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# ANNUAL REPORT

FYE JUNE 30, 2022

*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

Community Alternatives, Inc. had a very productive year. COVID bonuses were scaled back as the majority of CAI's employees received vaccinations. New offices were opened in Charlotte. These offices will support service expansion into integrated health services to new and existing clients. CAI secured an owner equity in a for profit LLC, CHN (Community Health Network) in anticipation of becoming a CMA (Care Management Agency). This collaboration will provide a competitive advantage for CAI as North Carolina implements its new Medicaid Transformation initiative. This partnership should create new business revenues and additional managed care opportunities. This will also set up new collaborative opportunities to launch new services in underserved NC markets. In Virginia the number of group home residents increased and OUDP started the year open for the first time since the pandemic began as well. All programs continued strict COVID protocols to keep both employees and consumers safe. CAI started the year continuing to pay COVID bonuses to employees only when there was exposure with consumer contact. By December the bonuses were discontinued in favor of an increase in pay for all positions with consumer contact. CAI also applied for and received a small amount of COVID assistance from the federal level. CAI also applied for and received a small ERC credit from the IRS. Unfortunately, we believe that any additional COVID related funding from the Federal or State level will not be available.

CAI continued to feel the pressure of an increasingly scarce labor market. Numerous open positions, both operationally and administratively, continued to plague the business. CAI is looking into contracting with outside consultants to assist in creating an employee hiring and retention strategy. As the year began to approach its close VA's main funder DMAS announced the probability of a significant rate increase to assist providers with attracting and retaining staff. The generosity of donors was evident again resulting in the full use of our tax credits well before the end of the fiscal year.

Looking ahead, there are compelling challenges and opportunities for Community Alternatives, Inc. It was decided late in the fiscal year that all offices and outpatient locations would reopen the beginning of the next fiscal year. Continuing to keep our employees and consumers safe during the pandemic is CAI's highest priority. All COVID protocols are to be adhered to going into the next year. 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

# FINANCIAL SUMMARY

## Financial Summary

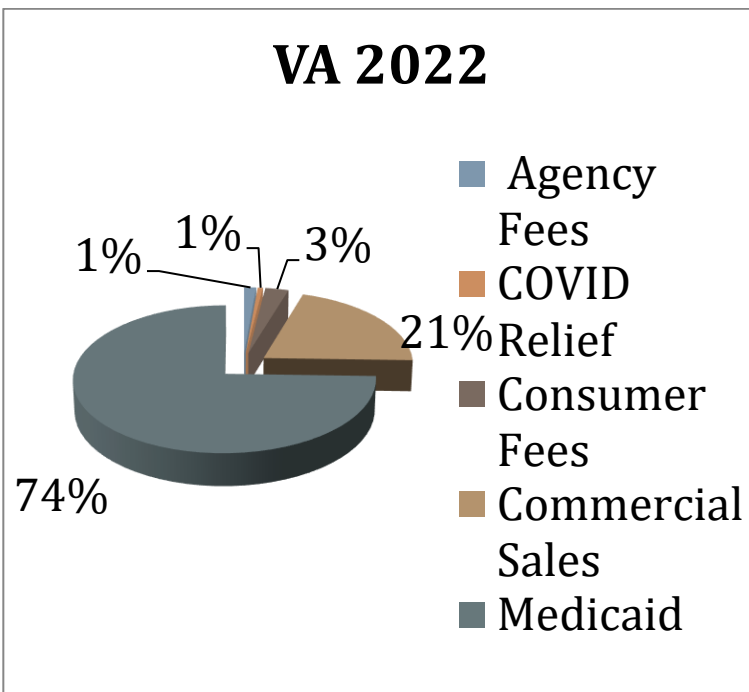
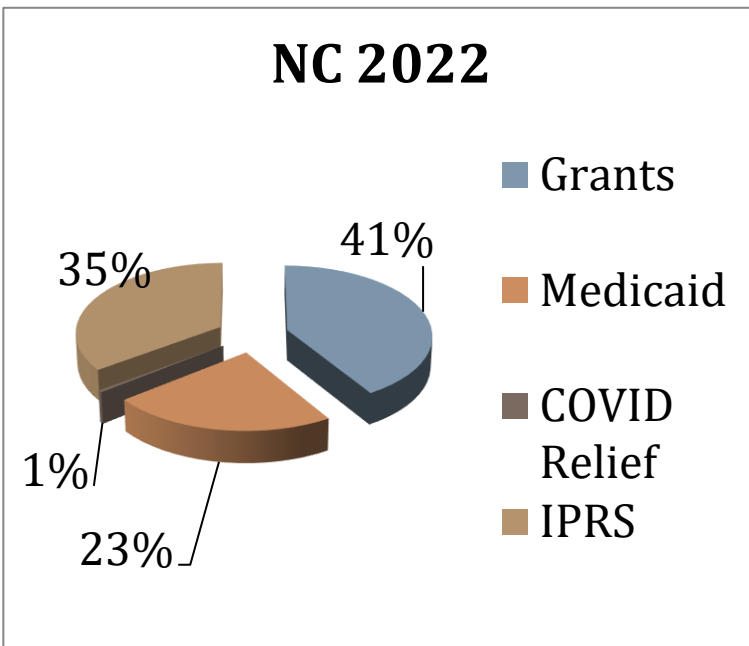
CAI is reporting an increase in net assets of approximately \$290K for the Year ending June 30, 2022. That is \$790K over budget YTD and \$2,541K less than the same time period Last Year. Revenues were down dramatically YOY by \$3.5M. This is due primarily to the decrease in COVID related assistance received. CAI only received \$88K in COVID assistance during this fiscal year as compared to \$3.4M in the prior fiscal year. Another factor bringing down Net Income was the accounts receivable reserve. Allowance for doubtful accounts ended the year at \$169K. This was primarily due to funder issues. In VA CAI's main funder, DMAS, changed its billing system. It did not work for several months. This took several months to resolve and dragged through the end of the fiscal year. In NC our main funder, Alliance, absorbed another funder, Cardinal. Alliance took on all of Cardinal's obligations including grants, IPRS and Medicaid. Their systems also had issues that slowed AR collection. In addition many of the grant contracts fell through their cracks and had to be recognized as an obligation to them. NC's issues also dragged through the end of the fiscal year. CAI also provided approximately \$333K in contributed care. Contributed care represents the services provided to clients that did not have Medicaid, insurance coverage, or the ability to pay. One of our main VA funders DMAS, raised rates across the board by 12.5% in the beginning of the fiscal to address labor shortage concerns throughout the system. That allowed CAI to give generous raises to most front line workers and bonuses to managers in key areas. As the year began to approach it's close VA's main funder DMAS announce the probability of a significant rate increase to assist providers with attracting and retaining staff

Total YTD expenses YOY are down \$279K YTD when compared to the same time Last Year. Salaries and wages are the primary driver of this. This cost is down \$249K due to vacant positions and furloughs. This was offset by \$106K in YE bonuses paid to managers for their hard work during COVID. Also, all line staff were given raises at the beginning of December. Consumer Program Expenses were down to a decrease in need COVID PPE. Facility Costs increase \$196K YOY with the move into the new Charlotte building and increased lease costs. Vehicle Costs are still down \$51K YOY as operations are still coming back from Pre COVID levels

As CAI heads into the new fiscal year it does so with good cash reserves (primarily COVID relief from prior year), returning operations and a hope that the effects of the pandemic begins to subside.

## EARNED REVENUE BY PAYER

### Earned Revenue by Payer



# 2022 HIGHLIGHTS

## 2022 Highlights

VA staff managed program budgets effectively ending the year with a Net Income exceeding budget by \$1,767K. The reopening of OUDP at the beginning of the year helped drive VA revenue. In addition, VA's main funder, DMAS, increased all rates by 12.5% for the entire year which helped Medicaid income exceed that budget item by over \$1M. Lastly, open positions kept salary and wages in VA under budget by \$544K

\*Forgiveness of the \$1.8M PPP loan and various COVID related CARES act grant money from the prior Fiscal year provided CAI with considerable cash reserves during the next year

Began to re open the VA OUDP program as vaccines rolled out

All NC Outpatient remained closed due to COVID

\*North Carolina missed budgeted Net Income by \$952K. The biggest reason for this was the delay in opening Opioid treatment in NC and outpatient operations still being closed due to COVID. \$235K of that shortfall was due to not being able to spend down grant money because of closed operations during COVID.

CAI went the entire year without utilizing the Line of Credit

CAI also provided approximately \$333K in contributed care in NC. Contributed care represents the services provided to clients that did not have Medicaid, insurance coverage, or the ability to pay.

COVID bonuses were scaled back as the majority of CAI's employees received vaccinations.

New offices were opened in Charlotte. These offices will support service expansion into integrated health services to new and existing clients.

CAI secured an owner equity in a for profit LLC , CHN (Community Health Network) in anticipation of becoming a CMA (Care Management Agency). This collaboration will provide a competitive advantage for CAI as North Carolina implements it's new Medicaid Transformation initiative. This partnership should create new business revenues and additional managed care opportunities. This will also set up new collaborative opportunities to launch new services in underserved NC markets.

# PERFORMANCE MEASURES


## Performance Measures

### Virginia Program Data

#### Community Alternatives, Inc.

#### Performance Indicators 2022

 Meets or Exceeds Standard
  Significant Progress Identified
  Below Acceptable Performance

Description	Metric			
Residential - 90% of individuals receiving treatment would say they had the ability to participate in developing their person-centered plan	>90%			
Residential -95% of individuals receiving treatment would say they access to all living areas in their home	>95%			
Residential -95% of individuals receiving treatment would say they access to food at any time	>95%			
Residential Program to produce results within the designated budget	Year End Measure			
Residential - 100 % of consumers able to participate in community engagement at least twice a week (Unable to achieve due to COVID)				
In-Home to operate within it's program budgets	100% complete<2XWeek			
In-Home - 90% of authorized hours will be used monthly per individual receiving services	Year End Measure			
In-home - 90% of individuals receiving treatment would say they had the ability to participate in developing their person-centered plan	90% complete per month			
In Home - 90% of Consumers agree/strongly agree satisfaction with service & treated well	= or > 90%			
In Home -95% Consumers agree/strongly agree satisfaction that their choices and preferences are honored by CAI	90% agree/strongly agree			
OU DP - 90% of individuals receiving treatment would say they had the ability to participate in developing their person-centered plan	95% agree/strongly agree			
OU DP – 90% Consumers agree/strongly agree they are satisfied with service & treated well	= or > 90%			
OU DP to operate within it's program budgets	90% agree/strongly agree			
OU DP – Consumers agree/strongly agree satisfaction that their choices and preferences are honored by CAI	Year End Measure			
OU DP – 75% of consumers able to participate in community engagement of their choice as per their ISP (Unable to achieve due to COVID)	75% agree/strongly agree			
Vocational Services to operate within it's program budgets	Year End Measure			
Vocational Services - 75% of the workforce will meet the classification of disabled	Year End Measure			
Vocational Services - 95% of individuals receiving treatment indicate they agree that their employment reflects their individual strengths, abilities and choices	>95%			
Vocational Services - 90% of individuals receiving treatment would say they had the ability to participate in developing their person-centered plan	90% agree/strongly agree			

# PERFORMANCE MEASURES

Vocational Services - 90% of Consumers agree/strongly agree satisfaction with service & treated well	= or > 90%			
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## Summary – VA Performance Measures:

Monthly: Revenue goals fluctuated across VAP due to changes in programming related to the COVID 19 pandemic. In addition to the changes related to reduction in service hours for day programs and in-home supports, salary costs are higher than expected due to vacancies, bonus pay related to the pandemic and leave time paid to staff for COVID related issues

Due to the COVID 19 pandemic that began in March of 2020, and in accordance with the Governor's mandates and recommendations from DBHDs, VAP has not provided Community Engagement. Outings typically provided by residential and day services are also interrupted due to the COVID 19 pandemic and the associated recommendations and Governor mandates.

An exception to the ratio of disabled workers to non-disabled workers was given by Source America due to the COVID 19 pandemic. The ratio of disabled workers to non-disabled workers at the end of this quarter is 50% for the agency. The ratio at the Ability One site, Little Creek, is 93%. The ratios were impacted this fiscal year by staff shortages/reduced direct labor hours due to the COVID-19 pandemic



# PERFORMANCE MEASURES

## Performance Measures

### North Carolina Program Data

#### Community Alternatives, Inc. Performance Indicators 2022



Description	Metric	Green	Yellow	Red
P/M Charlotte – Babies born during the year will be drug free	90% babies born drug free	Green		
P/M Charlotte – Birth weight will meet established newborn standard	90% babies ≥ 5.5 lbs.		Yellow	
P/M Charlotte – Consumer referred for treatment will be admitted	≥ 50% referrals admitted			Red
P/M Charlotte – 20% of clients showed improvement in their wellness	≥ 20% compliance		N/A	
P/M Charlotte – Consumer in treatment > than 90 days will test negative for drugs	≥ 90% will test negative		Yellow	
P/M Charlotte – Consumers admitted to residential remain for at least 3 months	≥80% compliance			Red
P/M Charlotte – Program will operate within budgeted expense parameters	Actual/budgeted ≤1			Red
P/M Charlotte – Program will earn budgeted revenue	Actual/budgeted ≥1			Red
P/M Charlotte – discharged client will be contacted at least 3 times	≥75% compliance			Red
Charlotte – Consumers will agree/strongly agree they are satisfied with services	≥ 75% satisfaction	Green		
Charlotte – Consumers agree/strongly agree they are treated with dignity/respect	≥ 90% agreement	Green		
Charlotte – Consumers agree/disagree quality of life increase after service	≥ 90% agreement	Green		
Charlotte – Consumers admitted will graduate or complete treatment	≥ 30% compliance			Red
C/W Charlotte – Women enrolled in CASA WORKS will graduate from program	≥ 75% will graduate			Red
C/W Charlotte – Women will become employed/or be in school while in program	≥ 80% employed/ in school			Red
P/M Residential Charlotte – Women will graduate from treatment	≥ 75% graduate program			Red
P/M Residential Charlotte – Women will have custody of their children	≥ 90% will have custody	Green		
Durham – Program will operate within budgeted expense parameters	Actual/budgeted ≤1		Yellow	
Durham – Program will earn budgeted revenue	Actual/budgeted ≥1	Green		
Durham – Consumers admitted to residential remain for at least 3 months	≥80% compliance		Yellow	
Durham – Babies born during the year will be drug free	90% babies born drug free	Green		
Durham – Birth weight will meet established newborn standard	90% babies ≥ 5.5 lbs.	Green		
Durham – Consumers will agree/strongly agree they are satisfied with services	≥ 75% satisfaction	Green		
Durham – Consumers agree/strongly agree they are treated with dignity/respect	≥ 90% agreement	Green		
Durham – Consumers agree/disagree quality of life increase after receiving service	≥ 90% agreement		Yellow	
Durham – Discharged clients in the program for more than 90 days will be contacted 3X to complete an discharge survey	≥ 75% compliance			Red

# 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	●		
P/M Residential Durham – 75% of the women in the program will graduate	≥ 75% graduation			●
C/W Durham – Women enrolled in CASA WORKS will graduate from program	≥ 75% will graduate			●
C?W Durham – Women will become employed/or be in school while in program	≥ 80% 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		N/A	
WISH – Birth weight will meet established newborn standard	90% babies ≥ 5.5 lbs.		N/A	
WISH – Consumer referred for treatment will be admitted	≥ 50% referrals admitted		●	
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 – Discharged clients in the programs > 90 days will be contacted t least 3X to complete a discharge survey	≥ 75% compliance		N/A	

## Summary – NC Performance Measures:

Charlotte budgets came up short primarily due to the delay in opening Opioid treatment due to COVID

COVID necessitated the extension of program timeline for graduation

COVID limited school/work options to on line only

N/A = No consumers were in the outpatient program due to COVID

No discharges at WISH that were >90 days

## Performance Measures

# COMPANY INFORMATION

## Company Information

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