

2019 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 fifth full year of operation. 2019 was a year of **growth and stabilization** for TVC. We were able to mitigate the state's day habilitation rate reductions via a staggered extension, which ended in July 2019. Before that date, we had sufficiently **diversified** our income sources by expanding into residential services, such that we were able to absorb the rate cuts without a reduction in service provision or quality.*

*TVC continues to proactively manage the risks associated with privatized Medicaid (with reimbursements being controlled by for-profit insurance companies). We continue to look for ongoing solutions and mitigations. For now, the Board feels very **confident** in our **long-term success and sustainability**.*

*The Village Community Board remains **incredibly grateful** for the generosity and ongoing encouragement of our TVC families and friends. Your unwavering support is what allows us to explore new opportunities while continuing to deliver excellence.*

The following report shares some of the highlights from 2019 and looks ahead to the future of The Village Community.

2019 in Review:



HITS

- ✓ Mitigated extended funding reduction
- ✓ Expanded services into Daily SCL
- ✓ Exceeded our 2019 financial goals
- ✓ Created a new position to lead legislative/policy, funding, and accreditation efforts



MISSES

- ✗ Unable to influence legislative change that would have helped members and providers.

2019 Operating Highlights

This was a year of fairly predictable navigation of service provision under Managed Care Organizations (MCOs). While we continue to face numerous roadblocks at seemingly every turn, we are becoming more proficient at getting around those obstacles and refocusing on our top priority: the highest quality service provision that we are able to deliver.

Significant accomplishments in 2019:

- ✓ Mitigated tiered Day Habilitation (Day Hab) cost rate decreases.

By meeting with numerous legislators and IME administration, TVC was able to negotiate a rate extension for about half of our members (those who are reimbursed through IME on the fee-for-service model, rather than through the MCOs). The exception rate was slightly reduced from our current rate, and was phased out mid-year. Nevertheless, the partial rate extension offered a slower transition to reduced income and allowed us to expand our business model.

- ✓ Expansion into Daily Supported Community Living (SCL).

In late 2018, thanks to the generosity of a family looking for a better solution for their family member's living situation, we were able to explore the residential model. By the first quarter of 2019, the TVC residence was running smoothly. We had worked out the challenges of 24/7 service provision, and we had a well-staffed and seamless operation. Our Daily SCL members are thriving and enjoying their new space. Because of our financial model of very low overhead, we were able to accommodate just two members living together and often enjoying 1:1 staffing. This reduces stress on both members and staff and allows for a very healthy living environment. As we look at opening additional residential locations, we will want to replicate this model.

- ✓ Exceeded financial expectations for the year.

Our 2019 budget was again quite conservative, following the 2017-18 sudden and dramatic rate cut we experienced. Our 2019 financial strategy prioritized:

1. Keeping services diversified and balanced in order to reduce our reliance on a single revenue stream going forward. We now have a wider variety of Medicaid-reimbursed services, as well as some other public and private income sources. We will continue to look for additional opportunities to pursue.
2. Outlining a strategy and building future cash reserves. To further insulate ourselves from a sudden rate cut or other unforeseen disaster, we have recognized the need to build cash reserves over time. The Board has decided to move this priority to the forefront and keep it at the top of every decision we make.

2020 Targets:



OPPORTUNITIES

- *Stabilize income via reliable combination of Day Hab, Daily SCL and Hourly SCL*
- *Utilize newly-hired exec-level advocate to write grants, lobby our legislators, lead accreditations, fundraise, and do community outreach*



THREATS

- *Potential additional funding cuts (esp. those impacting residential services)*
- *Medicaid privatization (MCO instability, service reductions, and billing difficulties)*

- ✓ Director of Compliance and Community Relations

Recognizing that our volunteer Board has been stretched very thin, running most aspects of the TVC operation, we realized during our recent CARF accreditation that we had a vulnerability without any dedicated executives. We set a goal to begin succession planning, including the development of a new position to tackle executive responsibilities of which the Board is unable to devote our desired attention. In mid-2019, the Board deemed our financial position sufficient to develop this position and begin recruiting. We were able to add an exceptionally-talented and well-connected member to our executive team in June.

A recurring challenge throughout 2019:

- ✗ We were again unable to influence any change during either legislative session of 2019 which would have benefitted members and providers. *Though we continued to engage many senators and representatives, we were unable to successfully advocate for rate increases, policy exceptions, updates to Iowa Code, or administrative rules changes. Our new executive team member acted as a legislative liaison, having had many years of experience and many relevant connections in Des Moines. But with our allies in the minority in both state houses and with an opposing governor, we were again unable to influence systemic local, regional, or statewide change. As always we will continue to advocate with the hope of influencing some incremental changes.*

Looking Ahead

The Executive Board's priorities for 2020-21 are to continue to look for and capitalize on opportunities while anticipating and mitigating threats, such as:

Opportunities:

- Optimizing our budget while continuing delivering exceptional programs.
- Stepping up our work with legislators and administrators.

Continue to utilize our new executive-level position (Director of Compliance and Community Relations) to advocate on behalf of providers, our members, and their families. This position is also responsible for fundraising, grant writing, and leading ongoing accreditation activities.

Threats:

- Ongoing funding/reimbursement issues.

This is a threat that we will likely continue to face long-term. In addition to rate uncertainty, we regularly experience major delays in reimbursement (as in, 9 month MCO delays!). This underscores the need for an aggressive cash reserve. During 2020, we will continue to mitigate reimbursement issues as we have done in the past.

2019 Financials

Summary: 2019 was a relatively stable and healthy year financially, thanks to continued generous donations, the remaining term or our partial rate extension for Day Hab (through June 2019), and significantly increased income from Daily SCL services and a few other sources.

Financial Highlights

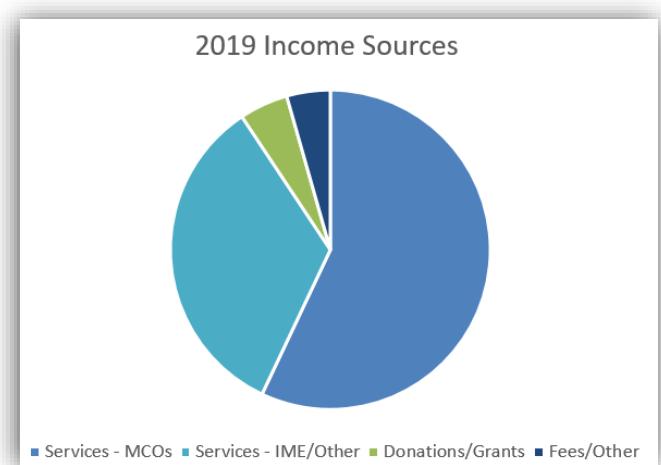
Our 2019 financials greatly benefitted from diversified services (especially residential/Daily SCL). However, there is still room for improvement with fundraising and overall net income.

- Income from services ↑ 24% (*Day Hab reimbursements fell another 8%, but were more than offset*)
- Income from grants/donations/other ↓ 18% (*mostly due to 2018 skewed by very large donation, but there is definitely an opportunity to increase grants & donations in 2020 via our new executive position*)
- Net income (- depreciation) ↓ 33% (*mostly attributed to 2018 house donation decrease and 2019 additional salary expense & residential startup*)
- Equity ↑ 23%

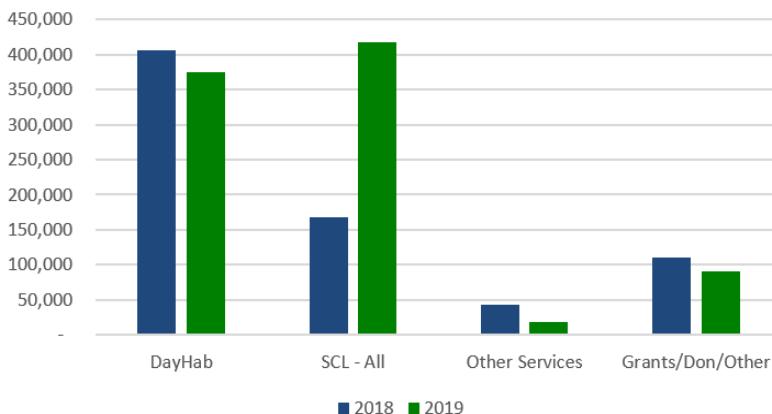
2019 Income Sources

The graph on the right displays 2019 income sources as a percentage of total funding.

TVC remains highly reliant on MCOs for timely and complete reimbursement. This continues to be an issue with MCOs unable to consistently pay in full and on time. For this reason, the TVC Board has had to amend our financial policy, significantly increasing minimum cash reserves to avoid borrowing to make monthly payrolls. The Board continues to advocate for legislative change in 2020-2021 that would be beneficial to providers and our members and families.



2018 vs. 2019 Sources of Income



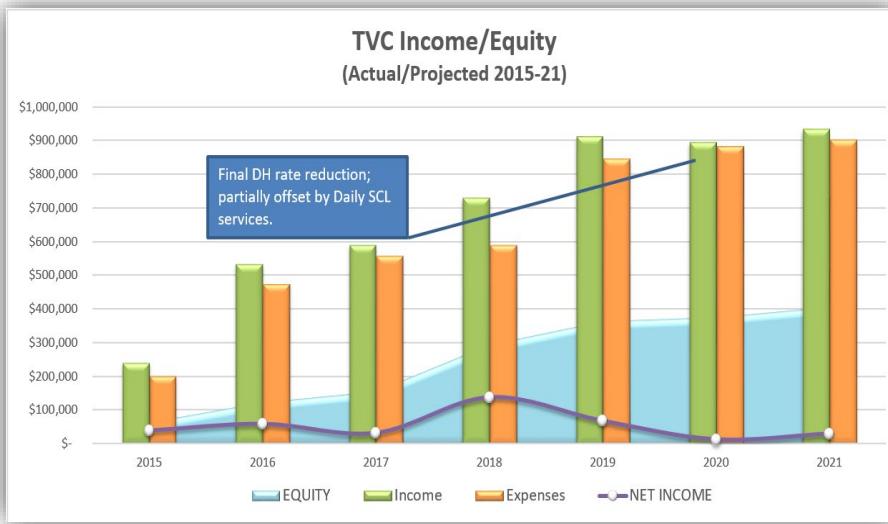
2018-2019 Services Income

This graph illustrates this year's shift in services income. As Day Hab income continued to decline in 2019 (due to rate reductions, and despite additional service hours), we shifted to providing more SCL services – mainly boosted by a full year of (residential) Daily SCL. Going forward, we will continue to look at expanding residential locations as well as exploring additional opportunities for non-Medicaid funding.

2015-21 Actual & Projected Financials

TVC realized significant Net Income and Equity growth in 2018, due to aggressive cost reductions and a 2nd half income increase from expanded service provision and a significant donation. This type of growth,

however, is not sustainable long term. As additional Day Hab reimbursement rate reductions occurred in mid-2019, our services income has leveled out. SCL reimbursements have offset much of the loss and should allow us to continue to build cash reserves to mitigate the risk of MCO payment delays. At the same time, we will need to be mindful of future projections and may need to add service volume or significant fundraising activities in future years.



2019 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. 2019 Expenses (similar proportions to 2018) are shown and described below:

85% = Staff wages: We continue to pay much higher salaries to recruit and retain excellent direct care staff, and we enjoy very little turnover as a result. Staff wages increased in 2019, due to the addition of 24/7 Daily SCL, provided for the entire year, as well as a new executive position. Salaries now comprise 85% of our budget, as Daily and Hourly SCL services are often 1:1, requiring increased labor hours.

5% = Member Activities: This expense covers a variety of on- and off-site activities, as well as high-quality meals, supplies, and engaging opportunities and outings geared toward our members' unique preferences and goals.

6% = Property expenditures: Include maintenance, landscaping/gardening, mortgage interest, etc. These provide a safe, spacious, and welcoming environment for our members.

3% = Costs of doing business: As mentioned, we try to keep overhead costs to a minimum. Necessary expenses include accounting services, insurance, required subscriptions, accreditation, and dues. These expenses don't directly improve the member experience, but they are critical to sustaining our business.



2019 Satisfaction Surveys

Summary of Results:

Member Engagement

97%

Program Activities/Space

97%

Communication

91%

Overall Satisfaction

97%

Member/Family Satisfaction

TVC conducted member and family surveys in August 2019. Those results are reported here and summarized in the sidebar.

Once again, feedback was overwhelmingly positive - - especially in regards to program space, activities offered, member engagement, and overall satisfaction in the program.

While our target is 90% satisfaction, if we identify a relatively lower-performing metric, such as "Communication" at 91%, we want to proactively address it. Similar to school programs, many parents would like to receive a daily note of their son/daughter's activities. We had worked out some individualized communications for some of our members whose ISPs require it, but in general, we didn't have a mass-communication tool, other than monthly emails from the director discussing past and upcoming activities and important news. For a more timely solution, in 2019, we adopted a text-blasting tool that made it easier to send out quick messages to families who opted in. This tool was well-received, and we look forward to assessing communication satisfaction going forward to see whether this had an impact.

Given our recent Daily SCL services endeavor, we thought it was important to ask our current day program families about their vision or hopes for their family member's future residential needs. We asked whether they eventually see their family member living in a TVC home, and if so, what would be the anticipated timeframe for that. 80% of respondents were certain they would pursue this option, and the other 20% were interested, but not yet certain. The average anticipated start date for residential service needs varied from 0-10+ years, with an average of 5 years. This information will be extremely helpful in our strategic and business planning for the next several years.

"It seems that a lot of time and creative thinking go into weekly activity planning. [My son] has had SO many opportunities for unique outings that he would not otherwise have."

"Sets the standard for what adult special needs programming should entail."

"Fantastic program with incomparable staff!"

"She certainly smiles a lot while at TVC, and the staff seem to know her very well."

"For the first time in her life, she feels a sense of belonging outside of our family. She has friends at TVC and enjoys the opportunity to contribute and be a part of something."

"My son continues to mature in his problem-solving and self-advocacy skills."

TVC Business Model

Fiscal Priorities

Despite recent funding challenges and uncertainties, our fiscal priorities remain the same: operate a sustainable, high-quality program by allocating a majority of our budget to items that directly contribute to member engagement. Such as:

- Paying higher direct care staff wages than other local providers,
- Maintaining safe, attractive, functional and inviting areas for members,
- Participating in varied and engaging outings,
- Providing high-quality recreational therapies and activities on site.
- Essentially... **Prioritizing and investing in member success** rather than in overhead and administration.
- This model requires founding family investment, staff commitment, engagement of key families and community partners, and significant volunteer hours. But – year after year – we continue to agree – it is well worth it!

Conclusion

The Village Community began 2019, having just started our first Daily SCL (residential) endeavor. This diversification away from our primary service of Day Habilitation was key to our ongoing financial stability and organizational sustainability. Throughout, we have continued to enjoy incredible support from our TVC families and friends, as well as dedication from our amazing and loyal staff. Our financial focus has shifted from simply making ends meet in 2018 to building a cash reserve in 2019 to attempt to insulate ourselves from MCO reimbursement delays, potential future rate cuts, and any other unforeseen policy/funding impacts.

In 2019, we were finally able to recruit and hire a very talented and capable addition to our executive team. As described in our strategic plan for years, we have long desired to have an exec-level paid team member who is dedicated to grant writing, fundraising, accreditation facilitation, and – most recently – legislative/policy advocacy work. Having the ability to allocate a salary to this position may be one of the more pivotal moments in regards to our long-term success. As we have long recognized our volunteer executive model – while effective and certainly cost-saving – is not sustainable in future years. We are anxious to further define and grow this position in alignment with our TVC mission.

The founding families' original mission endures. TVC's priority will always be to provide high-quality, engaging member experiences delivered by exceptional and consistent direct care staff. Our budget will continue to reflect our priorities in a sustainable way. And we will continue to push for state policy that will once again recognize the value of effective, family-driven, low-overhead programs like ours.

The Board's confidence and optimism remains high, as we will use 2020 to refine our service model and continue to look for low-risk, on-mission opportunities. As always, we remain grateful for the generosity of our supporters. We look forward to seeing what 2020 will bring!

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 TVC@TheVillageCommunity.org



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For More Information

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