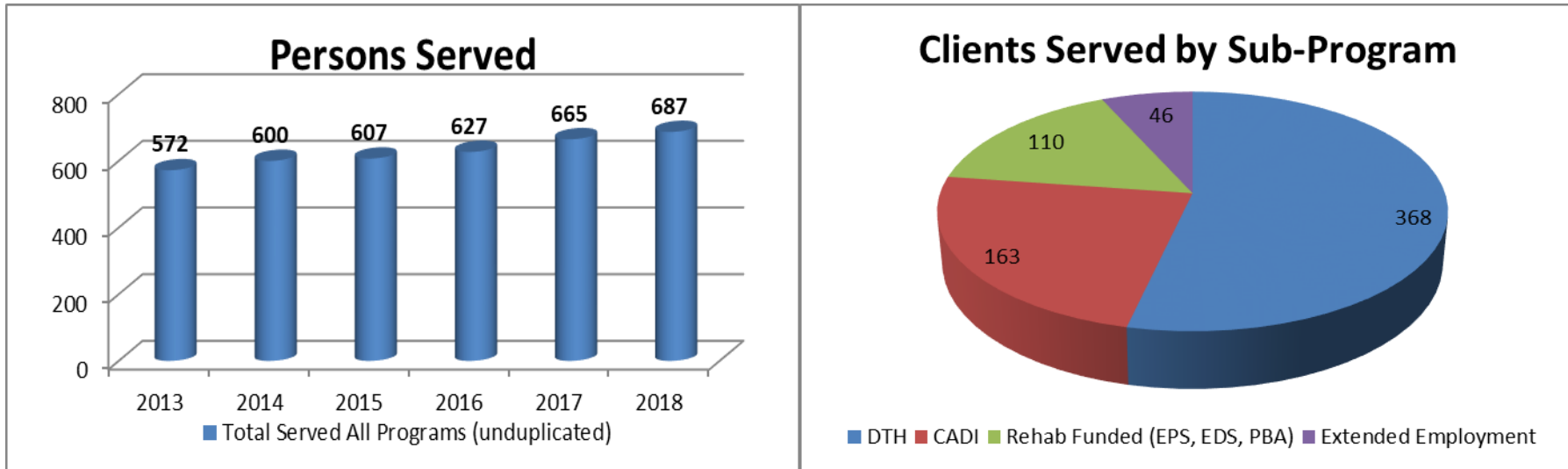


WACOSA – Outcomes Management Report
Year in Review

Period Reported: 1/1/2018 – 12/31/2018

<u>Indicator:</u>	<u>Result</u>	<u>(+) or (-) from Previous Year</u>
Total Persons Served in 2018 –	687	(+3%)
Admissions in 2018 -	108	(-14%)
Discharges in 2018 -	70	(-1%)
Total Community crews 2018 -	57	(+13%)
New Community crews in 2018 -	5	(+67%)
Total Individual Placements 2018 -	95	(+12%)
New Individual Placements 2018-	37	(+15%)
Total center-based contract hours -	75,176	(-3%)
Total DocuShred revenue -	238,434	(+9.34%)
Total DocuShred pounds collected –	939,939	(0%)
Total ThriftWorks revenue -	353,609	(+23%)
Average hourly pay:		
Individual Placements (Extended Employment) -	\$10.67/hr.	(0%)
Community crews/enclaves -	\$6.93/hr.	(+.25/hr.)
Center-based employment -	\$4.16/hr.	(+.27/hr.)
Total Development income –	\$310,291	(-6%)
Total number of volunteers -	322	(+2%)
Volunteer Hours (approximate) -	2,623	(+8%)



Analysis/Trending of “Year in Review” Data:

WACOSA has continued to see an increase in the number of persons served over the past 6 years. 2012 to 2013 remained relatively stable, with a small drop between the two years. 2014 – 2018 once again saw progressive growth of 14.5% in numbers of persons served, with a 3% growth last year alone. WACOSA’s consistent growth speaks well of the organization’s continued relevance in the community and the overall need for services. It is important to note, however, numbers of persons served this past year would have been more modest, given the number of individuals placed outside of WACOSA into supported or competitive employment, with fewer persons backfilling the positions of those leaving. However, acquiring 33 additional clients resulting from the 4th quarter acquisition of the former Independence Center (ICI) located in Waite Park, MN helped bolster numbers of persons served higher than would have normally occurred. When IC clientele are subtracted from the equation, less than normal growth in persons served in 2018 occurred primarily due to a waiting list WACOSA was forced to implement due to concerns related to short staffing. Without proper staffing, WACOSA opted not to bring referrals into program for fear of safety related concerns, as well as overall service delivery/program quality concerns. By the 4th quarter of 2018, the waiting list was lifted with additional referrals being served as usual.

Reports from our MOHR lobbyists continue to be less than optimistic regarding new Health and Human Services (HHS) spending during the 2019 legislative session. However, with the election of a new Minnesota governor, we remain cautiously optimistic based upon a looming 7% cut WACOSA is expecting to experience at the beginning of 2020. A cut of this magnitude will hit hardest on our industry’s ability to attract, retain, and remain competitive in our hiring of Direct Support Professional staff. Minnesota’s approximate 2.8% unemployment rate, coupled with the increase of a state minimum wage to \$9.50/hr., has resulted in a gap between minimum wage and WACOSA’s DSP entry wage narrowing to \$1.83 between the two. This has created an incredibly difficult hiring environment in 2018, often leaving a significant number of open DSP positions at any one time.

New state and federal initiatives continue looming large in the coming months and years that threaten the way WACOSA has historically provided services. Center-based services remain in disrepute, as does the payment of special minimum wage. Many of these initiatives are driven by the federal government(CMS) without new funding to accompany imposed mandate/s. As a result, the state DEED office is funneling funds away from many deserving services in order to accommodate new federal requirements. Minnesota's Olmstead Plan and Employment First Policy are now largely implemented across Minnesota. The Olmstead Plan was not implemented to restrict services but to bolster integration efforts. Nevertheless, center-based programs continue to see a vilification of their services. Additionally, the Workforce Innovation and Opportunity Act (WIOA) has now reached full implementation resulting in delayed or restricted service for new school graduates, incumbent clients, their families and funders. Redefining the use of Home and Community-Based Waiver funding was been a hurdle WACOSA was forced to navigate this past year. WACOSA participated in an "Attestation" process, whereby WACOSA was required to respond to a battery of questions related to whether or not our services are integrated in our community. Failure to pass this step would result in "heightened scrutiny", necessitating a more thorough review of WACOSA's services, along with a plan to fully comply with federal expectations. After reviewing WACOSA's answers, our services have since been presumed to be integrated at this time. We expect this to be the first of many vetting processes WACOSA will experience in a much broader examination of statewide, facility-based services.

WACOSA will continue to reflect upon and improve our services in order to advance person-centered initiatives. To this end, we continue to take exception to suggestions that center-based services are no longer a relevant or acceptable choice for our service recipients, a philosophy asserted by individuals/advocacy groups at both state and national levels. It is our perception that opponents of center-based services, in general, have already decided that such services are isolating, exploitative and unfair, based upon positions expressed in multiple state and federal written and public forums. We assert those who hold such opinions, whether they be legislators or advocates, visit programs like WACOSA in order to learn more about how clients, family members and other stakeholders truly feel about the inclusion of center-based services in their lives and the important role such services play.

2019 saw general stability with just a few trends worth noting related to clients served by sub-program. Programs like CADI and DT&H remained reasonably flat in 2018. Alternatively, programs like Rehab Funded services and Extended Employment showed significant change in 2018. Rehab Funded services grew by approximately 80% this past year. This growth likely came as Employment First initiatives are advanced across MN and the greater United States. By comparison, EE referrals dropped by approximately 37% as counselors continue moving individuals off of EE funding and on to Waiver funded services, as clients are eligible. We will continue monitoring these changes and report as such trending advances, declines or evolves in 2019.

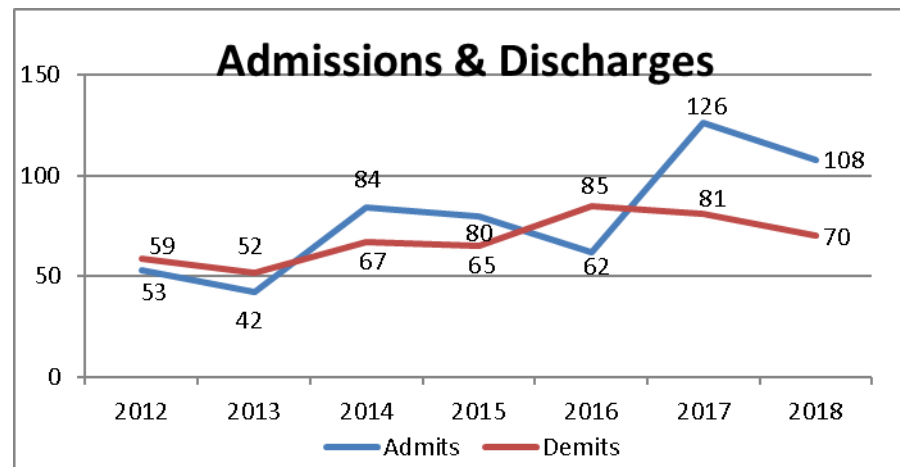
As reported in past Outcomes Measurement data, we have continued to see a continual decrease in numbers of persons served in our center-based EE clientele this past year. This decline in center-based workers has been steadily occurring over the past 10+ years as a result of the state of Minnesota's continual and expressed commitment to reduce center-based funding for clients in favor of community- funded services. This trend is will likely continue, given the state's continued commitment toward community employment and away from center-based services.

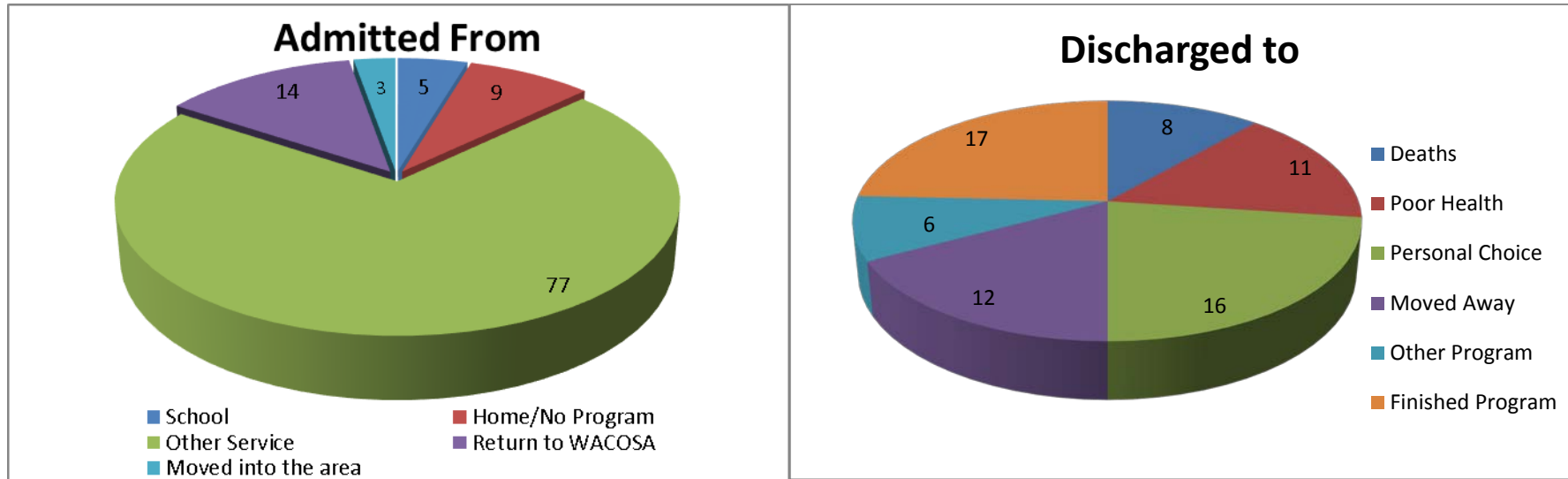
The categories of Total Community Crews and New Community Crews have both grown slightly from 2016 to 2018. In 2018, Total Placements grew by 12%, with New Placements growing modestly, as well. In the past several years, the category Community Crews, in general, has continued to struggle

with growth in light of the difficulty recruiting the number of staff necessary to keep crews operating. However, in 2018, the slight resurgence of both categories is heartening, and is hopefully the result of an economy that is growing stronger, as well.

Finally, client wages indicate growth of approximately .25/hr. and .27/hr. respectively for clients on crews and for those participating in center-based employment. Placement Services remained flat. As we shared in WACOSA's 2017 Outcomes Management Report, we believe this third year of stability and/or improvement in all areas is the result of an improving economy, along with work remaining a bit more complex, garnering higher pay. Additionally, it is probable that the state minimum wage increasing to \$9.50/hr. also played a part in this improvement, since wages tend to go up proportionately.

2018 Admission and Discharge Analysis:

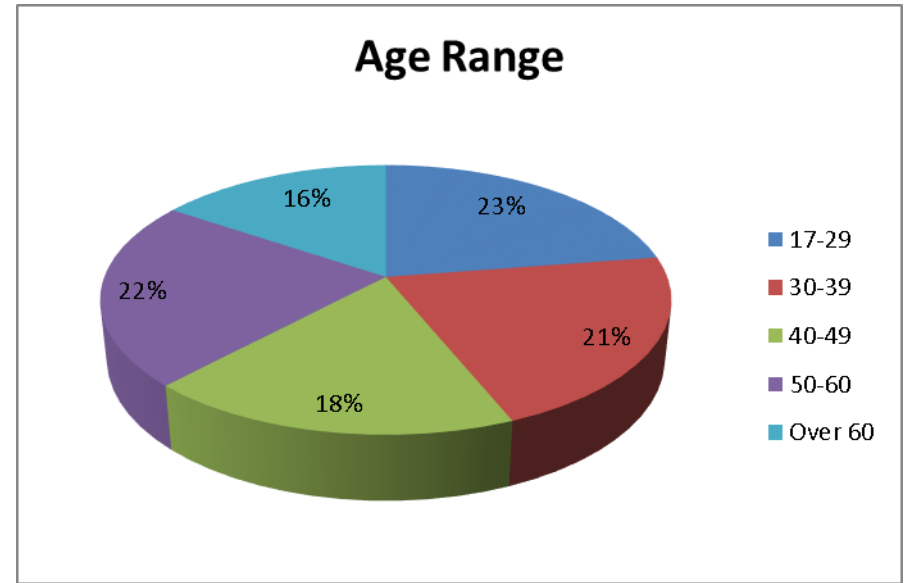
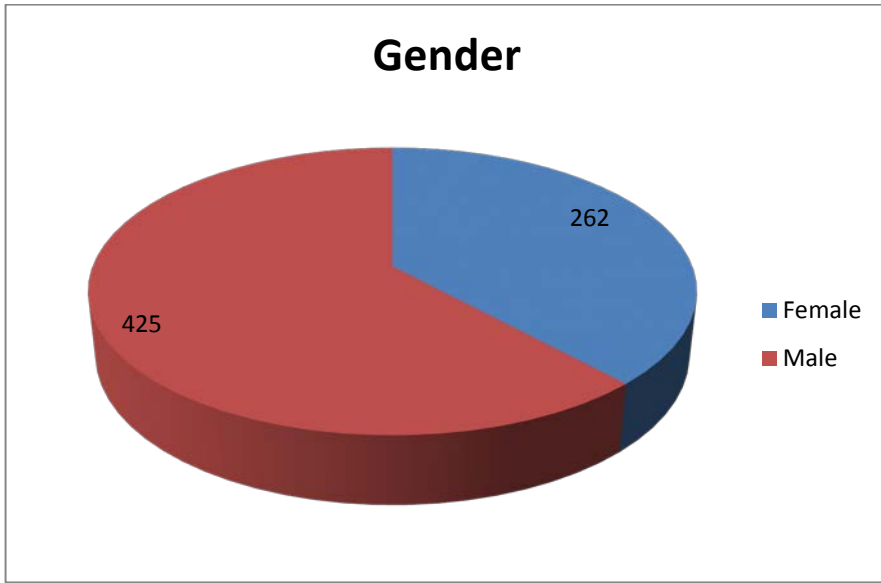




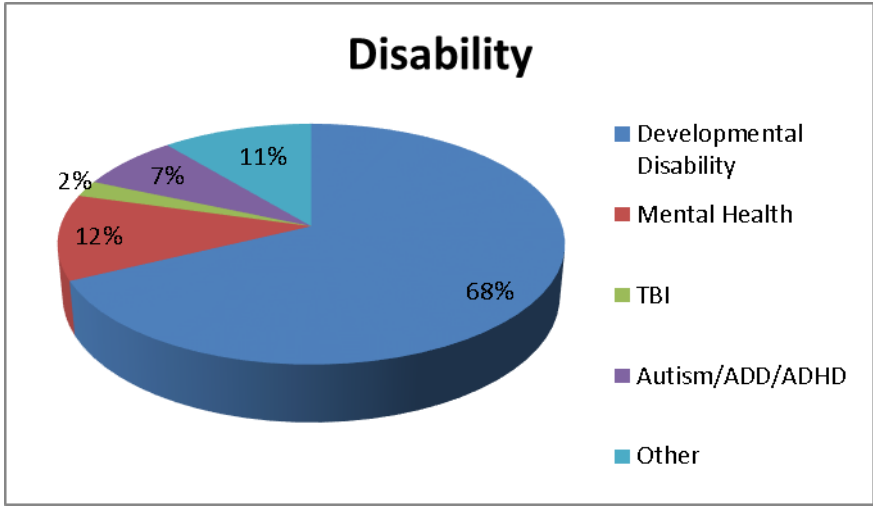
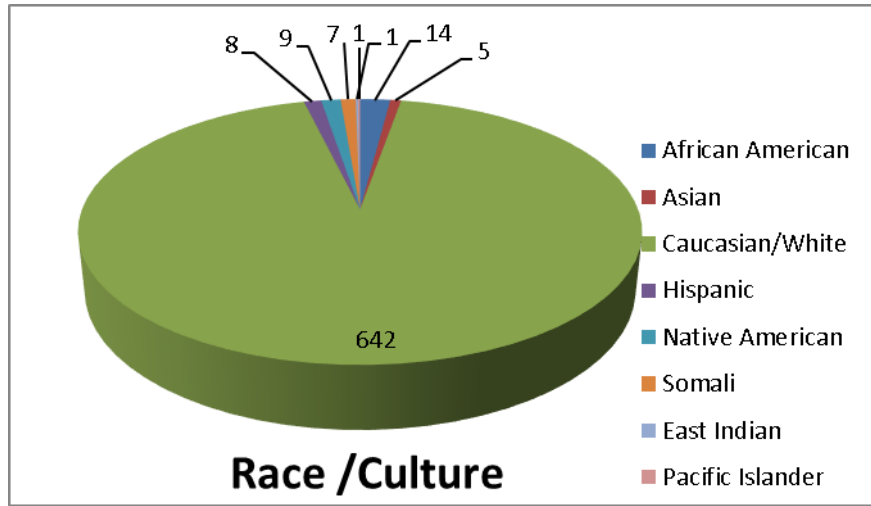
2018 saw admissions drop by 14%, with discharges also dropping by 1%. While WACOSA admitted clients to our newly developed 1st Avenue location (formerly Independence Center, Inc.), school referrals were down given current Workforce Innovation and Opportunity Act (WIOA) requirements that delay students beginning in program's like WACOSA. An increase in referrals from Vocational Rehabilitation was also noted, though these referrals do tend to fluctuate from year-to-year depending upon the state's needs and funds available. Even with this amount of admissions activity, at the close of 2018, admissions growth remained somewhat unremarkable. Additional explanation is offered in the preceding section Analysis/Trending of "Year in Review" Data. The category of "Discharged to" in general remains largely unremarkable, with the exception of the category of "Personal Choice" falling by 47% when compared to 2017. While determining the exact explanation for this dynamic is difficult, we trust that WACOSA's continued quality of service causes clientele to continue selecting our services. Of the reasons for "Discharged to", Finishing Program, Personal Choice and Moving Away, continue to be the most noteworthy reasons for change, as reflected in the data. It is important to note that WACOSA experienced 3 additional deaths and 3 discharges due to poor help in 2018, attesting to the continued tenuous health of those we serve. We will continue to observe discharge data over time to see what if any trends may exist.

Historically, the largest number of admissions entering WACOSA programs came from "Home/No Program". 2014 was the beginning of a significant trend in this dynamic, with progressively more clients coming from "Other Services". This has continued into 2018, growing by an additional 8 individuals. This category has continued in 2018 to be the number one reason for admission into WACOSA's services. Again, this is reflected primarily in both DT&H and Vocational Rehabilitation admissions. The category of "Other Services" generally includes competitor's programs, along with shorter term Vocational Rehabilitation assessments and job trials. The acquisition of clients from the former Independence Center is an additional factor influencing this number. The sluggish nature of school referrals due to the 2014 implementation of WIOA regulations has now begun to manifest itself in the slowing of school referrals in 2018. We anticipate school admissions will continue to drop in the coming years as WIOA continues to settle in. The WIOA initiative is expected to figure prominently into WACOSA's service design and vision as the year/s progress.

2018 Client Demographics:



An analysis of demographics for 2018 shows information to be largely unremarkable when compared to 2017, in terms of changes and trends. In general, WACOSA serves a disproportionate number of male to female clients at a ratio of approximately 2 to 1.6, respectively. However, in light of the acquisition of former Independence Center clientele, in addition to other organization/program-wide referrals, numbers of females served grew by approximately 4% in 2018, compared to approximately 2% of growth in male clients served. The largest single age range for clients at WACOSA is 17 – 29. The bulk of WACOSA clients currently fall within the age ranges of 17 – 49 years of age, with clients from 50 - 60 coming in second. Over 60 is the smallest group that WACOSA serves and has remained reasonably stable, as expected, from the earliest tracking of outcomes measurement data. 2018 overall showed virtually no shifting of age range in numbers of persons served when comparing 2017 to 2018.



“Caucasian” continues to represent the largest ethnic category of persons served by WACOSA. This group experienced a jump of approximately 3% from 2017 to 2018. This was due primarily to the fact that most of the increase in DT&H and Vocational Rehabilitation referrals over the course of the year were classified in this category. The addition of clients from the former Independence Center resulted in a large part of this growth, as well. All other categories showed little to no change from 2016 to 2017. With regard to Disability, clients categorized as having a “Developmental Disability” (DD) continue to represent the largest disability category served, growing approximately 13% in 2018. This growth directly relates to clients from the former ICI program being brought into program during the year. DD is the most common disability served by DT&H services. Otherwise, “Disability” data for 2018 remained fairly constant when compared to 2017.

WACOSA

Outcomes Management Report – Program Objectives/Results

Period Reported: 1/1/2018 – 12/31/2018

Note: For all goals, persons responsible for collecting and tracking data are Client Managers and Training Specialist Leads.

Community Employment Services (CES):

Measurement Category	To Whom Applied	Objective	Data Source	Goal	Result/s	Goal Met / Not Met
	Participants working in CES	Develop new community crews	Client work records	8	5	Not Met

Effectiveness	Participants working in CES/Placement	Develop individual placements	Client payroll	50	95	Met
	Work Crew Participants	Maintain average hourly wage	Client payroll	\$6.15/hr.	\$6.93/hr.	Met
	Participants in Placement Services	Maintain average hourly wage	Client payroll	\$8.40/hr.	\$10.67/hr.	Met
Efficiency	Participants referred for PBA's	Minimize time to achieve employment	Client placement records	69% within 90 days	75%	Met
Service Access	All participants in WACOSA's CES programs	Minimize wait time for services	Intake records	100% enter within 14 days of completed referral information	50%	Not Met

Day Training and Habilitation Services (DT&H):

Measurement Category	To Whom Applied	Objective	Data Source	Goal	Result/s	Goal Met / Not Met
Effectiveness	Clients in the Whitney Seniors Program	Clients will meet community goals	Client records/data tracking	75%	87%	Met
	Clients in the North program	Clients will meet community goals	Client records/data tracking	65%	80%	Met
Efficiency	Clients in DT&H services expressing interest in independent placement	Minimize time to complete employment assessment process	Client records/data tracking	90% within 90 days, following 45 day assessment	100%	Met
Service Access	Clients in DT&H services	Minimize wait time for services	Intake records	100% enter within 14 days of completed referral information	0%	Not Met

Organizational Employment Services (OES):

Measurement Category	To Whom Applied	Objective	Data Source	Goal	Result/s	Goal Met / Not Met
Effectiveness	Participants working on center-based work	Maintain/increase employment	Client production records	87,933 hours	75,126	Not Met
Efficiency	DocuShred Services staff and clientele	Increase business efficiencies	DocuShred Records	Average of 56,546 pounds per month	78,328 pounds per month	Met
Service Access	All participants in WACOSA's OES programs	Minimize wait time for services	Intake records	100% enter within 14 days of completed referral information	0%	Not Met

Work Adjustment (EDS):

Measurement Category	To Whom Applied	Objective	Data Source	Goal	Result/s	Goal Met / Not Met
Effectiveness	Individuals participating in EDS	Increase average hourly wage	Client payroll records	\$5.50/hr.	\$9.65	Met
Efficiency	Individuals participating in EDS	Minimize time spent in EDS	EDS attendance records	80% of clients will spend 90 days or less	100%	Met
Service Access	All participants in WACOSA's EDS program	Minimize wait time for services	Intake records	100% enter within 14 days of completed referral information	100%	Met

Situational Assessment (EPS):

Measurement Category	To Whom Applied	Objective	Data Source	Goal	Result/s	Goal Met / Not Met

Effectiveness	Individuals participating in EPS	Maximize days and clients participating in community-based EPS	EPS attendance records	75% participating 2+ days in community	88%	Met
Efficiency	Individuals participating in EPS	Minimize time to complete new placement assessment	EPS client records	100% complete assessment as contracted	88% (av.WP and SC)	Not Met
Service Access	All participants in WACOSA's EPS program	Minimize wait time for services	Intake records	100% enter within 14 days of completed referral information	75%	Not Met

Autism Spectrum Disorders (ASD):

Measurement Category	To Whom Applied	Objective	Data Source	Goal	Result/s	Goal Met / Not Met
Effectiveness	Participants in ASD In the North Program	Maximize persons served	Client records	11	13	Met
	Participants in ASD North Program	Complete 10 minutes of work without staff assistance	Client goal tracking data	80%	84%	Met
Efficiency	Participants in ASD	Improve transition ability between locations	Client goal tracking data	66%	69%	Met
Service Access	All participants in WACOSA's ASD services	Minimize wait time for services	Intake records	100% enter within 14 days of file comp.	0%	Not Met

Consumer Satisfaction (Scores of neutral or above rated as satisfied. Scores rounded up to the nearest whole number):

Objective	Goal	Result/s	Goal Met / Not Met
Maximize overall client satisfaction	95%	98%	Met

Maximize overall stakeholder (parents, guardians, residential staff and referral partners) satisfaction	95%	99%	Met
Maximize overall business customer satisfaction	98%	98%	Met

(Note: Also see Stakeholder/Client/Business Customer satisfaction analysis, trending and future recommendations on separate reports)

Analysis/Trending of Objectives/Results:

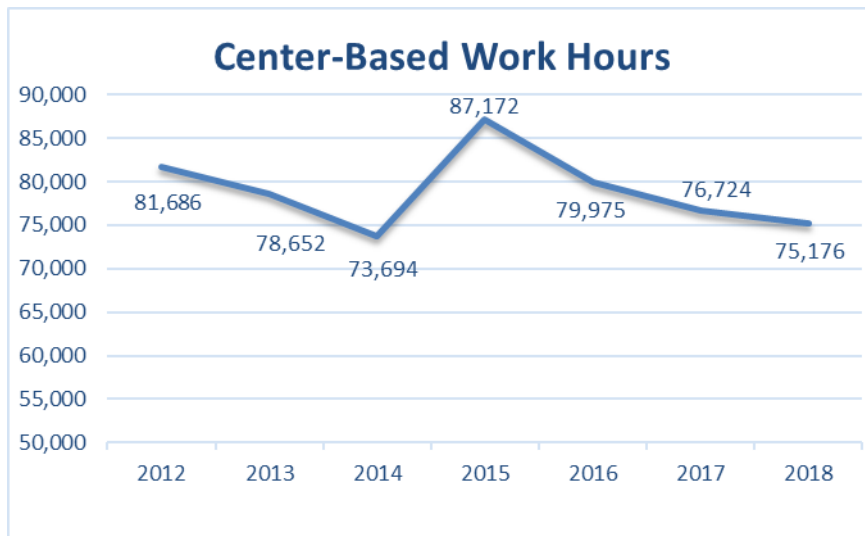
Approximately 65% of categories accomplished or surpassed objectives set, which represents a decline of approximately 9% when compared to 2017’s numbers. In the categories of Community Employment Services (CES), Day Training and Habilitation (DT&H) Services, Organizational Employment (OES), Employment Planning Services (EPS) and Autism Spectrum Disorders (ASD), Service Access goals all fell significantly below goal, due to extreme short staffing, which prevented the proper help to facilitate expeditious service access. In fact, throughout much of the year, a waiting list was in place to prevent bringing clients into services, due to lack of staff. The requirement for this waiting list was lifted later in 2018, as the former Independence Center was assimilated into WACOSA’s services. It remains to be seen whether or not a waiting list will be needed in 2019. Staffing shortages remain acute. Thus, the need to once again institute a waiting list in 2019 remains a possibility. Not being able to hire staff is not unique to Central Minnesota. The concern is a state, as well as nationwide trend with no foreseeable end in sight. Staffing appears to be effecting both the business and non-profit sectors alike. Nevertheless, we continue to work toward full staffing. Throughout much of 2018, WACOSA DT&H programs were short by as many 5 – 12 positions at any one time. Additionally, in the area of Community Employment Services (CES), community crew development fell short of goal by 3 crews, while still improving from 2017 by 2 new crews. Again, shortcomings in new crew development came as the result of a shortage of staff to supervise new crews, in addition to clients occasionally refusing to do certain types of work in the community. From 2014 – 2018, WACOSA declined approximately 22 crews, largely due to staffing issues and clients electing not to work in a particular crew.

Client wages in all service areas remained static or showed growth in 2018. This likely had much to do with the state increase in minimum wage, driving all wages up proportionately. The improving economy and the ability of employers to pay better are perhaps other contributing factors. It is worth noting that requests for community crews continue to remain high.

Under Organizational Employment Services (OES), center-based work hours again fell short of goal by 12,757 hours. A drop of 2,248 (3%) can be seen in the last year alone. The reasons associated with this shortcoming are discussed later in the section Analysis/Trending of Center-Based Work.

Analysis of Consumer Satisfaction Results: *Consumer satisfaction scores saw improvement in 2018 in all areas. Maximizing client satisfaction, as well as Maximizing overall business customer satisfaction improved by 1%. Satisfaction expressed by our stakeholder group remained constant at 99% for 2018. The improvements were welcome, pushing all areas to meet goal for the first time in the past 5 years.*

Analysis/Trending of Center-Based Work:



Hours worked on center-based contract work dropped from 2017 to 2018 by approximately 3% and fell short of goal by 12,757 hours. This represents the third year in a row center-based hours have slipped. The tenuous nature of a number of WACOSA's contract customers continues to be a key factor in this slide. Two customers, Sound Connection and Outlet Bait and Tackle are examples of losses contributing to this drop. With the coming loss of Electrolux and West Rock contracts at the close of 2019, we have been, and will continue to do our best to replace this work. To this end, regularly scheduled brainstorming meetings have been in place throughout the second half of 2018. Additionally, we are working with Charlie Clour, entrepreneur and sales consultant, whose expertise is expected to contribute greatly in helping us weather the loss of these two major contracts.

WACOSA's sales department continues working to replace lost work hours with additional work from existing customers, along with generating work from new customers, when possible. As with last year, staff shortages continued to create challenges completing center-based work in 2018. Replacing diminishing work, coupled with the continued challenges of keeping staff positions filled, represent some of the greatest obstacles we must address as we move into the coming year.

2018 is the third consecutive year we tracked information related to lost bids over the course of the year. It is our hope this information will better inform us regarding what we can do to maximize retention, as well as obtain new production customers. The chart above reflects this information. It should be noted that WACOSA frequently bids jobs for vendors who are, themselves, bidding for work. Often these vendors fail to win the job they are bidding, resulting in our also failing to get the work. As with the past three years, this remains the primary reason we lost work opportunities in 2018. Not a fit for WACOSA, along with pricing and time issues, constitute additional key reasons for not getting work, continuing to demonstrate that the abilities of our workforce often dictate the type of work we can accept. As years progress, we will continue to track this data to see what, if any, trends exist that might inform our future bidding strategies.

In 2018, total in-house sales revenue was \$460,802. While this represents a decrease of 3% from the previous year, this finish, given the fact that we managed to replace a few key contracts that we lost throughout the year, pleases us. Without these replacements, losses would have been more significant. At first glance, this appears slightly inconsistent with the number of center-based hours lost in 2018. WACOSA's Sales and Operations Departments, for the second year in a row, worked cooperatively to raise prices on many of our contracts.

WACOSA submitted 170 total bids in 2018, 19 more than 2017. 98 of these bids were successful or approximately 58%. WACOSA expects historically to keep a solid "win ratio" of bids won to bids submitted of 50 – 60%. 2018's win ratio remains solidly in the middle of our expectations. As noted in the chart above, 41% of bids lost were the result of customers who bid for work, but who also did not win the bid. This remains consistent with past years, as well. Though not as significant, other reasons for bids lost in 2018 are also noted.

As demonstrated in the chart above, the highs and lows of center-based work hours over the years continue to testify to the unstable nature of getting and retaining center-based work as the economy improves and worsens. The current economy is expected to improve the availability of bid opportunities for the foreseeable future. The growth by 19 in total number of bids submitted in 2018 fuels our optimism that the current upturn in the economy is influencing WACOSA in a positive way. We are hopeful that this trend in work quantity and variety will continue to rebound in 2019. In summary, in 2018 our sales department accomplished:

- *170 bid opportunities – 20.5% increase over 2017*
- *967 jobs produced – 29.79% increase over 2017*
- *63 new jobs – 46.5% increase over 2017*
- *5 new customers creating 10 new jobs – Same as 2017*
- *8,445,297 pieces produced – 9.74% decrease over 2017*
- *1,138,188 pounds recycled - 1% increase over 2017*
- *Total contract sales revenue – \$460,802 – 3% decrease over 2017*
- *Total hours worked – 75,176 – 3% decrease over 2017*

Finally, it is important to note a few key areas that will continue to influence the maintenance of sales data in the coming years. The integration of NetSuite software into WACOSA's accounting practices is significantly changing the way we collect and report contract sales information. Many of these systems have not yet been fully developed but will come on-line later in 2019. This, in turn, will likely impact how contract sales information is reported in future outcomes reports. Additionally, we are working on expanding our sales outreach from a 3-county area to a 25-county area in the coming year. This coupled with the planned implementation of several marketing campaigns (i.e. direct mailers, LinkedIn etc.), in addition to training WACOSA clientele to perform basic telemarketing calls, all represent strategies we plan to pursue in 2019 in order to replace Electrolux/West Rock and sustain our in-house sales operation.

Cultural Competency Analysis:

A Cultural Competency Plan was originally implemented at WACOSA in the spring of 2013. This plan outlines WACOSA's cultural competency objectives and directs that cultural competency be addressed annually. This plan is used to ensure that services are delivered to all persons in a culturally sensitive manner. The plan covers all levels of the organization including clients, governance, administration and staff. The following represent objectives, along with the current status of these objectives, as reviewed by WACOSA's leadership:

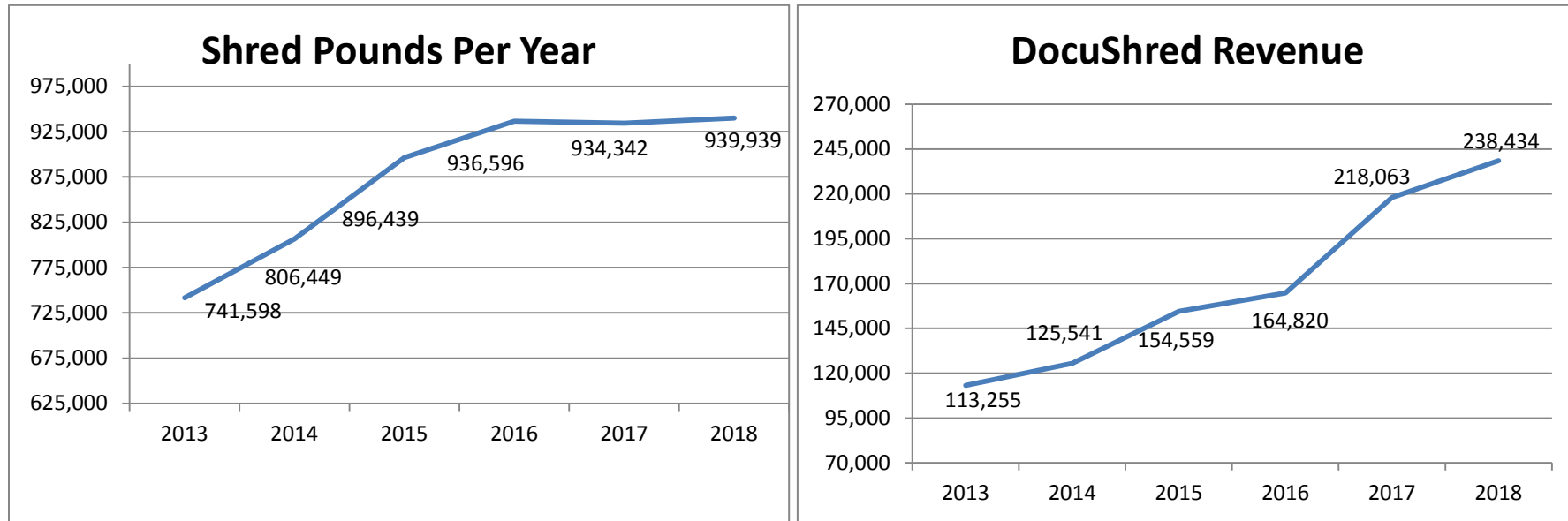
Goal I: Ensure that clients receive from all staff effective, understandable, and respectful services that are provided in a manner compatible with their cultural beliefs and language – *Client satisfaction for 2018 was reported to be 98% when asked directly about satisfaction with the services they receive. Additionally, all other supporting stakeholders scored their overall satisfaction with WACOSA's services as 99%. 98% of WACOSA's clients reported specifically feeling culturally respected. Cultural considerations, as they relate to program service activities, are integrated in to annual review documentation that is addressed by each person's interdisciplinary team during annual meetings. Meetings throughout 2018 consistently revealed that clients and their caregivers felt respected for their individual cultural beliefs and observances. While we will continue to seek out new ways to ask for this information, for now, no concerns have been expressed by clients, their supporting stakeholders, or any other WACOSA stakeholders at this time.*

Goal II: Implement Strategies to recruit, retain and promote at all levels a diverse staff and leadership that is representative of the service area demographics – *WACOSA is governed by an affirmative action plan required by the Department of Labor, our funding partners and CARF accreditation. This plan is reviewed annually to ensure that WACOSA maintains appropriate diversity, normed against national, state and regional statistics. Our 2018 review of this plan determined that, in general, WACOSA is properly positioned regarding staff diversity at most levels. Regarding Team Leaders and Case Management staff, we are currently under represented in the area of minorities. WACOSA's leadership will be examining this issue throughout the year and making efforts to broaden management and administrative diversity, as openings occur. Additionally, WACOSA promotes internally whenever possible and does so with a focus on diversifying our staff and leadership, as well. WACOSA's Board of Director's recently lost its one member with a disability. The board plans to recruit another board member with a disability that can contribute to the governance of the organization. The WACOSA Board of Directors is willing to operate at 13 members, as opposed to the traditional 12, should we find the appropriate candidate, prior to attrition occurring.*

GOAL III: Ensure services are sensitive to linguistic needs of clients/stakeholders – *WACOSA serves a variety of persons who require alternative communication systems with which to share their input and concerns. Upon beginning services, all persons are assessed regarding the system/s of communicating that best fit their needs. Depending upon each person served, communication programs may be written and maintained to aid with skill development and making their needs functionally known. Communication system examples that have been or are currently in place include Boardmaker, Bliss, American Sign (ASL) and the iPad based ProLoQuo2Go app. Additionally, WACOSA provides all written documentation in alternative formats, as requested, and provides interpreter services in sign and alternative languages, as may be required for team meetings. Finally, WACOSA staff pays particular attention to the unique communication nuances of each stakeholder receiving services and often times WACOSA will provide specialized training to staff for a particular individual. Often, these individuals maintain communication systems unique only to themselves, requiring time and practice with particular clients to fully master and comprehend. Sometimes these individuals have developed self-*

taught systems that are combinations or hybrids of pre-existing systems. Regardless, WACOSA staff makes it a point to become fluent in each and every system that clients present.

Analysis/Trending of DocuShred:



2018 was a reasonably good year for WACOSA's DocuShred, though pounds destroyed over the past 3 years appear to be leveling off. 2018 saw an increase of just 5,597 in total pounds destroyed for the year, a virtual breakeven when compared to 2016 - 2017. As with 2017, the revenue finish of \$238,434 in 2018 occurred as a result of a price increase, necessary to help WACOSA stay ahead of ever-increasing costs, most notably, the consistent, upward adjustment of the Minnesota state minimum wage, adding to WACOSA's labor expense. DocuShred's 2018 year-end financial finish put the organization 12% above budgeted revenue expectations, keeping the business solid in the overall scheme of WACOSA's business services this past year. 2017 saw the same 12% in revenue above budgeted expectations. However, seeing this flattening of actual pounds destroyed, WACOSA's sales department has been directed to place additional emphasis in 2019 on obtaining new DocuShred contracts, rather than relying alone on this work growing via word-of-mouth.

Average pounds destroyed per month surpassed goal by 21,782 pounds (38.5%) in 2018. 2016 and 2017 posted similar gains. DocuShred revenues grew to an all-time high in 2018, boasting a 150% increase over past 7 years, with October topping over 181,000 pounds for the first time in DocuShred history, followed closely by May with approximately 93,000 pounds. October's finish, while welcome, was somewhat of an anomaly, since most of the documents destroyed were the result of a single purge. To date, no clear trend exists regarding which, if any, is the best month for shred business overall. 2018's record was the result of a large purge that came in the last quarter of the year. Absent this, pounds were on track to perform at levels consistent for the past 2 years. Total shred hours worked by clients saw an overall decrease of approximately 10% from 2017 to 2018 (from 14,062 to

12,685). This drop is for two key reasons: lack of marketing the shred program at the level needed to maintain growth and the influx of one key competitor who is marketing in and around the St. Cloud, offering free or reduced shred services that dovetail with other services their business provides. While WACOSA cannot compete with free or significantly reduced pricing for services, or document destruction services offered on-site, we can continue to put more effort/resources into marketing effectively, as well as revisit our pricing and other value added services in order to help make WACOSA's services more competitive.

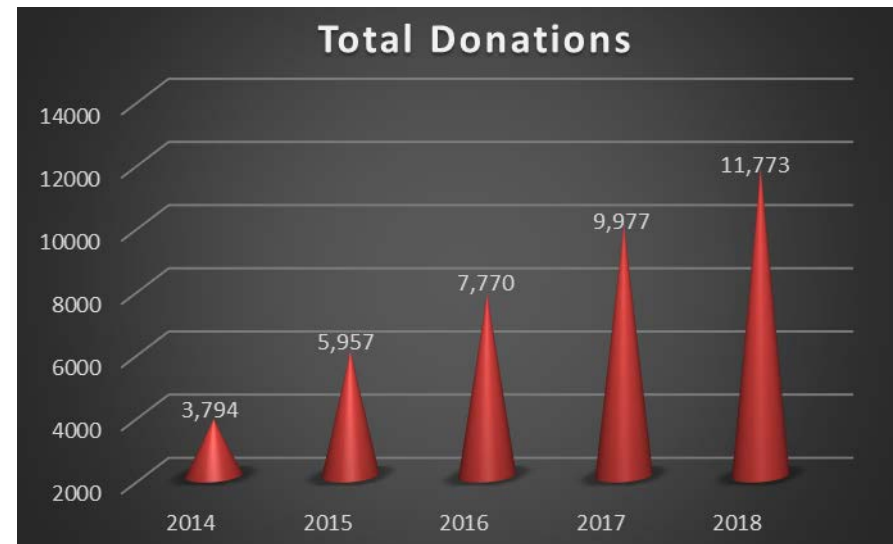
When comparing 2018 to the preceding 2 years, WACOSA collected only slightly more shred in 2018, such that performance in DocuShred might be considered flat for the past 3 years. This slowing halt in growth can likely be attributed to a significantly reduced marketing effort over the past year. Past marketing techniques (i.e. coupon programs, promotions, etc.) were effective and appropriate for that particular time in the life of the DocuShred business. However, these strategies alone no longer appear to be enough to push the business to the next level of growth and expansion in the months and years that follow. Having recognized this development, WACOSA's administrative team set aside additional marketing dollars for 2019 to work toward rectifying this concern.

Additionally, it should be noted that WACOSA gained 38 new shred customers in 2018, down from 57 (33%). 16 shred contracts sent out were never signed due to customers bringing in shred and paying on the spot, in addition to customers using other vendors. The reason for the remaining customers not signing contracts is unknown.

The storefront took in 360,163 lbs. in 2018, an increase of 25% when compared to 2017. The average number of walk-in customers per week in 2018 remained even at 93 customers. The storefront took in an average 6,926 pounds per week in 2018, a 25% increase over 2017. Storefront shredding accounted for 38% of the total pounds of documents destroyed for the year, 7% more than 2017. Overall, trending demonstrates that the amount of shred destroyed since the beginning of the DocuShred operation has increased steadily in pounds collected per year, with a slight loss of 3% in 2010 and in 2017. The storefront is clearly showing its ability to provide a significant amount of the total shred received over the course of the year. Discussions will continue throughout 2019 regarding strategies to continue improving growth of the DocuShred operation.

Moving forward in 2019, WACOSA plans to bolster our marketing/sales efforts to continue growing our walk-in customers. Additionally, we intend to expand marketing efforts to grow the patronage of our individual customers, since this is an area in which we can compete effectively. In 2019, WACOSA's sales staff will be working on an Every Door Direct Mailer (EDDM) in an effort to gain more business. Other incentive programs (i.e. punch card, reward card program etc.) will be examined throughout the year in an effort to increase business as much as possible. Finally, WACOSA plans to bolster its social media presence in the area of document destruction, in order to increase awareness of our services and increase storefront foot traffic.

Analysis of ThriftWorks! Store Operation:



ThriftWorks! completed its fifth full year of operation on December 31st, 2018. We continue to be very pleased with the performance of the store since its opening in May, 2013. At the close of 2019, an analysis was completed in order to get a better handle on how close we are to breaking even when we compare fair allocations of all store expenses to associated revenues. This analysis demonstrated that ThriftWorks! must receive approximately \$5,000 more per month additionally in order to break even. While an additional \$60,000 for the year sounds ambitious, we continue to be optimistic that solid sales practices like rotating goods more frequently, offering a pleasant shopping environment, offering sales incentives etc. will help us eventually reach this goal. It is also important to remind our stakeholders that the value of the store to WACOSA's mission, brand recognition, referral base and its positive influence in attracting DocuShred customers, truly cannot be overstated. Associating the strong name of ThriftWorks! with WACOSA significantly affects our organization's bottom line, though placing a number is likely not possible. Thus, while the store is technically still not breaking even, its influence and presence for WACOSA is critical as we examine future service directions/expansion.

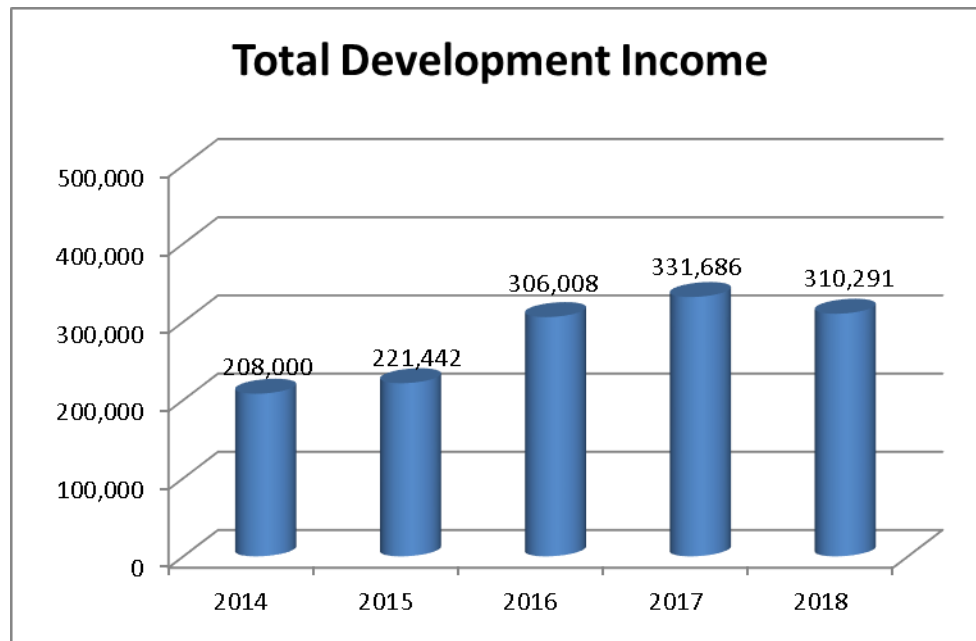
Given continued issues related to personnel expense and the limited square footage to display, sell, and prep donations, we acknowledge that breaking even may be challenging, but not unrealistic. Profitability in the thrift industry, especially when stores are operated by non-profit organizations, frequently relies upon the assistance of large numbers of volunteers. While we continue our efforts to grow our volunteer base, it is also true that staffing shortages continue to represent a significant challenge throughout Minnesota, in general. Because volunteers have no fulltime commitment to WACOSA and cannot always be relied upon to report to work, it becomes imprudent to rely heavily upon this source of labor. Moreover, if volunteers opt to leave their volunteer position, the length of time it would take to recruit and hire replacement employees would leave the store vulnerable to significant staffing shortages and potentially compromise our customer base. We will continue to analyze this issue in the months and years that follow. Regardless, ThriftWorks! continues to make significant strides in sales and donations and is an important resource for helping WACOSA's name become better known in our community.

In 2018, the store generated \$353,609 in sales from community donations. This represented a significant increase of \$66,825 (23%) over 2017. \$1,960 of this total was in-store "round ups" where customers chose to round the amount of their purchase up to the next whole number in order to donate the residual to WACOSA. In 2018, October represented our highest sales month, followed closely by November. These two months continue to represent the best sales months throughout the year. The 2018 October finish at \$30,735 also represented a record month since the store opened, beating the preceding record by almost 17% (\$5,212). November followed the October finish, posting revenues of \$35,740, also enough to break the previous record set in 2017. Overall, revenue per square foot of sales floor increased from \$64 in 2017 to almost \$79 in 2018 (23%). As stated earlier, our limited square footage in which to display and sell goods will eventually limit our ability to grow revenues. However, 2018's store performance does not yet appear to support this concern. While sales revenues were 16% less from 2016 to 2017, they rebounded to close 3% higher than 2017. This is equally evident in the \$15 per square foot revenue increase from 2017 to 2018. Sales staff report more aggressive efforts (i.e. rotating goods that are not selling off the floor, pricing and getting new goods on the floor, holding additional sale opportunities etc.) are being implemented as ways to continue to use the store's 4,500 square feet of showroom more efficiently to increase sales revenues. Moreover, we are confident that the ThriftWorks! name remaining synonymous with quality, variety and value is continuing to spread word-of-mouth, resulting in an ever-growing base of loyal customers. ThriftWorks! reviews on such on-line comment sites as Yelp, Google and Facebook all show overwhelming growth and support from area thrift shoppers.

We continue to experience steady monthly sales growth with the average sale for the past 12 months being \$8.75 (.81 increase from 2017) per customer. 2018 saw 40,392 transactions (increase of approximately 12% from 2017) for the year, an average of approximately 3,366 a month. Donations for 2018 finished at 11,773 (increase of 18% from 2017) with our highest donation month being October at 1,092. Experience is teaching us that the last quarter of the year is often consistently the strongest in sales and donations. Continued success with our store can be attributed to a persistent marketing effort and significant word-of-mouth among organizational stakeholders, volunteers and loyal community members/shoppers. At the close of 2018, we continue to maintain back up goods (60 pallets of unsorted hard goods and 26 pallets of Christmas goods at our warehouse or on-site) as a cushion in the event of unexpected lean donation times. We continue to actively reduce this number in order to prevent storage loss related to smell and rodent damage.

We remain pleased by the continued successes we have experienced in training individuals with high functioning Autism, related conditions and other disabilities in our retail sales training program. Twelve trainees were carried over from 2017, with eight new trainees entering the training program, for a total of 20 in training during the 2018 year. Seven of these individuals successfully finished training in 2018, with two currently competitively employed, three in Placement seeking employment, one waiting to work while he weathers some health related issues and 1 deciding he needed too much staff support to venture into the community at this time. Forty-eight individuals have gone through or are currently in the program, with 17 employed competitively at some time following their training. While in the program, trainees have or will take part in such retail tasks as accepting donations, sorting, pricing, operating the cash register, direct customer assistance, merchandising and cleaning, as well as other store preparation activities. While skills being taught and mastered are in a retail environment, it is important to note that graduates of the program are going on to work in areas other than retail, since the curriculum is designed to teach skills that can be generalized across a wide variety of employment settings. Working as a movie theater attendant and a dishwashing assistant, are but two examples of this that occurred in 2018.

Development Income:



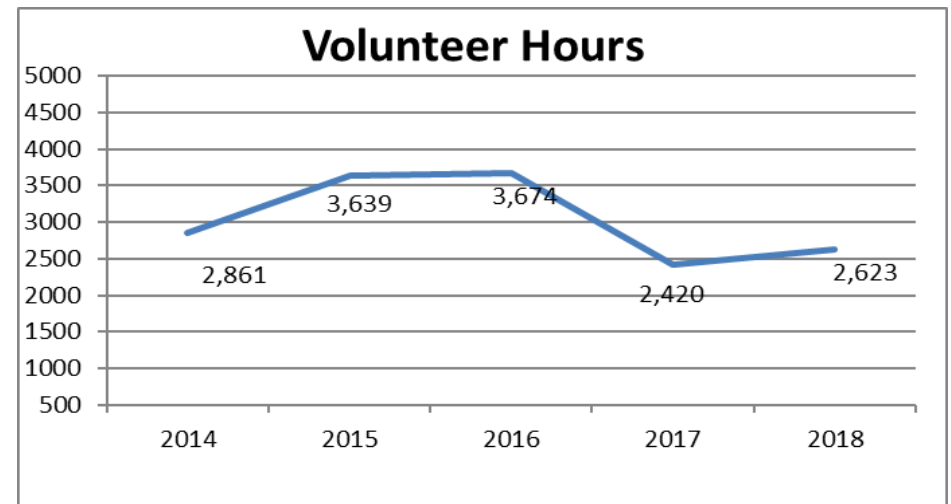
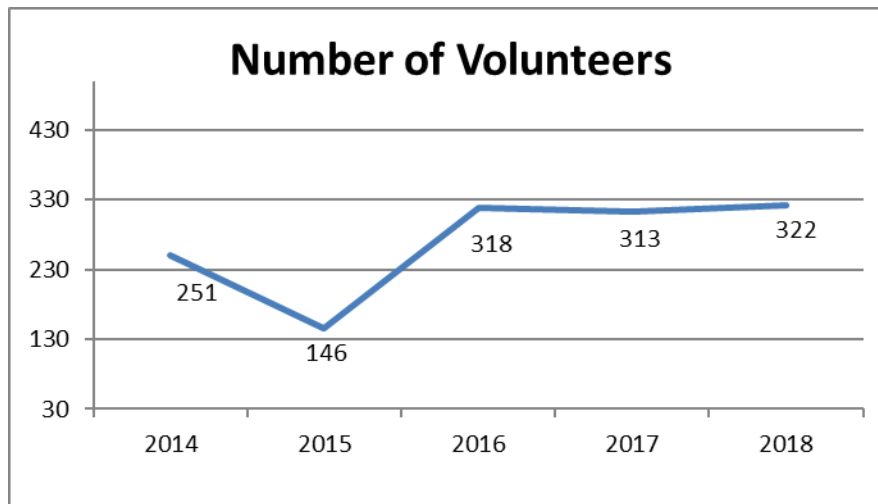
2018 is the sixth year we have chosen to report WACOSA's development income in the Outcomes Measurement Report. Since the creation of the Fund Development Department in 2013, WACOSA has seen a significant amount of turnover in the Fund Development Manager position. A new manager was hired in mid-2017 who has been moving the Development Department's goals along consistently.

With the fifth full year of this Fund Development Department's efforts complete, we are pleased with our continued progress. In 2018, WACOSA received \$310,291 in total development dollars agency-wide. It is important to note, however, this high included a combined, restricted donation from Auto Parts Headquarters (APH) and the Bartlett Family of \$203,000. Additionally, this number also includes Google Grant dollars for the second time this year. These dollars have been given to WACOSA for the past 6 years in Google advertising, but had only been included in the total Development income beginning last year. This number will be included hereafter in future Outcomes Measurement Reports. Even with both of these donations, WACOSA experienced a decrease of 8% in Development income in 2018. It should be noted that, when we calculate this number without the APH/Bartlett family donation, WACOSA experienced a total Development income of \$191,758, a growth of almost 14% from the preceding year. This growth occurred in the area of Grants Awarded, as the new Development Manager continues to experience more success in pursuing grant opportunities. Consistent from year-to-year, the APH donation is restricted based upon the preferences the Bartlett's have for its use. This expected restriction has continued to work well for WACOSA, given the continuous number of projects and improvements needed to keep

WACOSA's buildings, equipment and program opportunities attractive to our constituents. At this time, while not guaranteed, we have no reason to believe this donation will discontinue for 2019.

WACOSA had 300 total donors in 2018, up approximately 2% from the preceding year. Primary revenue came from activity related to grants awarded and unrestricted giving, as well as an external fundraiser hosted by Auto Parts Headquarters that generated approximately \$203,000. \$22,451 was raised at WACOSA's third annual Harvesting Happiness Breakfast, approximately 30% less than was raised at this event in 2017. Ninety-six individuals attended the event, six less than the preceding year. Additionally, we dropped in numbers of business sponsors for the event from 22 to 18. In light of these drops, WACOSA's Fund Development Department, in collaboration with the WACOSA Board of Director's Fund Development Committee, will be exploring other possible events in 2019 to replace the current breakfast format that appears to have run its course. Finally, two MNDOT grants were awarded to WACOSA in 2018, though WACOSA actually received funding for only one of these for \$59,157 in 2018. Funding for the second of these awards is scheduled to be released in 2019. These vehicles are grants in a succession of grants secured since 2010.

2018 Volunteer Data:



Numbers of volunteers, at first glance, appears to have remained relatively stable over the past 12 months and over the last three years, in general. As of 2016, we were still receiving one-time volunteers from Rasmussen College's Nursing Program, which has since discontinued. In 2017, we witnessed a reduction of volunteer hours from our partnership with Experience Works. This partnership, though not severed, is not currently active, since we currently have no volunteers from this program. Given the fact that both of these changes accelerated volunteer losses over a relatively short period, we view WACOSA's maintaining volunteer numbers at a slightly higher rate in 2018 when compared to 2016 and 2017 as a positive development/trend for our volunteer services program. The nine volunteers reflected in the increase were due to student volunteers that assisted clients at WACOSA during the fall semester of 2018.

Also impressive is WACOSA's Senior Program volunteering 781 hours in 2018, remaining stable from 2017 and continuing to rank as one of the highest contributing blocks of volunteer hours for the year at WACOSA. At the direction of WACOSA's governance and leadership, we plan to continue a concerted effort to improve our volunteer infrastructure. The following are some additional volunteer highlights/information from 2018:

- In September 2018, the volunteer program included client employment into the volunteer fairs attended previously by only the Volunteer Coordinator. One client was employed for several hours while attending a volunteer fair, as well as an informational class visit. This Volunteer Fair led to a record number of students (13 students) requesting to be placed at WACOSA for their Service Learning hours (20 hours each).
- In the Spring Semester, WACOSA began a partnership with College of St. Benedict's & St. John's University to host interns from their Health Sciences program. Students provide Wellness classes including exercise and healthy eating topics.
- Also in the Spring Semester, WACOSA began recruiting art students through the CSB/SJU and SCSU art department to run art classes while in between art instructors and grants.
- While working toward Service Enterprise Initiative goals, WACOSA began advertising the Volunteer Program on the back of a WACOSA bus late 2018.
- Minnesota Association of Volunteer Administrators requested the attendance of WACOSA's Volunteer Coordinator at MAVA's Central District Council quarterly meetings.
- The Volunteer Coordinator continues to stay active in committees and organizations such as St. Cloud Area Volunteer Coordinators, Volunteer Bridge, and Minnesota Association of Volunteer Administrators.
- WACOSA continues to host one-time volunteers and students from area businesses, organizations, and schools. This trend is likely to continue as team building within work environments is on the rise.
- 60% (12 of 20) of our regular, non-board member volunteers chose to volunteer at ThriftWorks! in 2018. Two of the 12 ThriftWorks! volunteers also chose to volunteer at a second WACOSA location.
- Including the acquisition of 1st Ave in 2018, WACOSA hosted 42 students and teachers from Sartell Middle School for "Kids Connecting to Community".

We will continue developing volunteer opportunities and work to make these experiences rewarding for those willing to share their time with WACOSA. The most recent data reflects that, nationally, one hour of volunteer work equates to approximately \$24.69 (Independent Sector, 2018). Given this statistic, WACOSA received approximately \$65,000 in volunteer labor in 2018.

Major Goal Areas for 2019 and beyond (presented in no particular order):

- Continue developing the WACOSA ThriftWorks! Thrift Store in order to place a progressively larger number of individuals seeking competitive community employment.
- Continue working to make WACOSA's ThriftWorks! Thrift Store as efficient and, ultimately, as profitable, as possible.
- Continue to generate funding to reduce dependence on state/federal funding.
- Work with a consultant to improve board efficiency and overall board member engagement.
- Continue researching the potential for expanding the ThriftWorks! Training Model and explore other possibilities this model might present.
- Continue implementation of the comprehensive volunteer effort and grow volunteerism at WACOSA to meet the needs of the organization.

- *Broaden the scope of clientele participating in the “Arts Thru the Spectrum” program in collaboration with the Central Minnesota Arts Board and the Paramount Theater.*
- *Implement WACOSA’s 2019 – 2023 new strategic plan.*
- *Continue to seek out a sufficient amount of contract work to keep all individuals in our center-based workforce active and engaged. Refine our current work plan/pursue center-based contract work to replace the loss of Electrolux and West Rock contracts.*
- *Keep DocuShred growing and discover new systems to help make it profitable, while negotiating increased area competition.*
- *Fully integrate WACOSA 1st Ave. into all WACOSA operations. Expand services, as appropriate.*
- *Continue to improve upon the safety and overall appearance of WACOSA physical facilities.*
- *Increase fund development stabilization efforts and begin building foundational support for planned giving efforts.*
- *Navigate a continually uncertain legislative environment that threatens funding reductions and that will require significant systems change. Throughout 2019, continue acquiring new information and systems to address the changing nature of individualized rate setting and integrate this information into WACOSA’s current billing structure, as new information is learned. Stay abreast of pending state and federal initiatives.*
- *Continue advocating for the choices of those we serve, preserving the right to participate in center-based services/work, if desired...*
- *Continue finding ways to implement the WACOSA Way/Top 20 in very tangible and genuine ways across the organization, as a whole.*
- *Continue promoting knowledge of WACOSA’s services throughout Central MN and work to develop ever-increasing brand recognition.*