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ANNUAL REPORT

FYE JUNE 30, 2023

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 successful year. It was decided at the beginning of the fiscal year that all offices and outpatient locations would reopen as COVID slowed its pace. NC launched its Medicaid transformation with the utilization of CMA (Care Management Agency) providers. The rollout of this program was problematic at the state level and participating providers suffered on the revenue side. As the CMA rollout continues and our relationship with our equity partners CHN (Community Health Network) continues to grow, CAI looks forward to new collaborative opportunities to launch new services in underserved NC markets. In Durham the residential treatment program relocated to new apartments. In Virginia, all Medicaid programming benefitted from rate increases. Net Income increased over last year in all VA programs and raises were made available to all line workers for the second year in a row. This year was also the first year in 3 where CAI did not receive any COVID assistance. With that in mind CAI still achieved a Net Income of \$1,096K for the year without utilizing its Line of Credit once. The generosity of donors was evident again resulting in the full use of our Neighborhood Assistance Program (NAP) tax credits well before the end of the fiscal year.

Looking ahead, there are compelling challenges and opportunities for Community Alternatives, Inc. CAI continues to feel the pressure of an increasingly scarce labor market. Numerous open positions, both operationally and administratively, continued to plague the business. CAI contracted with outside consultants to assist in creating an employee hiring and retention strategy. In addition, CAI plans to bring on a VP of Human Resources with expertise in recruiting to focus on this issue. 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

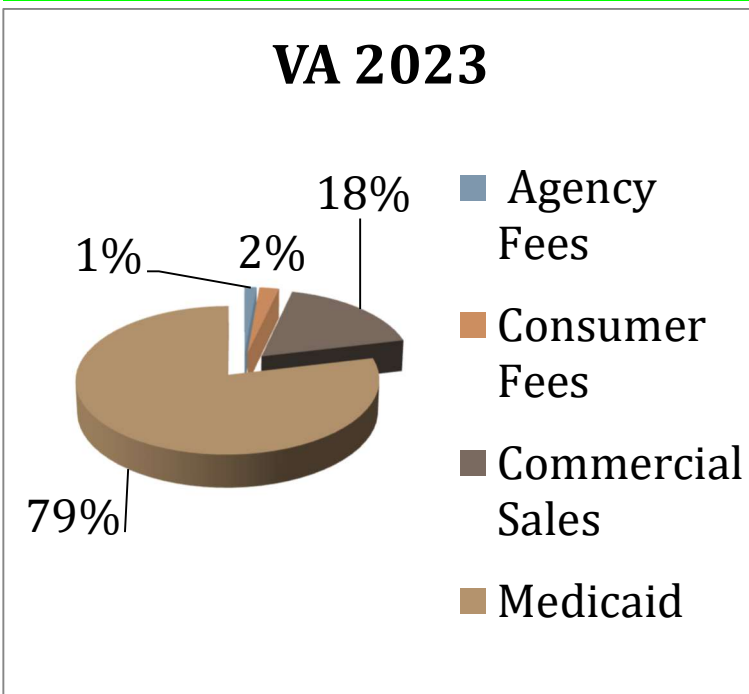
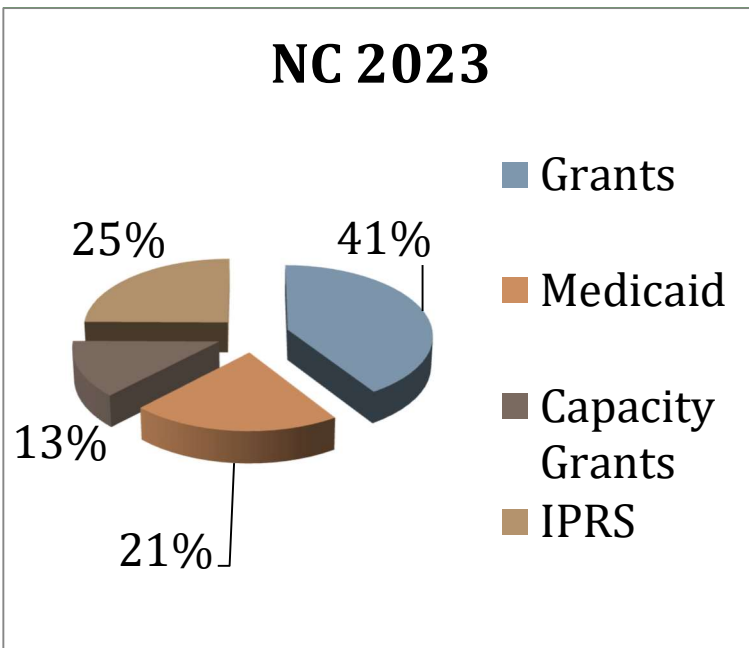
CAI is reporting an increase in net assets of approximately \$1,096KK for the Year ending June 30, 2023. That was \$806K better than the same time period Last Year. Revenues were up dramatically YOY by \$2.5M and up to budget by \$448K. This is due primarily to Medicaid being up \$1.6M YOY and the receipt of CMA Capacity Funds in NC of \$650K. VA was the main driver of Medicaid increases due to a DMAS rate increase. CAI provided approximately \$341K 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.

Total YTD expenses year over year were up \$1,279K YTD when compared to the same time Last Year. Salaries and wages are the primary driver of this. This cost is up \$756K due to salary increases. All line staff were given raises at the beginning of December in both 2021 and 2022. Consumer Program Expenses were up from last year as programming continues to grow post COVID. Facility Costs increase \$263K from last year due the lease escalations. Vehicle Costs are up \$21K YOY as operations begin 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 continue to subside.

EARNED REVENUE BY PAYER

Earned Revenue by Payer



2023 HIGHLIGHTS

2023 Highlights

All offices and Outpatient programs opened for business at the beginning of the Fiscal year as Covid subsided.

VA staff managed program budgets effectively ending the year with a Net Income exceeding budget by \$2,142K. The full 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 by over \$1.6M.

Open positions continue to hamper all programs. In VA programs has resorted to utilizing high levels of OT and temporary labor. Budget overages of \$192K for OT and \$985K for Temporary Labor were symptomatic of these staff shortages

North Carolina rolled out its Medicaid transformation this year. NC programs created 3 Care Management teams in each service providing city.

NC programs missed budgeted Net Income slightly by \$71K. The biggest reason for this was the NC's troubled rollout of the Medicaid transformation. This created revenue issues. This was remedied by NC providing \$650K in capacity grants to replace the missed revenue. In addition, staffing shortages drove budget overages of \$145K in OT for the year.

CAI also provided approximately \$341K in contributed care. Contributed care represents the services provided to clients that did not have the ability to pay. That amount was \$341K for the year. NC accounted for \$301K of that. VA totaled \$40K

COVID bonuses were eliminated at the beginning of the fiscal year

Durham's residential treatment program relocated to new apartments. The new locale provides more amenities to our consumers, maintenance issues are resolved quicker, and the location is more conducive to providing services.

CAI's owner equity in a for profit LLC, CHN (Community Health Network) continued for a second year. CHN will partner with CAI in providing data warehousing and advocacy as NC's CMA (Care Management Agency) rolls out. 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.

CAI also made great strides in improving technologies to make program delivery more efficient and effective. Some of the initiatives included upgrading Office Suite to Microsoft 365, beginning the migration of data to cloud based platforms, and upgrading network routers to name a few

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 staffing ratios)				
In-Home to operate within its program budgets	100% complete<2XWeek			
In-Home - 90% of authorized hours will be used monthly per individual receiving services. (Unable to achieve due to staffing ratios)	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 its 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 its 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 and Net Income goals were achieved throughout the VA programs due to DMAS rate increases

Community Engagement is still lagging behind where it should be. Staff ratios make it difficult to take consumers on outings and admit additional clients. Staffing shortage creating high levels of OT and Temporary Labor

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

PERFORMANCE MEASURES

Performance Measures

North Carolina Program Data

Community Alternatives, Inc. Performance Indicators 2022

Description	Metric	Green	Yellow	Red
SFP Charlotte – Women will complete the program	≥ 80% complete program			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.	Green		
P/M Charlotte – Consumer referred for treatment will be admitted	≥ 50% referrals admitted			Red
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		Yellow	
P/M Charlotte – Program will earn budgeted revenue	Actual/budgeted ≥1		Yellow	
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	Green		
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	Green		
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 at least 3X to complete a discharge survey	≥ 75% compliance		N/A	

Summary – NC Performance Measures:

Program budgets came up short primarily due to the NC's troubled rollout of the Medicaid Transformation

Staffing shortages are creating Program issues in both treatment and admission

COVID Outbreaks are still preventing consumers from leaving the campus for outings hampering graduations, employment and custody issues

COMPANY INFORMATION

Company Information

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