

2017 ANNUAL REPORT



Free Classes

Financial
Capability

Excel Centers



Coaching



Wealth
Accumulation
Centers

Financial
Services



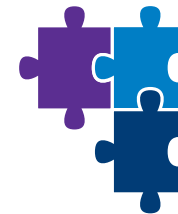
Education

RedDough
Money Centers



prosperity connection®

We Aren't Going Anywhere



CHAIRPERSON'S REPORT

We have come a long way since our founding in 2009 by the St. Louis Community Credit Union's Board of Directors. The thousands of clients we have served at our four Excel Center locations have found doors opened to enhanced opportunities and a financial freedom that is equipping them with the ability to build savings for themselves and their families. The stories of success are heard every day. And the evidence is in the number of car loans made, the houses purchased, the school tuition paid for and the credit scores steadily rising.

This work does not happen by accident. It takes persistent, dedicated and committed persons who understand their clientele and know the strategies and solutions that will help each and every person. Executive Director Paul Woodruff heads up a team of compassionate, seasoned and carefully trained individuals who shepherd our clients through the ups and downs of financial management. There is no one set script and one size does not fit all. Yet, we serve all our clients equally with dignity and respect, always with an eye towards finding a successful solution. The Board thanks our outstanding staff for a very positive year of accomplishments and for their professional and passionate approach to their work.

The work of our staff is augmented by the tremendous outpouring of partners who share their time, expertise, skills and, often, financial resources. The integration of financial education and social services calls on us to continually expand our outreach through our RedDough Money Centers, financial classes, community engagement and other endeavors. Without our partners and those who volunteer to teach classes we could not offer the variety or volume of educational and enrichment experiences we do.

Finally, we know that many non-profits and businesses, after five years, close their doors because they cannot make it. There were those betting that given our

task of meeting the needs of the low-to-moderate income populations and providing an alternative to payday lending, that we would end up in the same situation. But after almost ten years we have learned how to meet the needs of our intended target population, how to garner and nurture partners and investors and how to measure our impact. Our rapid growth is a testament to our founding partner, the St. Louis Community Credit Union, and to those in the community who have recognized the invaluable services we are providing. We have been richly recognized with the What's Right With the Region award, the Arcus Award for Achievement in Financial Services and the Community Development Agency Executive Director of the Year award.

So, on behalf of our talented Board of thought leaders and passionate individuals, I ask you to read about our accomplishments this year in our report. And I say to you that we aren't going anywhere. In fact, we are just getting started.

In appreciation,

Susan E. Katzman
Chairperson

2017 Year in Review



BENTON PARK WAC OPENED

In May, the Prosperity Connection team opened its second Wealth Accumulation Center (WAC) in the Benton Park West Neighborhood of St. Louis City. Our partners at St. Louis Community Credit Union (SLCCU) procured a \$2 million New Markets Tax Credit allocation through the St. Louis Development Corporation, which was purchased by US Bank's Community Development Corporation. Through the investment, SLCCU built a state of the art facility which houses a branch for its retail operations, our second RedDough Money Center, and our fourth Excel Center. Prosperity Connection partnered with Enterprise Bank & Trust to open a \$500,000 line of credit to operate RedDough, while the US Bank Foundation and TIAA provided significant grant funding to operate Excel Center programs.



Allyn Dault-Harris



Robert Nelson

NEW TEAM MEMBERS

The Prosperity Connection team expanded in 2017 with the addition of two new financial coaches, Robert Nelson and Allyn Dault-Harris, as well as the introduction of Tamika Wicker as RedDough's new Operations Manager. Robert, funded through the generosity of the US Bank Foundation, became our first full-time coach out of the new St. Louis City WAC, while Allyn, funded through our partners in the 24:1 Community, was added as our third coach in St. Louis County. Both work with partner groups to serve clients through classes and one-on-one sessions. Tamika has taken the helm of RedDough's day-to-day operations and works between both retail stores to motivate staff, monitor our loan performance, and ensure the smooth delivery of service



INNOVATION AWARD

At the 20th Annual What's Right With the Region Awards, presented by FOCUS St. Louis, Prosperity Connection was honored in the Demonstrating Innovative Solutions category for its work to combat predatory payday lenders through RedDough Money Center. RedDough features safe and affordable financial products and services like low-cost check cashing services, short-term loans, bill-pay, money orders, re-loadable debit cards, money transfers and more to those individuals who either cannot qualify for a bank account or, for personal reasons, have decided to stay out of the mainstream. This honor has helped to highlight the need for affordable small-dollar loans, as well as the unique mission of Prosperity Connection to meet people's financial needs through practical solutions.

PUTTING THE PIECES OF THE FINANCIAL PUZZLE TOGETHER IN 2017

ASSETS

Assets purchased included 13 homes, a car, and a business.

DEBT

Several clients significantly paid down their debt in 2017; some by more than \$8,000!

SAVINGS

One client saved \$20 cash every payday in her savings diary. She is now up to nearly \$1,500!

CONFIDENCE

Financial confidence is measured via pre- and post-tests and in coaching sessions.

HEALTHY PRODUCTS

Healthy financial products include mainstream checking accounts, credit builder loans, retirement plans, etc.

COLLECTIVE CLIENT ACHIEVEMENTS

REFERRALS

Staff refer clients to local partners for critical wraparound services.

CREDIT SCORE

In total, 17 clients improved their credit scores, ranging from 3 to 144 points.

CLASSES

331 classes were held at our Excel Centers and in the community.

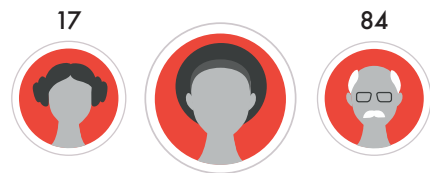
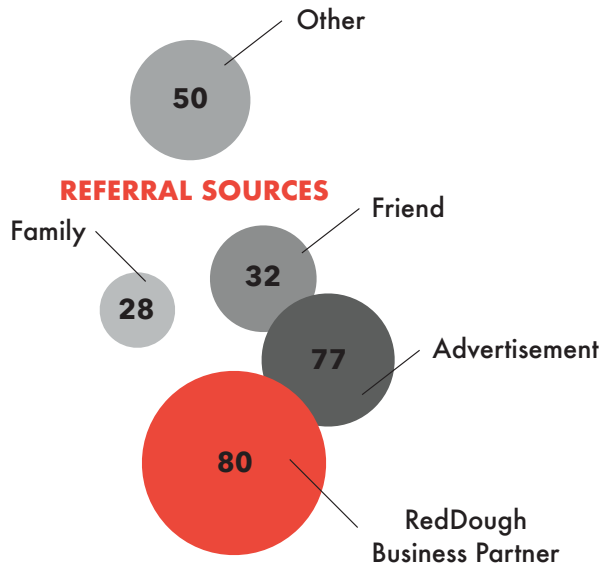
COACHING

Many clients attend multiple coaching sessions. The total number of unique clients in 2017 was 467.

GOALS

Clients self-identify their goals. Examples include decreasing debt and purchasing a home.





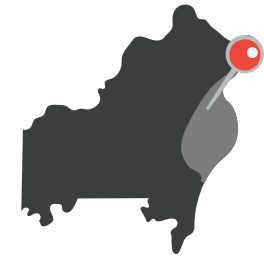
Average age for borrowers was **42** years old.



Average monthly income for borrowers was **\$2,533**



African-Americans comprised **98%** of borrowers



Borrowers came from **48** unique zip codes in the St. Louis region

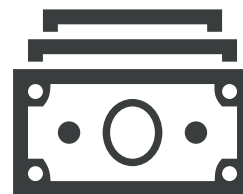


924 Loans Disbursed
308 Money Orders Sold
239 Checks Cashed
115 Debit Cards Sold

SERVICES RENDERED

\$544,407

Total Loan Dollars Disbursed



\$589

Average Loan Amount

Client Spotlight



FAYE

"I've had to use payday loans a few times in the past, and they are so expensive. You can get hung up in them and never get out."

Faye has worked from the time she was 15. When it came time to retire, there wasn't a whole lot of money saved up waiting for her. She anticipated living off her social security, which was calculated at \$600 a month. But in fact she only gets \$120.

"I'm 78. I don't see myself completely retiring. I couldn't survive."

Faye discovered RedDough, borrowing \$500 to start. Treina Lind, President of RedDough Money Center, walked her through the process. Faye remarked at how welcoming the staff was; she hasn't been able to get that kind of personal attention anywhere else. After paying off the first loan promptly, Faye returned because she found out she could take out more for what she needed.

"I try to help my kids, and sometimes you end up overstretching yourself."

She elaborated, "My grandson had an accident with my car. I was almost done paying it off. I had one more payment left. Nobody wanted to give me credit because of my score. I finally got a loan but my car note was \$600 a month."

Faye is now trying to get her credit straightened out. She would like to buy a small house for herself and her adult daughter. Her daughter lives with complications from obesity and diabetes; she lost one of her kidneys and is in line to receive a new one from a donor. Her knees and hips bother her when climbing the steps to their second floor apartment.

Faye explained that she is thankful for RedDough being there. Instead of being caught in a debt loop, she is able to afford the monthly payments without sacrificing other necessities.

"Thank God for RedDough. I wish more people knew about it. There is a better way and RedDough is it. I believe in it."

"Thank God for RedDough... There is a better way and RedDough is it. I believe in it."



ANTHONY

Anthony is a disabled veteran with a constant positive outlook on life. He was homeless until he found the Missouri Veteran Endeavor (MOVE-STL) which is a long-term housing facility for veterans located in the 24:1 Community footprint. As soon as he moved in, they referred him to start financial coaching. His first session was in May 2017. Since then he has had 11 in-person coaching sessions and 8 accountability follow-ups.

He started with reviewing and setting a new budget. Anthony observed that although he was capable of working on his own, he found that Financial Coach Meghan Gardner provided extra guidance and was able to answer questions as they came up. Soon he was on his way to improving his credit score. Now Anthony's goal is to purchase a home and save in case of an emergency. He never misses a session, and he always comes prepared. He tracks all of his expenses to make sure he's within his budget.

"It helps to put everything in order and in perspective. Write everything down."

It's not always been easy. Anthony had an unexpected tire blowout. Even after insurance covered part of it, the repairs were costly. He borrowed money from his mother to cover the remainder.

Anthony is unflappable and has kept a positive attitude, throughout. "When things change, you have to adjust with it," he stated resolutely.

Even though his medical expenses have been costly in the past couple of months, he made his last payments on Verizon and Progressive debt collections, repays his mom regularly and puts a set amount into savings every month.

Anthony has worked so hard for the past year and is committed to his goals. He is focused on building an emergency fund and being prepared for property taxes due in December. Even though he has experienced extreme hardships, his positive outlook on life could light up any person's day.

"It helps to put everything in order and in perspective. Write everything down."

STATEMENT OF FINANCIAL CONDITION FOR FISCAL YEAR ENDING DECEMBER 31, 2017

ASSETS

Current Assets	
Checking/Savings	\$ 847,156.02
Other Current Assets	\$ 142,258.77
Total Current Assets	\$ 989,414.79
Fixed Assets	
Capital Improvements	\$ 181,615.58
Furniture and Fixtures	\$ 92,887.99
Accumulated Depreciation	\$ (24,384.95)
Total Fixed Assets	\$ 250,118.62
Other Assets	
Loans Receivable, Net	
Loan Principal	\$ 288,027.36
Loan Loss Allowance	\$ (76,983.14)
Total Other Assets	\$ 211,044.22
TOTAL ASSETS	\$ 1,450,577.63

LIABILITIES & EQUITY

Liabilities	
Current Liabilities	\$ 16,119.64
Long-Term Liabilities	\$ 765,737.60
Total Liabilities	\$ 781,857.24
Equity	
Unrestricted Net Assets	\$ 391,776.97
Retained Earnings	\$ 66,273.92
Net Income	\$ 210,669.50
Total Equity	\$ 668,720.39
TOTAL LIABILITIES & EQUITY	\$ 1,450,577.63



Through the generous support of our funders, Prosperity Connection was able to impact the lives of thousands of low-to-moderate-income families throughout the St. Louis region. Our financial coaches and RedDough Money Center team would not have been able to provide clients and customers with access to free financial education, coaching, and affordable financial services without them. Prosperity Connection would like to thank all our funders for their contributions.

We are especially grateful to the above presented organizations that provided support of \$5,000 or higher.

BOARD OF DIRECTORS

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Tony P. Janssen, US Bancorp

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Robert Nelson, V
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REDDOUGH MONEY CENTER

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Tamika Wicker, Operations Manager
Thomas O'Farrell, Accountant



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