

Community Alternatives, Inc.  
863 Glenrock Road  
Suite 200, Norfolk, VA 23502  
**Tel** (800) 475-0575  
**Fax** (757) 468-7007  
[www.comalt.org](http://www.comalt.org)



# ANNUAL REPORT

FY 2014

*Our Mission: To provide responsive person centered services to improve the quality of life of individuals and families*

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# TO OUR STAKEHOLDERS

## To Our Stakeholders

Each year, Community Alternatives, Inc. undergoes a process to refine and modify our strategic plan, under the leadership of our Board of Directors and with the close involvement of myself and management. The overarching goal of this plan is the pursuit of excellence. We define this goal in many ways, including: positive differences we have made in the lives of the people we serve; the development and advancement of our employees; and the continued stability of our organization after 34 years of continual operation, growth and community service. Each year we are faced with new challenges and this past year was no exception. We identified areas for improvement and moved swiftly to address areas below acceptable levels of performance. Our performance measures also demonstrated that overall our service quality and customer satisfaction continues to improve. Behind the analytics are trained and caring staff working with individuals with wide ranging and often severe disabilities resulting in often significant and sometimes life-saving results. We make a difference!

Operationally this past year, CAI underwent significant reorganization in our Finance department. New leadership in our Finance and Human Resources departments resulted in higher efficiency by cross-training our staff and improvement in our effectiveness with stronger internal controls throughout the organization. Our Virginia Residential programs also reorganized which allowed better use of company resources to better meet the needs of those we serve. This past year also saw an increase in our fundraising efforts, resulting in more successful grants, higher levels of charitable giving and full use of our tax credits. Our North Carolina programs continued to exceed financial performance goals while transitioning to new payer requirements and regulatory demands.

As we continued our efforts to position ourselves for future success, CAI launched a number of initiatives in FY 2014 which are currently underway. Much work has been done evaluating and testing Electronic Health Record software (EHR) which will improve our service documentation and ensure regulatory compliance. Our focus on grants and charitable giving is expected to increase and has been given a higher profile with the hiring of a full-time grant writer. Planning for growth to serve individuals with mental health diagnoses continues with the hiring of licensed staff eligible to serve a wide range of individuals.

Looking ahead, there are compelling challenges and opportunities for Community Alternatives, Inc. Our future growth and success will depend on our continued efforts in workforce development, creating efficiencies in existing work processes, developing new partnerships, expanding our service market through joint programming and launching new service ventures. With the support of our Board of Directors and community partners, we can strengthen our organization and fulfill our commitment to those we serve.

Vincent Gallo  
Chief Executive Officer

# EXECUTIVE PROFILE

## Executive Profile

VICE PRESIDENT OF FINANCE & ADMINISTRATION



**Stacie Newnam, CPA, QKA**

Stacie has recently joined Community Alternatives, Inc. (CAI) to serve in the newly formed position of Vice President of Finance and Administration. Prior to joining CAI, Stacie was a Senior Manager with Dixon Hughes Goodman, a firm she was with for 15 years. Stacie's experience in public accounting was focused on auditing large to mid-size organizations in the industries of manufacturing, real estate and service. She has a comprehensive knowledge of generally accepted accounting principles (GAAP).

Stacie received her Bachelor of Science in Business Administration degree from Old Dominion University. She is a Certified Public Accountant (CPA) licensed in Virginia and a Qualified 401(k) Administrator. She was recently recognized by the Virginia Society of CPAs as a Super CPA for Assurance Services.

She is responsible for the oversight of the preparation and review of the internal financial statements, including the reconciliations of subsidiary ledgers. She appropriately identifies and proactively mitigates risks and has an in-depth understanding of internal controls. She has presented for the Virginia Society of Certified Public Accountants on technical accounting and auditing topics. Stacie also serves as the Vice-Chairperson for St. Gregory the Great Catholic School's Advisory School Board.

# FINANCIAL SUMMARY

## Financial Summary

Community Alternatives, Inc. (CAI) receives revenue from four main sources: Medicaid, North Carolina State funds (IPRS), grants and commercial sales.

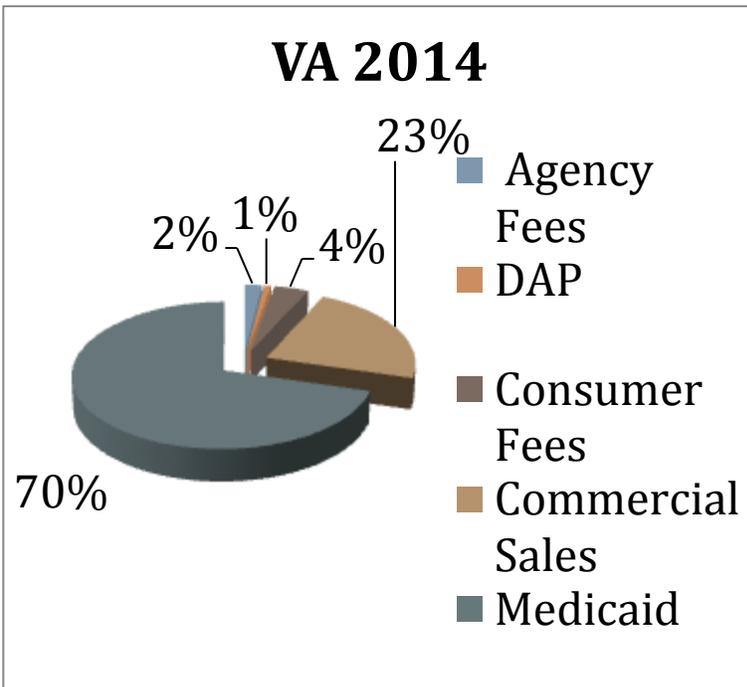
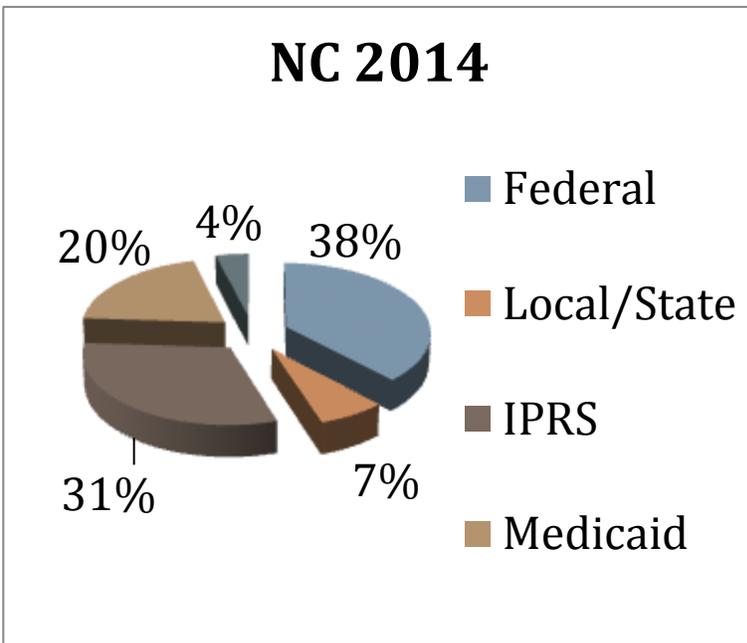
CAI received approximately \$8 million in revenue from Medicaid for services provided. The North Carolina program also received approximately \$4.3 million in state funds and grants. The state and grant funds allowed CAI to provide services and pay for certain direct costs associated with the clients in North Carolina. Examples of direct costs include: apartment rent, housing expenses, clothing, food, personal items, medication, resource material, and transportation. Beach Packaging, CAI's pre-vocational and vocational program, earned approximately \$2.3 million in revenue from commercial sales.

CAI also provided approximately \$450,000 in contributed care. Contributed care represents the services provided to clients that did not have Medicaid, insurance coverage, or the ability to pay.

CAI experienced significant financial challenges during the 2013-2014 fiscal year. Management has addressed these challenges by creating efficiencies in the operation of our group homes, modifying key business processes, implementing detailed analyses of expenses for reductions, aggressive marketing of our services to new consumers and new hires in key management positions. The changes in leadership will allow CAI to leverage the collective expertise of the dedicated senior management to better serve our consumers, meet our stewardship responsibilities and fulfill our mission. In addition, the finance department has been reorganized to maximize individuals' skills and ability, and all the finance functions have been consolidated to the Norfolk, Virginia location to allow for efficiencies in cross-training. These changes and improvements will have a direct financial impact on the operations of the company in the upcoming year and beyond.

# EARNED REVENUE BY PAYER

## Earned Revenue by Payer



## Employee Excellence



### AMY MORGAN WINS NATIONAL AWARD

Amy Morgan, a manager with Community Alternatives Inc., was recently honored with the Charles "Chuck" Edward Hunt Jr. Career Achievement Award given each year by SourceAmerica, a national nonprofit organization whose mission is to provide employment to people with significant disabilities. Amy is responsible for the pre-vocational, vocational and supportive employment programs that help disabled adults with job opportunities. She also manages CAI's Beach Packaging business, which employs 62 disabled people.

Congratulations Amy!

# 2014 HIGHLIGHTS

## 2014 Highlights

\*Relocation of our Durham North Carolina treatment site which increased space for our consumer's, provided a much improved treatment milieu and reduced storage costs.

\*North Carolina staff managed program budgets effectively ending the year with a positive bottom line exceeding \$500,000.

\*North Carolina hired a Service Authorization Specialist allowing consolidation of state-wide authorization management and enhancing timely and effective communication with our finance department and billing accuracy

\*Human resources substantially reduced the number of days positions are vacant in our Virginia residential services program ensuring compliance with state requirements for staff to consumer ratios, supporting continuity of care and reducing overtime.

\*Human resources implemented the Applicant Tracking System creating efficiencies in the recruiting process and more enhanced data collection.

\*Human Resources worked diligently with company staff in managing Workers Compensation Claims; specifically injured employees following up with physicians in a timely manner which ultimately reduces the combined cost of claims resulting in a lower annual cost for CAI.

\*New experienced program managers have been hired in residential, OUDP, and In-home/Supportive Living service areas resulting in immediate improvements in budget management and revenue generation. Internal auditing processes were also redefined to increase program accountability.

\*Improved operations in our Virginia residential, In-home and Supportive Living programs through consolidation of residential beds and increased supervision of direct care staff in both programs.

\* Our OUDP program has made a significant change in consumer to staff ratios in an effort to improve the consumer's service quality and satisfaction. A year ago, the ratio was 1:7-8. Today the ratio is 1:2-3. This new staff structure supports person centered services by providing sufficient staff supervision and participation in activities, outings and personal engagement. We have increased our level of integration in the community by participating in volunteer activities such as meals on wheels and delivering paper goods to local animal control centers. These activities occur at least weekly and involve individuals with a variety of physical and intellectual disabilities.

\*Information Technology successfully updated all computers company computers to Windows 7. IT earned customer satisfaction scores of 97% for timely problem resolution and 98% for staff professionalism.

# PERFORMANCE MEASURES

## Performance Measures

### Virginia Program Data

#### Community Alternatives, Inc. Performance Indicators 2014

 Meets or Exceeds Standard
  Significant Progress Identified
  Below Acceptable Performance

Description	Metric			
In-Home DCAF notes completed in a timely manner	95% complete<48 hours			
In-Home Quarterly Reports completed in a timely manner	75% complete<10 days			
Supportive Living Program DCAF notes completed in a timely manner	95% complete<48 hours			
Supportive Living Quarterly Reports completed in a timely manner	75% complete<10 days			
OUDP Program DCAF notes completed in a timely manner	95% complete<48 hours			
OUDP Program Quarterly Reports completed in a timely manner	75% complete<10 days			
Beach Packaging DCAF notes completed in a timely manner	95% complete<48 hours			
Beach Packaging Quarterly notes completed in a timely manner	75% complete<10 days			
Residential Program DCAF notes completed in a timely manner	95% complete<48 hours			
Residential Program Quarterly Reports completed in a timely manner	75% complete<10 days			
Residential Program medication will be administered and documented accurately	Errors <.1% quarterly			
Overtime will be managed while maintaining consumer/staff ratios	Budget Parameters			
Res. Program will utilize authorized hours effectively to meet consumer needs	>85% of units billed			
OUDP will increase census to address community need	> or = 56			
OUDP - Consumers agree/strongly agree satisfaction with service & treated well	80% agree/strongly agree			
In-home - Consumers agree/strongly agree satisfaction with service & treated well	80% agree/strongly agree			
SLP - Consumers agree/strongly agree satisfaction with service & treated well	80% agree/strongly agree			
Res. - Consumers agree/strongly agree satisfaction with service & treated well	80% agree/strongly agree			
Voc. - Consumers agree/strongly agree satisfaction with service & treated well	80% agree/strongly agree			

# PERFORMANCE MEASURES

## Performance Measures

### North Carolina Program Data

#### Community Alternatives, Inc. Performance Indicators 2014

 Meets or Exceeds Standard
  Significant Progress Identified
  Below Acceptable Performance

Description	Metric			
P/M Charlotte - Babies born during the year will be drug free	90% babies born drug free			
P/M Charlotte - Birth weight will meet established newborn standard	90% babies $\geq$ 5.5 lbs.			
P/M Charlotte - Consumer referred for treatment will be admitted	$\geq$ 50% referrals admitted			
P/M Charlotte - Pregnant consumers referred will be admitted in a timely manner	95% < 2 weeks of referral			
P/M Charlotte - Consumer in treatment > than 90 days will test negative for drugs	$\geq$ 90% will test negative			
P/M Charlotte - Consumers admitted to residential remain for at least 3 months	$\geq$ 80% compliance			
P/M Charlotte - Program will operate within budgeted expense parameters	Actual/budgeted $\leq$ 1			
P/M Charlotte - Program will earn budgeted revenue	Actual/budgeted $\geq$ 1			
D/C Charlotte - Drug Court consumers will complete first level of treatment	35% complete first level			
D/C Charlotte - Drug court referrals will be scheduled for an assessment	100% will be scheduled			
Charlotte - Consumers will agree/strongly agree they are satisfied with services	$\geq$ 75% satisfaction			
Charlotte - Consumers agree/strongly agree they are treated with dignity/respect	$\geq$ 90% agreement			
Charlotte - Consumers agree/disagree quality of life increase after service	$\geq$ 90% agreement			
Charlotte - Staff compliance with all required training	$\geq$ 95% compliance			
Charlotte - State required NCTOPPS will be completed on time	$\geq$ 95% compliance			
D/C Charlotte - Drug court consumers will remain in care for at least 6 months	$\geq$ 60% compliance			
Charlotte - Consumers admitted will graduate or complete treatment	$\geq$ 30% compliance			
C/W Charlotte - Women enrolled in CASA WORKS will graduate from program	$\geq$ 75% will graduate			
C/W Charlotte - Women will become employed/or be in school while in program	$\geq$ 80% employed/ in school			
P/M Residential Charlotte - Women will graduate from treatment	$\geq$ 75% graduate program			
P/M Residential Charlotte - Women will have custody of their children	$\geq$ 90% will have custody			
D/C Charlotte - Consumers will report greater satisfaction with family connections	$\geq$ 75% greater satisfaction			
Durham - Program will operate within budgeted expense parameters	Actual/budgeted $\leq$ 1			
Durham - Program will earn budgeted revenue	Actual/budgeted $\geq$ 1			
Durham - Consumers admitted to residential remain for at least 3 months	$\geq$ 80% compliance			
Durham - Babies born during the year will be drug free	90% babies born drug free			
Durham - Birth weight will meet established newborn standard	90% babies $\geq$ 5.5 lbs.			
Durham - Consumers will agree/strongly agree they are satisfied with services	$\geq$ 75% satisfaction			
Durham - Consumers agree/strongly agree they are treated with dignity/respect	$\geq$ 90% agreement			
Durham - Consumers agree/disagree quality of life increase after receiving service	$\geq$ 90% agreement			
Durham - Staff compliance with all required training	$\geq$ 95% compliance			
Durham - State required NCTOPPS will be completed on time	$\geq$ 95% compliance			

# PERFORMANCE MEASURES

Durham – Consumer in treatment > than 90 days will test negative for drugs	≥ 90% will test negative	●		
P/M Residential Durham – Women will have custody of their children	≥ 90% will have custody	●		
C/W Durham – Women will become employed/or be in school while in program	≥ 80% employed/ in school			●
C/W Durham – Women enrolled in CASA WORKS will graduate from program	≥ 75% will graduate			●
P/M Durham – Women will become employed/or be in school while in program	≥ 50% employed/ in school		●	
WISH – Program will operate within budgeted expense parameters	Actual/budgeted ≤1	●		
WISH – Program will earn budgeted revenue	Actual/budgeted ≥1		●	
WISH – Babies born during the year will be drug free	90% babies born drug free	●		
WISH – Birth weight will meet established newborn standard	90% babies ≥ 5.5 lbs.	●		
WISH – Consumer referred for treatment will be admitted	≥ 50% referrals admitted	●		
WISH – Pregnant consumers referred will be admitted in a timely manner	95% < 2 weeks of referral	●		
WISH – Consumer in treatment > than 90 days will test negative for drugs	≥ 90% will test negative			●
WISH – Consumers will agree/strongly agree they are satisfied with services	≥ 75% satisfaction	●		
WISH – Consumers agree/strongly agree they are treated with dignity/respect	≥ 90% agreement	●		
WISH – Consumers agree/disagree quality of life increase after receiving service	≥ 90% agreement		●	
WISH – Staff compliance with all required training	≥ 95% compliance			●
WISH – State required NCTOPPS will be completed on time	≥ 95% compliance	●		
WISH – Women in the WISH program will have custody of their children	≥ 90% will have custody			●
WISH – Women will become employed and/or be in school while in program	≥ 50% employed/ in school			●
WISH – Women enrolled in the WISH program will graduate from the program	≥ 50% will graduate		●	

# COMPANY INFORMATION

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