



Twenty Eighteen Impact Report

Disrupting: Poverty
Empowering: Inclusion





LETTER FROM THE PRESIDENT

I am delighted to share the Operation HOPE 2018 Impact Report with our supporters and partners. Thanks to the unwavering commitment of our members, Operation HOPE uplifted more than 100,000 individuals, families and small businesses in 2018.

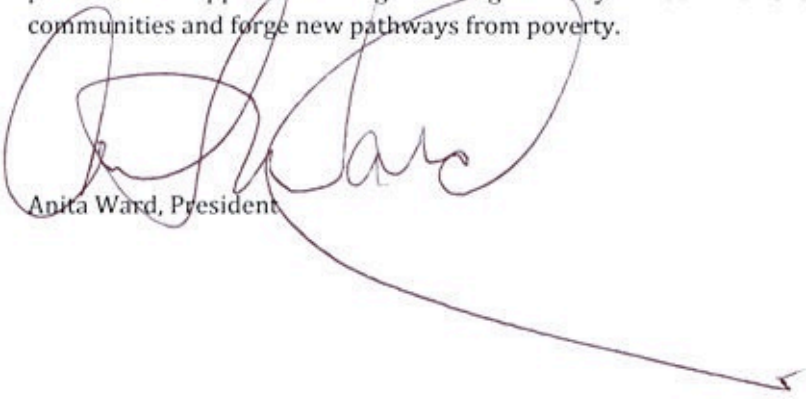
Since our inception in 1992, HOPE has served over **4 million individuals** with financial empowerment and disaster recovery services. Focused on populations primarily in low to moderate-income communities, HOPE delivers financial dignity to the most vulnerable populations. With more than **124 HOPE Inside locations** in the U.S., HOPE has experienced **553% growth over the last 5 years**. In 2018, HOPE refined its focus on scalability, measurement and impacts. To validate the efficacy of the program, accenture was engaged to conduct an evaluation of HOPE's data and systems. accenture validated that HOPE's impact is measurable, sustainable and systemic, and that **HOPE improves FICO scores 2-3x the rate of its non-profit peers**. The highlights of that study included:

- 6-11 months: **average 34 point FICO increase** (range of 6-55 pts. increase)
- 12+ months: **average 47 point FICO increase** (range of 12-75 pts. increase)
- The **greatest impact** is created for clients with a **650 entry FICO score** or lower
- **Approximately 80%** of clients served by HOPE **increase** their score
- **1,400 referrals (unbanked to banked)** were generated over 18 months
- **800+ small businesses** created
- Increased savings on **average \$840**
- Originated **\$1.4 billion in mortgages**

2018 was the year HOPE broadened its HOPE Inside footprint both physically and digitally to offer financial coaching to more than **2,000 cities and communities**. In addition to the traditional models of credit, money management, homeownership, and small business, HOPE pioneered financial wellbeing in the workplace for organizations like AT&T, UPS, and Delta.

Innovation is the cornerstone to scaling Operation HOPE. Digital HOPE is the first of many new innovations upon which the future will be built. An open learning management system platform, Digital HOPE delivers entrepreneurial and small business coaching through animated lessons, interactive exercises, community, and mentorship. This application facilitates HOPE's impacts beyond its physical locations.

Proud of our 2018 impacts, upon reflection we recognize how much more we need to do to eradicate poverty and support financial dignity and inclusion in our lifetimes. We remain grateful to our partners and supporters through whose generosity and commitment we are able to uplift communities and forge new pathways from poverty.



Anita Ward, President



Nearly 185 million people in the U.S. are under financial stress.

Sixty-three percent of middle-income Americans say they're unable to afford a \$500 car repair or a \$1,000 emergency room bill.

Fifty-one percent of the nation's credit users have subprime credit scores.

The majority of Americans in underserved communities live without financial opportunity, many in a generational cycle of poverty.

We're on a mission to disrupt that.

We believe everyone deserves financial dignity and equity of opportunity.

The Impact of HOPE

Global Services

	2018	Program-to-Date
Overall Clients Served - Globally	103,950	4,326,181
HOPE Inside Youth (USA & South Africa)	27,428	1,049,226
HOPE Inside Adult (USA & South Africa)	72,666	1,915,584
HOPE Inside Disaster	3,856	1,361,371

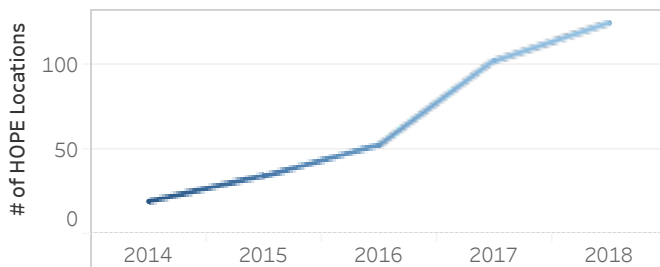
HOPE Inside Adult

	2018	Program-to-Date
Financial Workshop Participants	28,082	810,884
One-On-One Counseling	19,473	418,330
Call Center Calls	18,408	239,442
Cyber Café Membership & Usage	6	425,630
Bank Referrals*	4,392	13,956
South Africa Adults	2,305	7,342

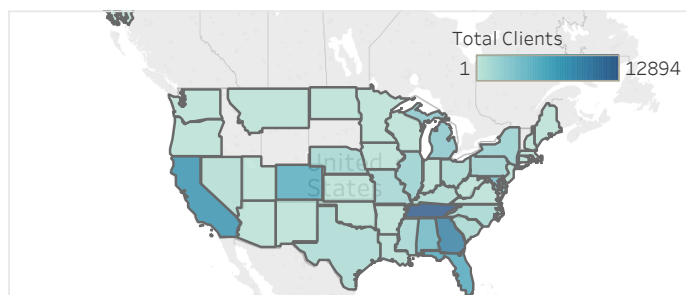
HOPE Inside Youth

	2018	Program-to-Date
Banking on Our Future (USA)	24,186	945,973
HOPE Business In A Box (USA)	2,128	9,902
South Africa Youth	1,114	54,496
Banking on Our Future - College	0	38,855
HOPE Corps Volunteers	575	27,188

HOPE Inside Locations Over Time



2018 Clients Served



Over 4 Million Served

Operation HOPE has a 27 year history of delivering innovative financial empowerment programs to individuals, families, and small businesses in low- and moderate-income communities. A history of success has positioned HOPE for transformational growth in 2019 providing economic empowerment services to adults, youth and individuals recovering from natural disasters.

Highlights of HOPE:

4 million clients empowered with HOPE services

More than 2,000 communities and 4,000 schools supported

148 federally-declared disaster responses

HOPE Inside model adopted by 10 major industry sectors and endorsed by 22 federal agencies

HOPE Inside paradigm driver for CRA reform by federal regulators

Received 11th US Treasury Department John Sherman Award for Financial Literacy Excellence

"Innovator of the Year" by the American Banker (2016)

4-Star Charity Navigator rating (5 consecutive years)

50+ million views of HOPE social media videos and 1 million social media followers

HOPE Inside Expansion

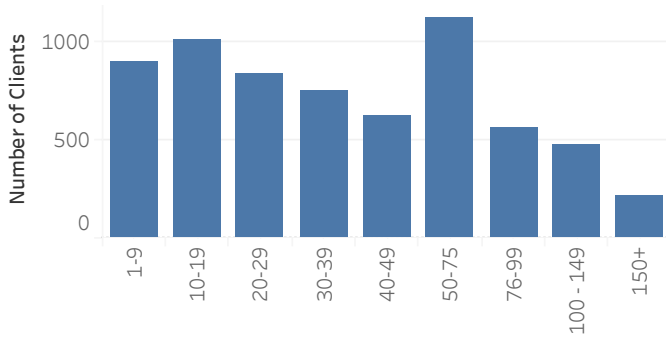
In December 2018, Operation HOPE opened its last new HOPE Inside location for the year with SunTrust Banks in Arbutus, Maryland. This grand opening marked the 124th HOPE Inside servicing clients across the country. Since 2014, HOPE has seen a 553% growth in number of locations providing free financial empowerment services to youth and adults. With more than 150 commitments for additional HOPE Insides from partners including Custom Home Care, C.H.I. Overhead Doors, the 49ers, NFL, New Hill, Fulton Bank, SunTrust Bank and First Tennessee Bank, HOPE is excited for the growth the organization will continue to make.

National Reach

Via HOPE's 124 HOPE Inside locations and its National Call Center, HOPE served 46 states, Puerto Rico and South Africa with financial services in 2018. Clients recovering from natural disasters such as Hurricane Florence in the Carolinas, and the California wildfires, were able to call HOPE to receive financial recovery services. Nationally, clients in trouble with their mortgages were also able to call for mortgage delinquency and foreclosure assistance. Beyond the call center, clients from over 2,467 communities were directly served by HOPE Inside coaches who deliver small business, credit and money management, homeownership, disaster recovery, and youth financial empowerment programs.

The Impact of HOPE

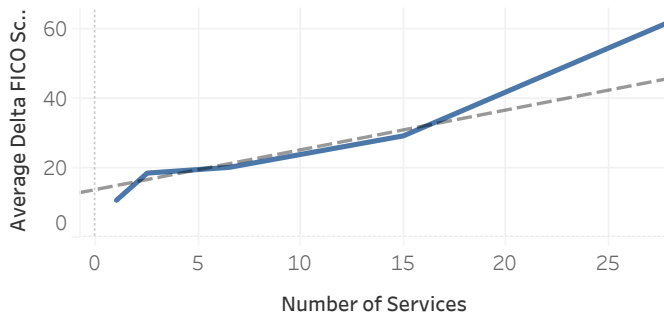
Distribution of Positive FICO Score Change



Improved FICO Scores and Financial Wellness

Clients who participate in HOPE services see a dramatic improvement to their financial wellness. Post-services, clients have less financial stress, are more satisfied with their financial situation, are more engaged with a traditional bank or credit union, are more likely to own their home and more likely to have a savings account. In addition, clients engaged in counseling see on average a 29 point improvement to their FICO score, an average reduction of \$2,476, and an average increase to their savings of \$425 over 6.9 months -- a change that is much higher than other financial counseling nonprofits that see between an 11 and 18 point improvement in 12 months (see Urban Institute, 2015; PERC University of Arizona Report, 2015; Experian Report, 2016). Of HOPE's clients who saw an improvement to their FICO score, the average improvement was 48 points, with more than 29% of clients reaching above prime FICO scores of 660 or higher. These improvements ranged from 1 to 349 points.

FICO Change by Number of HOPE Services



The Impact of the Coach-Client Relationship

HOPE's data show that increased client-coach interaction (what HOPE refers to as services), drastically increases financial wellness outcomes. For example, among all counseling clients, those who engaged with HOPE for only one counseling service saw an average credit score improvement of 11 points while those who engaged in more than 20 counseling services saw an average credit score improvement of 62 points. Results are similar for all financial health metrics including increased savings, decreased debt, and financial stress. As engagement with HOPE increases so too does the financial wellbeing of clients.

1,224

NEW SMALL BUSINESSES

\$1.4 Billion

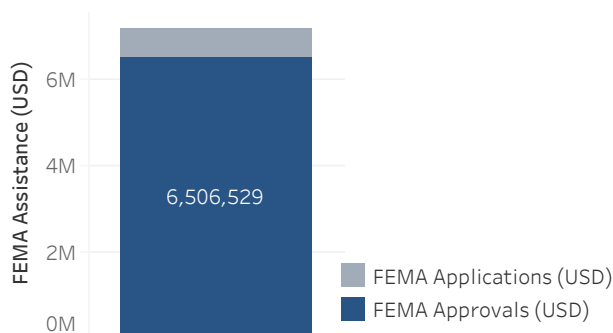
MORTGAGE LENDING

Creating Entrepreneurs and Homeowners

HOPE nurtures entrepreneurs via small-business workshops and in-depth entrepreneurial training programs. Focusing on low-income and female entrepreneurs, HOPE has helped its clients start over 1,220 new small businesses since 2014.

In addition to entrepreneurship, HOPE has helped clients obtain over \$1.4 billion in mortgage lending since 2000. Partnering with both the private sector and the department of Housing and Urban Development, HOPE's homeownership coaches are expertly trained to help first-time homebuyers become loan ready, assist clients in mortgage default, and help save homes from foreclosure.

FEMA Assistance



Post-Disaster Financial Recovery

Since 2001, HOPE has helped over 1.3 million individuals with pre-disaster financial preparedness services and counseling, and post-disaster financial recovery and FEMA application assistance to families affected by 148 major disasters across 30 states.

Individuals and families served by HOPE in these disaster areas received one-on-one coaching to rebuild their lives financially and plan for a safe and sustainable future. Through its services, HOPE has helped disaster victims obtain over \$6.5 million dollars in FEMA assistance.

Stories of HOPE



Establishing a Credit, Confidence and Trust

[Client name] enrolled in one-on-one credit and money management coaching with HOPE Financial Wellbeing Coach Vivian Harper on January 30, 2019, with a **499** FICO score. He had recently completed a Chapter 7 bankruptcy and was ready for a fresh start. He applied for a secured credit card from the local financial institution where he had his primary checking account, but was denied three times. He was incensed—he had thousands of dollars saved with that institution, but no one could explain to him why he was denied for a credit card that he was willing to deposit collateral for.

During his first coaching session, [client name] was extremely skeptical. He wanted the session to go quickly because he initially thought it was a quick fix. He was not sure exactly what made up a FICO score, but he knew he no longer had “bad debt” and he had money saved. He was able to have a supportive, non-judgmental conversation with his coach regarding his plans to improve his credit, and received a financial work plan to reestablish his credit profile with a secured card that was set for autopay, to ensure each payment was made on time.

[Client name] participated in three subsequent coaching sessions. In five months, his FICO score increased to **594** — a **95** point increase solely by following the financial work plan. He is continuing to work hard to increase his score and wants to purchase a new vehicle soon. He is pleased that his coach was able to help reestablish not only his credit profile but his confidence and trust.

Credit and Money Management Program
HOPE Inside C.H.I. Overhead Doors, Illinois



Renewed Sense of Purpose

As a single mother, Regina found herself working two part-time jobs just to make ends meet. She had always aspired to become “her own boss,” but never believed in herself enough to take action.

It wasn’t until 2018 that things would start to look up for the former paralegal. With a background in business and grant writing, Regina decided she wanted to pursue her dream of being a business owner and create a for-profit company that would assist startup nonprofits with grant writing.

Like most entrepreneurs just starting out, the fear of failing and the uncertainty of whether she could actually run her own business consumed her day and night. Regina says it was mere fate that led her to HOPE. She ran into one of HOPE’s small business coaches, Damian Carson, who insisted she attend his small business development program.

With nothing to lose, Regina decided to try something new. During the 12-week program, she received a wealth of knowledge about starting her business including filing paperwork, meeting potential clients, and connecting with people that could help her with funding.

“I got way more than I expected and there was no cost to me, I started the class with just a name and idea and came out with a better sense of what I wanted to do and how to do it, and the connections to be able to do it.”

Regina graduated from the program and is now the owner of Writing Hope, LLC. Since graduating, Regina has worked with over 20 clients. She says Damian continues to play a vital role in her success as an entrepreneur by following up with her regularly and offering her valuable knowledge on leveraging her business.

Regina B.
Small Business Development Program
HOPE Inside Wells Fargo, Alabama

HOPE's Impact is Measurable, Sustainable and Systemic

In 2018, HOPE welcomed Accenture consultants into its organization to evaluate and substantiate the impact HOPE's programs have on the low-to-moderate income individuals it serves. After three months of in-depth assessments of HOPE's programming and data, Accenture reported the following:

1. Operation HOPE demonstrates 27 years of financial literacy impact among low-to-moderate income communities
2. Stakeholders invested in HOPE's mission include leading financial and corporate institutions, community leaders and policymakers
3. The HOPE Inside program illustrates a differentiated approach to financial literacy with proven impact

Specifically, Accenture found that HOPE's financial empowerment programs successfully **increase FICO scores and savings**, reduce debt, improve financial well-being, reduce financial stress, **assist clients in launching small businesses** and becoming homeowners. HOPE **increases access to banking products and services**, and accelerates clients to **'bankable' status** and provides ongoing support with more than 4M clients served to date. With a **referral pipeline** of qualified clients to its financial partners, and many **trusting relationships with low-to-moderate income communities**, HOPE offers a unique partnership for a myriad of industries. Finally, HOPE monitors performance and impact of its program at an unmatched level of rigor.

Impact on Number of Clients by FICO Score Tranche (as a % of total clients active for 6+ months)

Entry Credit Score	Decline	No Change	0% to 10%	11% to 25%	26%+	Total
<550	4%	1%	18%	11%	3%	36%
550-599	4%	1%	17%	4%	0%	27%
600-649	3%	1%	14%	2%	0%	21%
650-699	2%	1%	6%	1%	0%	10%
700-749	1%	0%	2%	0%	0%	4%
750+	1%	1%	1%	0%	0%	2%
Total	15%	5%	58%	19%	3%	100%

Peer Comparison of Impact

Accenture found an average client improvement to FICO scores of **34 point increase to FICO scores for HOPE clients across a 6 to 11 month period of time and a 47 point increase to FICO scores across a 12+ month period of time**. After conducting an industry peer review including published literature on the success of financial counseling firms, Accenture found this improvement to FICO scores to be **2-3x the rate of its non-profit and for-profit peers**.

The **greatest impact is created for <650 entry FICO score clients**. After engaging in HOPE services, 80% of these clients experience an increased score with the largest improvements from lower entry FICO scores <550. Improvements in the lowest tranches allow clients to reach the 580 threshold to qualify for FHA loans. Achieving scores between 580-670 reduces underbanked and unbanked clients allowing these customers access to lower interest rates, and more manageable loans while also eliminating the need for predatory lenders.

Referrals Provide Additional Value

Referrals generated by HOPE's programs to measure financial education impact (via client conversion) for CRA investment reporting are valuable to HOPE's financial partners. HOPE converts on average **41% of counseling clients to outbound referred customers for banking partners**. The HOPE Inside program generates more than 4,000 bank referrals annually and this referral performance is projected to grow 36% in 2019.

HOPE referrals generate revenue for financial partners that impact economics of the HOPE Inside model. **Partner branches generate on average \$6.2K revenue from inbound referrals**.

Average Referral Revenue

