

***WILLOWS WAY INC.***  
***ANNUAL REPORT 2004***

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*December 2004*

*Prepared for Willows Way Board of Directors*  
*By*  
*Steven Brennell*  
*Executive Director*

**MISSION STATEMENT**

*Willows Way provides personalized supports to individuals with challenges, promoting dignity while fostering independence, growth and life choices within the community.*

## **MEETING THE CHALLENGES OF THE FUTURE**

**“BUILDING ON FIFTEEN YEARS OF PERSON-CENTERED SUCCESS”:**

*From our inception in 1990 through the visionary actions of our founders, the mission of Willows Way Inc. has remained steadfastly focused on the creation and provision of person-centered support options for people with disabilities. Promotion of their individual and collective dignity in our community has been our goal, and advocacy for their individual and collective rights has been our responsibility.*

*Today nearly the entire service system in the state of Missouri reflects the person-centered philosophy promoted in our incorporating articles and our mission statement. This observation is not presented as a causative explanation for the state of the service system, rather I believe that the current status of service delivery in our state and our nation affirms the vision and wisdom expressed in the mission and value systems of Willows Way Inc. As Willows Way continues in our mission, it is critical and accepted that the beacon guiding our organizational development continue to be this person-centered philosophy and value system.*

*As Executive Director of Willows Way, I pledge that our person-centered philosophy and value system will be foremost in the collective conscience of the leadership team of Willows Way as we make and implement the policy and practice decisions that guide and support our service delivery on a daily basis. The efforts we will be making to gain efficiencies in service delivery and organizational structure will all be evaluated from the perspective of enhancing the life outcomes for our customers.*

*Steven Brennell  
Executive Director  
Willows Way Inc.*

### **Board of Directors**

*Elizabeth Grygo, President*

*Dan Turpin, Vice-President*

*Chuck Moors, Secretary*

*Nick Ippolito, Treasurer*

*Rhonda Brown, PhD.*

*Dennis Delfert, PhD.*

*Lisa McAllister-Price*

*John Spear*

**WILLOWS WAY INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDING JUNE 30 2004**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support &amp; Revenue:</b>			
Contributions	\$ 32,423.67	621.00	33,044.67
Fundraising	23,424.20		23,424.20
Grants/fees	593,176.10	192,987.28	786,163.38
Government fees	3,228,089.31		3,228,089.31
Other fees	23,799.96		23,799.96
Interest/investment income	810.91		810.91
Miscellaneous	13,768.57		13,768.57
Building rental	136,204.98		136,204.98
Net assets released from restriction	<u>197,160.96</u>	<u>(197,160.96)</u>	<u>- - -</u>
<b>Total Support &amp; Revenue</b>	<b><u>4,248,856.66</u></b>	<b><u>(3,552.68)</u></b>	<b><u>4,245,305.98</u></b>
 <b>Expenses:</b>			
Program Services:			
Residential Habilitation	2,622,831.74		2,622,831.74
Independent Supported Living Arrangements (ISLA)	546,547.78		546,547.78
Employment –At Your Service	222,169.34		222,169.34
Home Care Options	48,584.84		48,584.84
Others	116,306.35		116,306.35
Supporting Services:			
Management and general	501,465.94		501,465.94
Fundraising	82,220.67		82,220.67
Rental costs	<u>101,199.28</u>	<u>                    </u>	<u>101,199.28</u>
<b>Total Expenses</b>	<b><u>4,241,325.94</u></b>	<b><u>- -</u></b>	<b><u>4,241,325.94</u></b>
 <b>Change in Net Assets</b>	<b>7,532.72</b>	<b>(3,552.68)</b>	<b>3,980.04</b>
Net Assets, June 30, 2003	<u>1,202,879.81</u>	<u>3,552.68</u>	<u>1,206,432.49</u>
<b>Net Assets, June 30, 2004</b>	<b><u>\$1,210,412.53</u></b>	<b><u>\$ - -</u></b>	<b><u>\$1,210,412.53</u></b>

## **YEAR IN REVIEW**

### **PROGRAM HIGHLIGHTS:**

#### *Enrollment Hallmark:*

*With the year 2004 drawing to an end, Willows Way Inc marks the completion of fourteen years of service provision to adults with developmental disabilities. From our incorporation in 1990 and provision of respite care services, to the creation of the first supported living home in the state of Missouri in 1991, and through today's operation of four support services, Willows Way has consistently and successfully maintained a leading role in the development of person-centered service options for people in our community. Over this past year sixteen men and women have selected Willows Way as their provider of support services or entered one of our service programs, raising our **total individual customer enrollments to 107 individuals in December of 2004**. This represents an increase of 17% over the prior year's customer enrollment total. Our total service program enrollments have increased to 122 enrollments, from 104 in the prior year. This is also a 17% increase in service program enrollments for the year 2004.*

#### *Professional Accreditation:*

*Willows Way Inc has successfully maintained our professional accreditation status as a leading provider of person-centered services through The Council for Quality and Leadership in Services for People with Disabilities. In November of 2004 representatives of The Council visited Willows Way to certify our service provision systems and management processes according to their personal outcome attainment standards. From their review **Willows Way Inc has received a recommendation for full three-year accreditation status from The Council's Certification Board**. This is the third consecutive full accreditation recommendation obtained by Willows Way in the three Council accreditation surveys in which we have participated.*

#### *At Your Service Recognition:*

*This has been an outstanding year for the At Your Service entrepreneurial employment support service offered by Willows Way Inc. Under the dynamic leadership of Becky Cummings, our AYS service has received increased community attention and recognition. **The Missouri Association of County Developmental Disability Services awarded our At Your Service program their statewide "Cutting Edge" award for employment services**. Additionally our AYS program was also the **subject of a television media presentation on the KETC "Living St. Louis" program**, and this segment has been shown on-air frequently over the past 6 months.*

*Given the popular and innovative support concepts presented in the At Your Service model, Willows Way has also succeeded this year in securing new funding arrangements with the St. Charles County DDRB and the Missouri Department of Mental Health that will support future expansion of this service.*

#### *REALITIES Meets the Challenge:*

*While Willows Way Inc. has successfully maintained service expansion and agency growth during these last three years of funding constriction and fiscal crisis in state funding, not all agencies has fared as well. In September, another service agency in St. Louis County was forced to close their support programs as a result of bankruptcy filings by their parent organization. Within thirty days other service providers were asked to absorb that agency's customers into their support services.*

***Our REALITIES service stepped up to this challenge admirably and transitioned service provision for six new customers within one month. This was in addition to the fact that REALITIES had already designed service start-up plans for several new customers entering Willows Way at the same time. In total this past year our REALITIES program has increased 25% in customer enrollments.***

#### ***PROJECT HEART Initiated:***

*In the spring of 2004 Willows Way Inc was notified that the health education and staff development program we designed and submitted to the Missouri Foundation for Health would be awarded funding! **Project Heart is a collaborative effort involving Willows Way, Emmaus Homes, and Community Living Inc. in providing preventative health education to our customers and health education and training to our staff.** Willows Way Inc. has been the lead agency and administrative agent in the design, presentation and implementation of this grant project.*

#### ***FISCAL MANAGEMENT:***

##### ***BUDGET GROWTH & CHALLENGES:***

*As a result of the continuing need in the community for our services reflected in our increased service enrollments and the initiation of our Project Heart grant, our annual budget continues to grow. **The FY 2005 annual operating budget approved by the Board of Directors in June of 2004 presents a total increase of 14%, approximately \$600,000, in operational funding and expenses.** While there is a positive accomplishment inherent in this growth, it must be noted that there are challenges inherent also. In particular, funding revenues in this budget contain no cost of living adjustments or rate adjustments (with the exception of AYS) to support improved wages for our direct support staff. Other than the small cost of living adjustments allowed by the local SB40 Boards for a small percentage of our services, this represents the third consecutive year of budgeting in which Willows Way has had to support wage and benefit cost increases without concurrent increases in service contract rates from our major funding partner, the Missouri Department of Mental Health.*

##### ***EMPLOYEE BENEFITS/INSURANCE COST MANAGEMENT:***

*Following from the absence of wage & benefit support from our funding partners noted above, Willows Way Inc. has had to focus on creating cost management strategies to offset the wage and benefit cost stress experienced. In this past year we have accomplished two significant steps in containing or reducing benefit costs. **A 5% reduction in the cost of health insurance premiums paid by Willows Way for our employees was obtained by changing our insurance carrier, without any significant change in coverage levels and options for our employees.** The other area of cost management success obtained by Willows Way during this year has been a reduction in the premium level for our Workers Compensation insurance. Through continuous attention to safety training and employee education, we have been able to reduce our claims level for a second year. While we still carry our coverage through the 'risk pool' provider, we have been able to obtain coverage with a guaranteed premium and have averted the loss sensitive policy conditions for a second year. **This provides us with a premium that remains approximately 25% below the premium we experienced two years ago as we entered the risk pool.***

##### ***EXPANSION FINANCING:***

*There has been considerable activity and time spent this year on constructing and implementing a financing plan to support the future expansion of Willows Way's service and operational space capacity. **First, with approval of an 'equity investment grant' through the St. Charles County***

**Developmental Disabilities Resource Board in February of 2004**, we began actively assembling the financial resources we will need to construct a new operational and administrative building to support our continued growth. The DDRB Equity Investment Grant will provide reimbursement of a designated percentage of the land acquisition and construction costs incurred in our building project. **Secondly, an application for participation in the St. Charles County Industrial Development Authority “Mini-Bond Financing” program has been submitted and approved.** This bond issue will provide Willows Way Inc. access to discounted financing for the percentage of new building financing attributable to our occupancy in the building, yielding a significant savings in long term interest payments. **As a third element in our financing strategy for the new building project, the sale of existing buildings has been negotiated and closed during this year.** The equity converted from the sale of our buildings has allowed Willows Way to now take full title without debt on the land secured for our new building. **And as a fourth element, a capital campaign will be conducted in 2005, utilizing an award of \$250,000 in Neighborhood Assistance Tax Credits as an anchor to raise contributions for the new building.** Willows Way received notification of this NAP tax credit award in July 2004 resulting from an application filed in March.

#### **LAND PURCHASE:**

**In June of 2004 Willows Way closed a transaction to purchase a 3.2 acre lot as the site of our new building.** This site is located at the intersection of Friedens Road and Burning Tree Lane, just one block east of the intersection of Friedens Road at Hwy 94, within the city limits of St. Charles. It is also in close proximity to our existing building at 2085 Bluestone. This location will continue to provide Willows Way with excellent visibility in the St. Charles community as the Friedens Road/Hwy 94 intersection is projected to experience a significant increase in traffic count due to the addition of more than eleven hundred new housing units in the immediate area, as well as roadway improvements currently underway and scheduled for Hwy 94 in this area.

#### **ORGANIZATIONAL PLANNING:**

##### **STRATEGIC PLANNING:**

*In the second half of the year 2004 the Board of Directors, the Willows Way leadership team, staff and members of the Willows Way community have been engaged in a process of strategic planning for the future of Willows Way. This process has included a thorough review of the agency’s growth history and trends, and analysis of our future resource needs to continue successfully serving those in our community now and those seeking services in the future. Through this planning process we are identifying the actions we will need to take and the resources we will need to secure to serve a projected total of 150 customers in our services, and to support the employment of nearly 200 staff members. **This strategic plan will provide the Board of Directors and leadership staff with a clearly defined set of outcomes for the agency through 2007, including closely managed expansion of services, construction of a new operational and program building, strengthening of our human resources capacity, Board development activities, and improvements in our organizational structure and processes.***

##### **FEASIBILITY STUDY/CAPITAL CAMPAIGN:**

*In conjunction with the strategic planning efforts of the agency, a feasibility study was also commissioned by the Board of Directors and completed in the second half of 2004. **Recommendations from this study suggest that Willows Way may realize significant benefit from the design and implementation of a capital campaign in support of our new building project.** A goal of \$750,000 has been recommended for this campaign, and the formulation of a campaign committee has begun.*

*Willows Way has retained the services of Holmes, Radford and Avalon, development and fundraising consultants, for support in the planning and execution of this campaign.*