



612 South Main Street
Council Bluffs, Iowa 51503

Vodec is a private, non-profit 501(c) (3) corporation. Vodec is an equal opportunity employer. Applicants for services or employment are considered without regard to race, color, religion, sex, age, national origin or disability.

Many grantmaking foundations ask grant applicants about their reserve and projected months of operating capital. They ask because they want to award grants to organizations which are fiscally solvent, and Vodec obviously is fiscally solvent.

Vodec's Total Current Assets shown in the Statement of Financial Position were \$4.85 million, with \$2.59 million in cash, on June 30, 2017. Cash declined around \$337,000 through FY17, but Accounts Receivable increased around \$746,000. Over 45 percent of the Accounts Receivable was from Iowa MCOs. The Total Assets and the Total Liabilities and Net Assets increased \$262,576 through FY17.

These numbers come from an Audit Report. The Audit Report is prepared by an external entity. In the case of FY17 the entity is Schroer & Associates in Council Bluffs, IA. Vodec has an audit performed annually.

Audit Reports are reviewed by Vodec's Board following review by the Board's Finance & Audit Committee. Audit Reports and their reviews are part of Vodec's fiscal accountability. Fiscal accountability goes further, however.

Vodec's Chief Financial Officer (CFO) prepares monthly financial reports. Financial reports are reviewed monthly in

Vodec's Mission:

We provide **services** to persons with disabilities in order that they may **live, work and participate** in the community in the least restrictive environment to achieve their **full potential**.

great detail with Vodec's Supervisors, Managers, Directors and CEO. Summarized financial reports are reviewed monthly by the Board's Finance & Audit Committee before being presented to the Board at its monthly meetings.

All of this lends itself to Vodec's fiscal solvency and fiscal accountability. And it can be mentioned that because Vodec is a 501(c)3 corporation then donations to us may be tax-deductible.



Realizing Potential

Annual Report FY17

Annual Report for FY17 Presented by Steve Hodapp, CEO Kudos and Thank You to Employees and Board Members

Every Vodec employee, from the CEO to direct service professional as well as Board member, believes in Vodec's mission: *To provide services to persons with disabilities in order that those persons may live, work and participate in the community in the least restrictive environment to achieve their full potential.*

At the end of FY17 there were 280 employees, mostly full time. Vodec is an equal opportunity employer. Applicants for services or employment are considered without regard to race, color, religion, sex, age, national origin or disability. The Board is comprised of 12 volunteers representing various professional segments of the community. Several Board members are family members of consumers.

With the belief in our mission comes commitment to provide the best services to consumers and to deliver the best guidance to administration. Vodec as an organization is very fortunate to have the Board's leadership and the employees' fulfillment of mission as Job One every day.

Update on Iowa Managed Care

Fiscal Year 17 was the first full fiscal year (FY) under expanded Managed Care in Iowa. In April in FY16 Iowa Dept. of Human Services (DHS) engaged four, then reduced to three, Managed Care organizations (MCO) to manage Iowa's \$4 billion of Medicaid money each year.

It has been and continues to be quite a ride. The three MCOs in FY17 were AmeriHealth Caritas, AmeriGroup, and United Health Care. AmeriHealth Caritas became predominant, ultimately managing approximately 80 percent or more of the total Iowa Medicaid business.

Vodec and fellow LTSS (Long Term Services & Supports) providers were lumped in with all the other Medicaid providers, most of which are medical providers, such as doctors and hospitals. MCOs didn't and still quite do not know what to do with us because we are not medical models. We care for people long term where medical providers have a goal of healing and then moving on to the next patient. I am interested to see how the managed care story in Iowa continues to unfold. It was modeled after a managed care system in Kansas which was rolled out a few years ago. Kansas providers can attest to the horrors of that model.



Vodec's Cheer Squads took second at the recent Special Olympics Iowa Mid-Winter Tournament in Iowa City March 10, 2018.

Nebraska Programs Earn Maximum Re-Certification

This is an example of what happens with good people in place: a certification review in FY17 by Nebraska DHHS – Division of Public Health Licensure Unit generated a two-year maximum re-certification for Vodec's Medicaid-funded Nebraska programs.

The review was arduous and was conducted by a team from the Division which was experienced and thorough. The team from Vodec which was responsible for the review's outcome represent Vodec's total team of service professionals.

Financial Challenges

Nebraska group homes and extended family homes received a 48.15 percent reduction in their weekend and holiday rate on October 1, 2016. Vodec received a full payback for the months of October through December 2016, although the reduction stayed in place and we were not able to recoup any funds after January 1, 2017.

Iowa reimbursement rates have been a roller coaster as well. Rates changed several times so far when we believed each time the rates were solid. It was challenging to keep up.

It also was and continues to be challenging to keep up with receivables from the MCOs. The predominant MCO began a trend of rejecting invoices for any number of reasons which were smoke screens for just not wanting to pay, it seems. At present we are still challenged to collect several hundred thousand dollars from that MCO in disputed claims' denials.

The additional challenge of that collection effort is the MCO left Iowa in November 2017. In leaving, it said it could not afford to do business in Iowa anymore. Providers were given until November 2018 to reconcile all unpaid claims. We continue to refile claims and jump through the hoops but so far more re-filed claims continue to be denied than paid.

Meeting the HCBS Settings Rule

In February 2017, our Council Bluffs services had an Iowa Medicaid Enterprise (IME) Focus Review to determine compliance with the final federal CMS HCBS Settings rule regarding consumers' integration into their communities.

The result of the review was that Vodec's Iowa HCBS services are compliant with the final Settings rule through opportunities available to consumers to integrate fully into their communities.

Looking forward, Nebraska Health and Human Services will be doing a review of our Nebraska day services settings to measure compliance with the HCBS Settings rule. This review is expected to be done sometime between March and December 2018.

Expansion into Central Iowa

We answered a call to provide residential service in the Heart of Iowa Region, specifically Dallas County, in FY16. This was for consumers who had been served by another provider who closed in FY16 and picked up by a second provider temporarily while a longer-term resolution was identified.

Vodec became the longer-term resolution. In FY17, we moved into space in Adel, IA, to provide support to employees who had been providing service in the region in a very mobile and flexible fashion.

With a base in the region we began offering supported employment and pre-vocational service additional to the residential service.

With the introduction of the Iowa MCOs during this time which shifted the services funding paradigm the significance of maintaining a regional physical presence lessened. The Adel space soon was outgrown.

For these reasons we began a search in FY17 for a larger space in adjoining Polk County. During this period a day habilitation service provider in Adel announced plans to close.

The provider cooperatively let us meet with its consumers and their families and stakeholders. Timing sometimes is critical so as we secured space in Urbandale in the first quarter of FY18 we could transition those consumers to our day habilitation and pre-vocational services in it. There was no disruption to residential services being provided. And the Urbandale services continue to grow and diversify.

Project SEARCH

Vodec once again hosted two Project SEARCH sites in Omaha. One we co-hosted at UNMC with Madonna Schools. The other we host at Embassy Suites in the Old Market. Both sites have sponsorship of Nebraska Vocational Rehabilitation. Vodec provides coaching for the consumers who intern at each site.

The expected outcome is that those interning get the specific job skills needed for subsequent employment. Some of those interning each year are hired by the host site. Others subsequently get hired in other community jobs. Project SEARCH's primary objective is to secure competitive employment for people with disabilities.

Vodec has been involved with Project SEARCH for several years, back when it was less likely to have adults as interns. Project SEARCH originally targeted transition-aged youth. The consumers Vodec provides for internships are adults. Plans are in the works for the 2018-19 program year.

Persons Served

The number of persons served declined in FY17 for the first time in nearly 20 years. Had it not been for two unique events in FY16 there would have been growth in FY17. The first unique event was in Iowa.

We had provided an in-school job placement service for special needs students in Council Bluffs Community School District's two high schools. Due to the District's fiscal worries at the time it discontinued the successful service at the end of FY16.

The second unique event was in Nebraska and was self-imposed. When a lease ended for space in Millard we consolidated services from there to our existing F Street, Omaha, location. Some consumers, or their families, served at Millard chose not to continue service at F Street.

CONSUMER CENSUS

	FY16	FY17	FY17	Var.
IA	318	289		-29
NE	367	359		-8
Totals	685	648		-37



Project SEARCH makes a lasting impact on both Vodec Consumers and local businesses.



Vodec Consumers and family members visited the Nebraska State Capitol to discuss the value of developmental disability services with Senators.

Consumers are persons with developmental or intellectual disabilities. Vodec is an equal opportunity employer. Applicants for services or employment are considered without regard to race, color, religion, sex, age, national origin or disability.

Numbers of consumers in three Vodec programs flip-flopped in the last 18 months. There has been transition of consumers out of the pre-vocational program in anticipation of its Medicaid funding being eliminated in 2019 or 2022. The funding elimination is part of an effort to more fully integrate persons with disabilities into their communities.

As a result, more Vodec consumers have transitioned to our supported employment program or to our day habilitation, non-vocational program. We still offer and accept referrals for the pre-vocational program but participation duration may be time-limited.

Financials: About the Numbers

When it comes to the numbers most folks' eyes go straight to the bottom line. So, let's go to the last line of the Statement of Activities, then we'll work backwards. Net Assets at end of FY17 were \$338,721 greater than at the beginning.

By most standards, not a bad year. And to be clear in case any reader is unaware, Vodec is a private, not-for-profit corporation, registered as a 501(c)3 with the Internal Revenue Service.

Being a 501(c)3 corporation does not mean that the corporation cannot maintain a reserve. Maintaining a reserve is a prudent fiscal objective.

STATEMENT OF ACTIVITIES (SUMMARY)

JUNE 30, 2017 AND 2016

	FY17	FY16	FY17 Var
<i>Unrestricted Net Assets</i>			
Program, Grant & Contr. Rev.	13,606,594	12,848,989	757,605
Workshop Fees, net	659,375	858,363	(198,988)
Other	133,758	126,700	7,058
Net Assets Released from Restriction	—	—	—
Total Support & Revenue	14,399,727	13,834,052	565,675
<i>Expense</i>			
Program Services	12,666,928	11,390,775	1,276,153
Supporting Services	1,394,078	1,463,743	(69,665)
Total Expenses	14,061,006	12,854,518	1,206,488
<i>Change in Unrestricted Net Assets</i>	338,721	979,534	(640,813)
<i>Temporarily Restricted Net Assets</i>			
Net Assets Released from Restriction	—	—	—
Change in Net Assets	338,721	979,534	(640,813)
Net Assets, Beginning of Year	5,657,156	4,677,622	979,534
Net Assets, End of Year	5,995,877	5,657,156	338,721

STATEMENT OF FINANCIAL POSITION (SUMMARY)

JUNE 30, 2017 AND 2016

	FY17	FY16	FY17Va
<i>Assets</i>			
Total Current Assets	4,853,891	4,595,254	258,637
<i>Property & Equipment</i>			
Total Property & Eqpt	5,467,401	5,228,161	
Less Accumulated Depreciation	(2,340,023)	(2,110,222)	
	3,127,378	3,117,939	9,439
<i>Other Assets</i>			
Security Deposit	1,300	6,800	
TOTAL ASSETS	7,982,569	7,719,993	262,576
LIABILITIES AND NET ASSETS			
Current Liabilities	1,261,233	1,264,657	
Long Term Liabilities	725,459	798,180	
Total Liabilities	1,986,692	2,062,837	(76,145)
<i>Net Assets</i>			
Unrestricted	5,995,877	5,657,156	
Temporarily Restricted	—	—	
Total Net Assets	5,995,877	5,657,156	338,721
TOTAL LIABILITIES AND NET ASSETS	7,982,569	7,719,993	