

2016 Annual Report



THE VILLAGE COMMUNITY

OUR MISSION

...is to provide a place where people with disabilities are nurtured and valued; a place where they will be engaged in all aspects of their lives, learning and working alongside their friends, family, and members of the community.

www.TheVillageCommunity.org

How do we ensure that our children and others like them maintain a high-quality and engaging life?

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To Our Membership/Stakeholders

*The Executive Board of The Village Community (TVC) is excited to report on our **second full year** of operation! Our focus this year was not necessarily on growth, but rather, on providing **exemplary services** to our members through a variety of engaging experiences and **extraordinary support** from our highly-qualified and dedicated long-term staff.*

***Community support** has remained overwhelmingly positive, and has even broadened as we have built several strong and mutually-beneficial relationships in both Cedar and Johnson counties. We look forward to **future collaborations** with both old and new supporters.*

*The Village Community Board wishes to convey **our deepest appreciation** to our TVC families, our friends, donors, and other stakeholders. Your encouragement and support has helped to turn our vision and commitment into a reality.*

The following report shares some of the highlights from 2016 and looks ahead to the future of The Village Community.

2016 in Review:



HITS

- ✓ Exceeded our 2016 financial goals
- ✓ Maintained critical accreditations
- ✓ Navigated the MCO transition without long-term financial consequences



MISSES

- ✗ Experienced some temporary challenges with the privatization of Medicaid
- ✗ Discontinued contract with one MCO due to severely delayed reimbursements

Operating Highlights

While 2015 was a year of thoughtful and deliberate planning, 2016 was our year to execute and to confirm our plans.

Some top accomplishments in 2016:

- ✓ Expanded the newly-founded Day Program.
At ~16 members and 8 staff, we seem to have found our 'sweet spot' for program size for the foreseeable future. At this size, we can maintain a 2:1 (or often 1:1) ratio and our members are able to choose from a variety of individualized activities throughout the day.
- ✓ Established a solid team of full-time staff.
TVC was able to hire and retain an excellent team of direct care staff and leaders. While we continued to offer highly-attractive pay and work environment, we shifted toward recruiting and rewarding long-term, full-time staff by adding an excellent benefit package with generous PTO and premium health insurance.
- ✓ Strengthened community relationships.
In 2016, we benefitted from several community partnerships. TVC was nominated by the West Branch Community Development Group for a state award recognizing our volunteer efforts on Main Street projects. And we expanded our partnerships with University of Iowa (medical, psychology, and nursing) students who toured, volunteered and/or organized special events for our members. We look forward to ongoing collaborations with our valued community partners.
- ✓ Successfully adhered to financial strategy.
We continued to prioritize spending on member experiences and staff compensation, while continuing to limit overhead spending. Our financial strategy allowed us to provide continuity of excellent care to our members, while saving enough in reserves for the 2017 purchase the property at 5305 Herbert Hoover Highway.

One challenge we overcame in 2016:

- ✗ Experienced a somewhat rocky start with Managed Care Organizations.
Iowa's April 1st privatized Medicaid transition was a significant challenge for small programs such as ours. MCOs proved to be untimely payers, with some reimbursements lagging by several months. At one point, TVC had to access a line of credit in order to meet payroll. Fortunately, several of our members were able to maintain traditional IME Medicaid (HIPP), which allowed for half of our income to remain stable during the transition. In addition, we had sufficient cash reserves to work through most reimbursement delays. While we had to drop our contract with the MCO that continued to delay payments, we now have a good working relationship with the MCO with which we will continue to partner.

2017 Targets:



OPPORTUNITIES

- ⊙ *Controlled program growth*
- ⊙ *Pursue donations and grants for capital investments*
- ⊙ *Continue to build equity for future residential projects*
- ⊙ *Continue fostering partnerships with community resources*



THREATS

- *Medicaid funding cuts at state/federal levels (per capita caps and block grants)*
- *Medicaid privatization (for-profit companies reducing reimbursement rates or limiting member service access)*

Financial Highlights

In 2016, we continued to focus on high-quality member experiences as we swiftly moved toward our sustainability goals. During our first full year of full-time programming, we aimed for financial stability in support of The Village Community's long-term plans.

Financial growth in 2016:

- Gross income ↑ 153%
- Net income ↑ 188%
- Assets ↑ 53%
- Equity ↑ 134%
- Grants/Donations ↓ 32%

TVC Business Model

Fiscal Priorities

While our program has grown considerably, one thing that has remained constant is our intention to allocate a majority of our budget to items that directly contribute to a high-quality engaging experience for our members.

Examples of such spending include:

- Recruiting and retaining highly-qualified staff with wages significantly higher than those of other local service providers.
- Creating and maintaining safe, attractive, functional and inviting areas for members to learn new skills, interact with each other, and have fun.
- Participating in a variety of engaging outings so members can explore their strengths and interests.
- Arranging for high-quality recreational therapies and activities on site.
- Essentially... Prioritizing and investing in member success rather than in overhead and administration.
- This philosophy requires founding family investment, staff commitment, engagement of key families and community partners, and significant volunteer hours. But we all agree – it is well worth it!

Looking Ahead

The Executive Board's priorities for 2017-18 are to continue:

- ✓ Achieving ambitious tactical and strategic goals,
- ✓ Mitigating significant risks (namely those to public funding),
- ✓ Assessing requirements and developing a timeline for expansion into residential services.

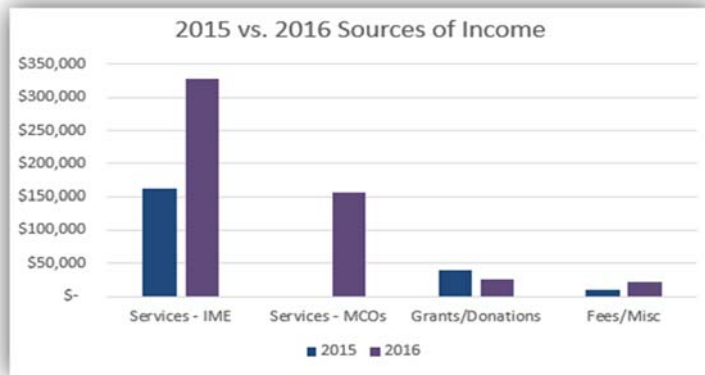
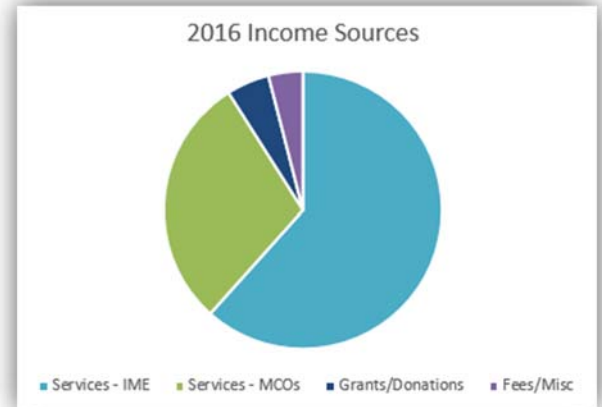
2016 Financials

This was a year of establishing stability for the program and in building our equity for future investment.

2016 Income Sources

This graph (right) displays income sources as a percentage of total funding.

In 2016, Medicaid privatization did not take place until Q2. So the impact of the MCO funding source is somewhat under-represented in the 2016 graph. In 2017 and beyond, we would expect to see the MCO income source become a larger share of total income. This becomes noteworthy if the MCOs begin reducing reimbursement rates or scaling back services in order to save money. We will continue to monitor any risks to funding.



2016 Income Growth

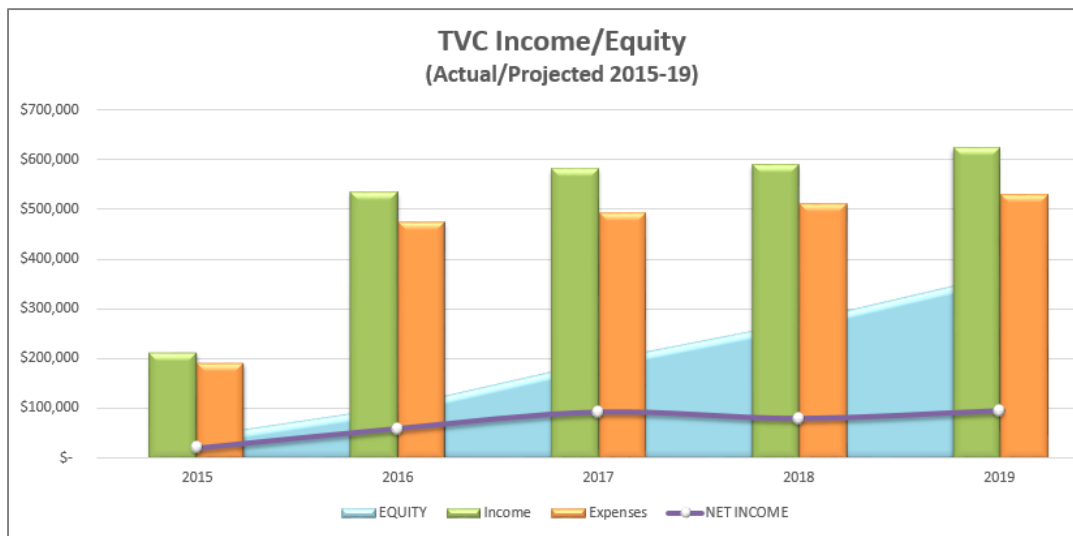
The graph on the left illustrates the increase in income between 2015 and 2016, along with the change in income sources.

Note that in 2016, billable services are separated by IME vs. MCO reimbursement following the April 1st transition to privatized Medicaid.

2016 Equity

As TVC maintains a conservative spending budget, we are able to build equity year after year.

Below are our actual and projected values for income, expense, and accumulated equity for 2015-2019.



In early 2017, TVC will purchase the Herbert Hoover Hwy property (donation of equity is reflected through the temporary increase on the net income line).

Future equity will be used to someday secure residential property when we are ready to expand into that service area.

2016 Expenses

TVC's spending remains in line with our mission to provide our members with high quality and engaging activities, settings, and staff. The vast majority of our budget is allocated to areas that directly impact member experiences. 2016 Expenses are shown and described below:



73% = Staff wages: Paying wages significantly higher than other local providers allows TVC to attract and retain excellent direct care staff. In addition, in 2016 TVC began offering an exceptional benefits package to all full-time employees.

12% = Property expenditures: This category includes rent and equity payments, maintenance (gravel, landscaping/gardening, etc.) and improvements. These expenses provide a safe, spacious, and welcoming environment for our members.

8% = Member Activities: This expense covers a variety of outings and onsite therapies, as well as high-quality meals/groceries, supplies, projects, and engaging activities and outings geared toward our members' individualized learning and enjoyment. *

5% = Facility/van usage costs: These are the costs of occupying the property (such as utilities) and owning/using our van (insurance, depreciation, etc.) to transport members to all of those fun outings.

2% = Costs of doing business: As mentioned, we try to keep overhead costs to a minimum. Necessary expenses include accounting services, insurance, required subscriptions, and dues. These expenses don't directly improve the member experience, but they are critical to sustaining our business.

** Member activities are partially offset by the \$100 monthly activity fee, which covers approximately one-third to one-half of those expenses.*

2016 Satisfaction Surveys

Summary of Results:

Member Engagement

4.9
5

Program Activities/Space

4.9
5

Communication

4.8
5

Program Comparability

4.8
5

Member/Family Satisfaction

Survey: TVC conducted member and family surveys at the end of 2016.

This year, we did one 'Family' survey that was sent to parents/guardians for a collective response regarding the experiences and perceptions of the member and his/her family.

Questions: Topics ranged from activities/choice to safety/cleanliness, and staff/leadership.

Results: were compared to the corresponding results from the 2015 survey, so we could identify not only strengths and opportunities, but trends as well.

Responses were highly favorable, and scores improved slightly over last year. TVC still took the opportunity to evaluate comments and respond to a general request for additional communication to families. Overall, results were very positive, with relative strengths (4.9/5.0) seen in the areas of Member Engagement and Program Activities/Space.

Where we found slightly lower ratings (4.8/5.0) in Communication and Program Comparability, we realized that some families were unaware of the nature of TVC's regular activities and outings. We are acting on this insight by sharing more information about program activities. (While being mindful that we strive to limit administrative tasks, in order to allocate spending to direct member care and interaction.)

Lastly, we also surveyed families to gauge interest in residential and/or vocational services that we could possibly add in the future. This information will be very useful in upcoming strategic and financial planning activities.

Below are a few survey comments affirming that we are fulfilling our mission and exceeding families' expectations.

"My son is kept stimulated and engaged... When I bring him in the morning my heart is full because I know that he is going to have a fabulous day with people who are invested in him. The model for this Day Hab should be replicated."

"Personalized care, calm environment, interesting facility are a winning package."

"My daughter's stamina for activity and engagement have increased greatly since being at TVC full time. It is wonderful to see."

"I am so impressed with the variety of activities and the guests they bring to engage with the members."

"The staff are well qualified, consistent and responsive to member needs. I appreciate TVC's commitment to staff. I believe this has contributed to staff satisfaction and ultimately low turnover."

"People who don't see (our son) often are commenting on his immense growth this year. His vocabulary, demeanor, and social skills have greatly improved! We credit his Village staff as role models, and acknowledge their purposeful encouragement and facilitation of social interactions between members."

Conclusion

It has been exciting to witness the growth and energy coming off of a very successful 2016 – a year in which we were able to meet and exceed our program and financial goals. We hope for continued stability in the coming years, given recent state legislative challenges and potential federal legislative changes on the horizon that could negatively impact our Medicaid funding. We will continue to monitor and mitigate those risks. Our top priority will remain the provision of high-quality, engaging member experiences (via Dayhab program) delivered by exceptional and consistent direct care staff members. Our budget will continue to reflect our priorities, and if funding allows, we may be able to expand into additional services one day.

As always, we are grateful for our Village families' dedication, feedback, and support. We look forward to an equally amazing year in 2017!

Contact Information

The Village Community's Executive Board is available to answer your questions or hear suggestions for our organization. We are most easily reached at TheVillageCommunity@post.com



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For More Information

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