsets for business travel with a company that uses projects that create offsets in Southern markets.

- E11** Consider paper use reduction efforts like online expense reports and online participant intake forms.
- E12** Use an evidence-based approach to refine existing work.
- E13** Manage staffing and capacity levels to ensure that we meet client, organizational, funder, and other goals and that we maintain a healthy work environment.
- E14** Ensure the SBCP website, www.southernpartners.org, reflects the strategic priorities in the documents and can be used to facilitate our work through, for example, links to online applications.
- E15** As opportunities arise, sell or otherwise dispose of real estate that is not aligned with organizational priorities.
- E16** Develop a management succession plan and update annually as needed.
- E17** Ensure all programs, projects, and activities are complete and audit ready at all times.
- E18** Intentionally seek and implement relevant best practices.
- E19** Identify and share successful internal initiatives to establish best practices and thought leadership.
- E20** Seek opportunities for third party validation of our work. Options could include Council of Accreditation or NeighborWorks America membership, and others.
- E21** Consider changing the name of the organization to facilitate understanding of our work and corporate status and to facilitate fundraising and partner development.