# CHINOOK ENTERPRISES



2017

**Annual Report** 

SUPPORTING FULL PARTICIPATION IN COMMUNITY LIFE FOR PEOPLE WITH DISABILITIES OR OTHER BARRIERS.

## CHINOOK ENTERPRISES

ANNUAL REPORT

#### THE ONLY THING CONSTANT IS CHANGE

#### A MESSAGE FROM OUR EXECUTIVE DIRECTOR ROBERT MARTIN



Even though the term 'social enterprise' did not exist 38 years ago when we opened our doors, the concept behind it became our vision for a sustainable future. Today, Chinook Enterprises has evolved into the largest social enterprise in Skagit County.

From the beginning, we focused on placing persons with developmental disabilities into competitive employment: something that wasn't a widespread practice in the eighties. Over time, however, more opportunities came our way and we became largely self-sustaining. We focused on producing goods for industry and reinvested in our people and services. This method evolved as our way of doing business and simultaneously funding our mission. Today we are, by definition, a 'social enterprise.'

Each year since 1980 brought a unique set of challenges and opportunities. We experienced new highs and lows, successes and disappointments, with one thing being constant: change.

Last year was no exception. The overarching highlight of 2017 was that we felt the economy moving again. Local job growth, something that had stalled during the recession, was finally starting to take off. Entry-level job

opportunities in our county increased. As a result, our Community Employment Division reported a 50% increase in placements compared to 2016. We were busy!

2017 was also a year to celebrate many significant employment anniversaries. We observed two 25-year anniversaries, a 20-year, and a 30-year anniversary within months of each other. In June, we also said farewell to Jim Halpin, who retired after 36 productive years. Jim was one of Chinook's first hires in 1981 and was promoted in short order to Vice President of Program Services.

As anticipated, finding Jim's replacement was an enormous undertaking, but happily, the perfect person for the job was already working in our midst: Lisa Fisher. Lisa, who has a Special Education degree from Western Washington University, had headed Chinook's Supported Production Division since 1991.

Lisa was responsible to oversee individuals with moderate to severe disabilities as they performed tasks to support the larger Production Division.

With Lisa's technical background, people skills, and passion for supporting Chinook's mission, she was ideally suited to lead the Community Employment Services Division with a renewed energy and focus. We couldn't be happier.

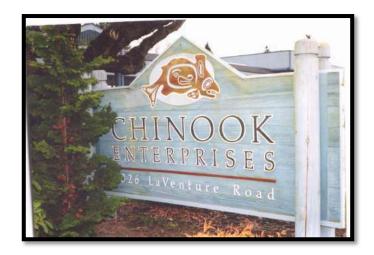
Our Aerospace Production Division added several new jobs to our contract and we anticipate even more in the next few years. Our quality remained at 99.998% with over 30,000 parts measured. Boeing recognized our team's continued excellence in customer service by presenting us with another Quality Excellence Award to add to the growing collection in our lobby.

Meanwhile, our Grounds and Landscape Division took over mowing all the trail systems at the Port of Skagit, adding another 150 acres under our management for a total of approximately 620 acres. Compared to the few lawns we managed when Chinook first started, the growth our Grounds Division continues to experience is quite an achievement.



LISA FISHER, VICE PRESIDENT OF PROGRAM SERVICES

Looking ahead to 2018 and beyond, more change is on the horizon. After devoting nearly four decades to improve job opportunities for people with disabilities, I will be retiring at the end of the year. It's hard to imagine a life without Chinook in the forefront. However, as Heraclius, the Greek Philosopher once said, "The only thing that is constant is change." As a corporate philosophy, we embrace change, because we know that without the courage to initiate change, Chinook Enterprises would not exist.



**LOGO/SIGNAGE OF 1980 - 2006** 



LOGO/SIGNAGE TODAY

### CHINOOK ENTERPRISES IS A SOCIAL ENTERPRISE

We are a non-profit designed to operate as a business, but with a social mission: supporting full participation in community life for people with disabilities or other barriers. Full participation must start with successful employment.

Chinook's diverse customer base consists of FIVE CUSTOMER GROUPS:

- 1. MANUFACTURING COMPANIES, like Boeing, who purchase assembled goods
- 2. LOCAL BUSINESSES who pay us to maintain their grounds
- 3. GOVERNMENT AGENCIES who pay us to provide support services
- 4. ELIGIBLE JOB SEEKERS who we assist in finding and maintaining employment
- 5. **EMPLOYERS** who hire people we assist

The income we earn from the **FIRST THREE** customer groups help support the work we do with the **LAST TWO**. This is what makes us a **SOCIAL ENTERPRISE**.



#### **FUNDING FOR UNREIMBURSED SERVICES**

#### **DONATIONS AND UNFUNDED NEEDS**

Many of the people we serve do not have funding sources to substantially cover all their employment services needs. Unfunded needs vary, but the most common is people needing additional employment services support.

Chinook is paid an hourly fee for a specified number of hours per customer. The hours vary according to each customer's unique needs as assigned by State agencies. Often however, the hours allocated are not adequate. In these cases, Chinook provides additional support, but is not reimbursed. Over the course of a year, the unreimbursed investment we make in our customers is significant.

But it is not only employment services hours that add up. Very often, a customer will have a need for a tangible item and has no way to pay for it. Examples include everything from wheelchair repairs to communication software. We call these "unfunded needs."

It is through a combination of internal funding via our business units, donations, and grants that we are able to pay for unfunded needs and services. In 2017, for example, Chinook provided \$23,167 in services to people who had no funding. In addition, we provided \$13,263 for people with inadequate funds for their needs.

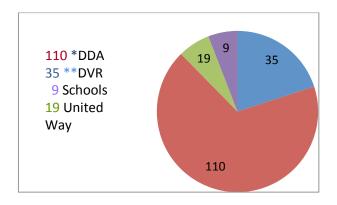
We are grateful to organizations such as UNITED WAY OF SKAGIT COUNTY, the TUCKER FAMILY FOUNDATION, KNIGHTS OF COLUMBUS, and personal donors who support Chinook's ability to put our customer's needs first, regardless of whether we are being paid to do so.

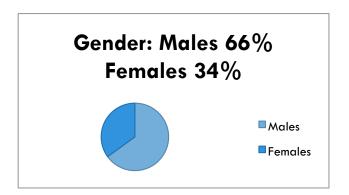


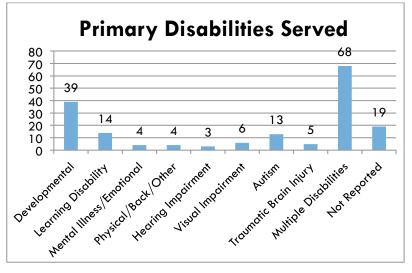
KNIGHTS OF COLUMBUS SOLICITS DONATIONS OUTSIDE HAGGEN FOOD STORES IN STANWOOD, WASHINGTON.

#### **DEMOGRAPHICS OF POPULATIONS SERVED**

\*DEVELOPMENTAL DISABILITIES ADMINISTRATION \*\*DEPARTMENT OF VOCATIONAL REHABILITATION







Ages Service		Persons	Receiving
Under 18	0		0%
18-24	17		10%
25-44	98		51%
45-65	56		33%





DAN MARTY CELEBRATES 20 YEARS OF EMPLOYMENT WITH THE CITY OF ANACORTES.

MAYOR LAURIE GERE PRESENTS DAN WITH AN HONORARY 20-YEAR JACKET.

### **EMPLOYMENT SERVICES**

#### **COMMUNITY EMPLOYMENT SERVICES (CES)**

The Community Employment Division encompasses the overall mission of Chinook Enterprises by providing services to individuals with disabilities in the Supported Production Department, on the Community Employment Services Program.

Chinook provides community-based services including work assessment, job placement, supported employment and retention services. We have contracts with the Division of Vocational Rehabilitation, the Developmental Disabilities Administration, Skagit County, and the Mount Vernon School District in the provision of these services.

2017 was a tremendous year. The CES Department stepped into high gear to take advantage of the active job market and by year-end had helped create 31 new jobs with local employers. Workplace categories varied widely from food service and retail to manufacturing and administration. The CES Department is perfectly poised to take advantage of the hiring trend caused by the labor market shortage.

Another exciting employer trend was the hiring of multiple employees! At least six local employers, including Skagit River Brewery, Calico Cupboard, McDonalds, Haggen Food Stores, Harmony Chai, and Volunteers of America, hired two or more Chinook customers in 2017.



MATT VANDEUREN PROUDLY DISPLAYS HIS FIRST PAYCHECK FROM HAGGEN FOOD STORES IN MOUNT VERNON.

The CES Department worked diligently to customize a new cloud-based database and reporting system to replace one that had become cumbersome and difficult to manage. The transition required an investment of staff time up front but will result in a safer way to store data and will provide an efficient paperless workflow as well as provide some helpful statistical data in real time each month!

Throughout 2017, staff continued to incorporate the use of technology into the day-to-day service delivery process. We continue to use iPads and a variety of apps to help our customers, their employers, and families in the areas of communication, job training, and task productivity. Video resumes have become a powerful job development tool that provides a visual demonstration of a person's skills and abilities to potential employers. Employers can see immediately how a candidate might fit into their business to fill an employment need. The department continues to use a variety of videos for job development and program marketing purposes as well.



CHINOOK'S CES TEAM WORKS TOGETHER TO ENSURE EACH CUSTOMER'S SUCCESS

Customers supported by Chinook earned \$468,922 in wages in 2017

31 Customers obtained competitive employment

Average wage per hour earned by supported employment customers: \$11.22

Total Persons Served: 164

**DVR: 35** 

**DDA: 110** 

MVHS Transitions Program: 9

United Way Grant: 19

#### SUPPORTED PRODUCTION

Within the Supported Production Department, Chinook employs people with developmental, physical, emotional, and mental disabilities, as well as those with serious medical conditions. These customers typically require a close degree of supervision to ensure their safety, along with a higher degree of verbal and physical support. To help them complete their jobs successfully, Chinook staff provide each with an individualized work schedule along with continuous guidance and oversight.

The history of supported production dates back to 1985, when two sheltered workshop programs in Skagit County closed as the financial models proved unsustainable. Back then, Chinook stepped in and developed a program to provide a place for some of the displaced workers to transition. Staff developed entrance criteria for the new workshop to ensure participants met minimum requirements.



#### SUPPORTED PRODUCTION DEPARTMENT PHOTO CIRCA 1990

Over the years, the number of customers dwindled due to natural attrition and the fact that Chinook stopped accepting new entrants into the program. To this end, 2017 marked the last full year for the Supported Production Department. The pending June 2018 closure, instigated by 2015 legislative changes, required sheltered workshops statewide to be phased out by 2019. Fortunately, Chinook had several years to prepare, which allowed staff to take proactive measures to find many customers work opportunities outside of Chinook. The closing of Supported Production marks the end of an exciting and vital chapter in Chinook's history.



JOANNE BOARD INSERTS CUSTOMER INFORMATION CARDS INTO ZIPLOCK BAGS.

In 2017, 5 OUT OF 8 of our shop workers had the opportunity to be involved in community-based activities.

Two customers had paid part time jobs in the community delivering newspapers.

THREE customers had volunteer positions at Skagit Valley College, Burlington Senior Center, and the YMCA Early Childhood Learning Center.

One customer is makes jewelry for her own business; From Ann's Hands, and sells her earrings and book markers in 9 locations including: Haggen Stores in Mount Vernon, Burlington, and Stanwood, Cottage Salon, Embellish, Pretty Simple, Rumours Hair Design, and Skagit Valley Gardens.

Supported Production customers had 254 hours of Pathways supported jobs or activity time in the community. We assembled and packaged 1061 PARTS for the Boeing Offload program. We packaged 13 different jobs for our Boeing Shared Services contract, packaging 199,209 ITEMS. We counted and packaged 100,000 ground wires for the Boeing wire shop.

### **CONTRACT MANUFACTURING, PRODUCTION, & WIRE ASSEMBLY**

The revenue generated from the Production and Wire Assembly Divisions is essential to Chinook's mission. Both departments subsidize the cost of providing outstanding service to customers through the Community Employment Division and within the Production Division itself.

A constant focus on quality and delivery continues to satisfy customers and bring recognition to the team. For the sixth year running, the department received the Boeing Performance Excellence Award. To celebrate its achievement, Rob Martin and Tom Williams were invited to attend the Boeing Supplier of the Year Award celebration.

2017 proved to have its challenges, one of which was the need to scale back the Wire Division due to low profits. Ironically, by scaling back, the Wire Division became more focused and profitable!

The production team completed its external audit recertification to AS9100C, which allows Chinook to perform work in the fields of contract manufacturing and assembly of mechanical and electronic components for the defense, commercial and aerospace industries.

Production staff continue to look for ways to improve processes and increase efficiencies. This includes the procurement of new equipment to enhance capabilities as well as provide a more streamlined and cost-effective department overall.



CYRUS HABIB, LIEUTENANT GOVERNOR, STATE OF WASHINTON TOURS CHINOOK ENTERPRISES IN JULY 2018. ROB MARTIN, CEO, KURT HEFFERLINE, BOARD MEMBER AND STAFF FROM THE ECONOMIC DEVELOPMENT ALLIANCE OF SKAGIT COUNTY SPEAK TO PLANS EXAMINER, DAVID WILDER.

#### COMMERCIAL GROUNDS AND LANDSCAPING DIVISION

Our Grounds and Landscaping Division continues to grow as Chinook secures new maintenance contracts in Skagit County. At the close of 2017, the Grounds Crew was meeting a weekly quota of 620 acres, an increase of 250 percent over the last five years!

The Grounds Crew works diligently to keep pace with an ever-increasing workload. They do an exemplary job of keeping up with an aggressive schedule and growing workforce, which has required additional training and supervisory resources, not to mention new equipment!

An unexpected and welcome surprise was to receive the 2017 Service Partner of the Year Award from the Port of Anacortes. Rob Martin accepted the award at the Anacortes Waterfront Festival Banquet and spoke on behalf of the Grounds Crew. The award recognized the crew's consistent hard work, attention to detail, and commitment to customer service.

Rain or shine, our landscape maintenance team cares for more than twelve facilities comprising approximately 620 acres every week of the year.



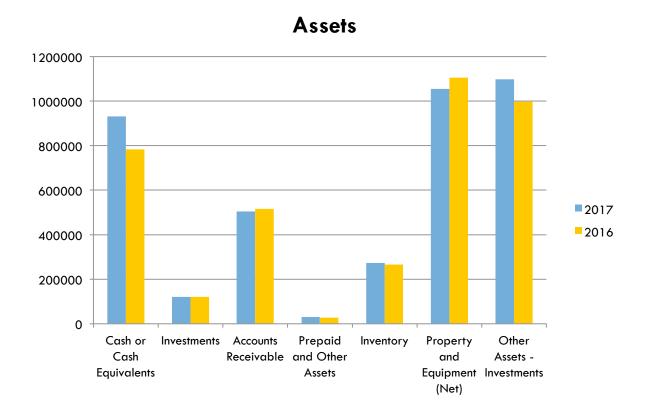
GROUNDS EMPLOYEE, DREW BEALS CELEBRATED 25 YEARS OF DEDICATION AND SERVICE ON SEPTEMBER 15, 2017.

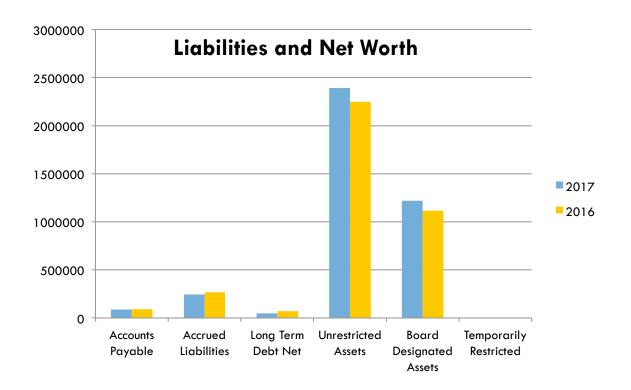
# **Financial Report**

	2017	2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 930,982	\$ 783,573
Investments	120,000	120,000
Accounts Receivable	504,024	515,501
Prepaid and Other Assets	30,150	27,270
Inventory	272,871	266,244
Total Current Assets	\$1,858,027	\$1,712,588
Property and equipment, Net	\$1,055,398	\$1,104,966
Other Assets – Investments	\$1,098,212	\$ 996,827
TOTAL ASSETS	\$4,011,637	\$3,814,381
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 86,640	\$ 89,730
Accrued Liabilities	245,590	267,491
Other Current Liabilities	22,835	21,975
Total Current Liabilities	\$ 355,065	\$ 379,196
Long-term Debt Net of Current Maturities	\$ 47,365	\$ 70,256
TOTAL LIABILITIES	\$ 402,430	\$ 449,452
Net Assets:		
Unrestricted – Undesignated	\$2,390,995	\$ 2,248,102
Unrestricted – Board Designated	1,218,212	1,116,827
Temporarily Restricted	0	0
TOTAL NET ASSETS	\$3,609,207	\$ 3,364,929
TOTAL LIABILITIES AND NET ASSETS	\$4,011,637	\$ 3,814,381

# Financial Report (continued)

	2017	2016
REVENUE:		
Support – Grants and contributions	\$ 41,047	\$ 35,995
Sales - Production	3,991,047	5,023,799
Community Employment Services	786,896	793,772
Grounds Maintenance	466,994	445,610
Investment Income	102,303	69,518
Other Revenue	13,931	19,842
TOTAL REVENUE	\$5,402,218	\$6,388,536
EXPENSES:		
Production	\$3,378,420	\$4,279,065
Community Employment Services	566,732	546,563
Grounds Maintenance	389,606	350,675
Administration	823,182	767,433
TOTAL EXPENSES	\$5,157,940	\$5,943,736
NET ASSETS, Beginning of Year	\$3,364,929	\$2,920,129
NET ASSETS, End of Year	\$3,609,207	\$3,364,929
INCREASE (DECREASE) IN NET ASSETS	\$ 244,278	\$ 444,800





## **BOARD OF DIRECTORS**



Marty Lehr - Chair



Barb Leander – Vice Chair



Dave Ryberg — Immed. Past Board Chair



Matt Ray - Treasurer



Colleen Fisher - Secretary



Sunshine Allen - Director



**Denny Doneen - Director** 



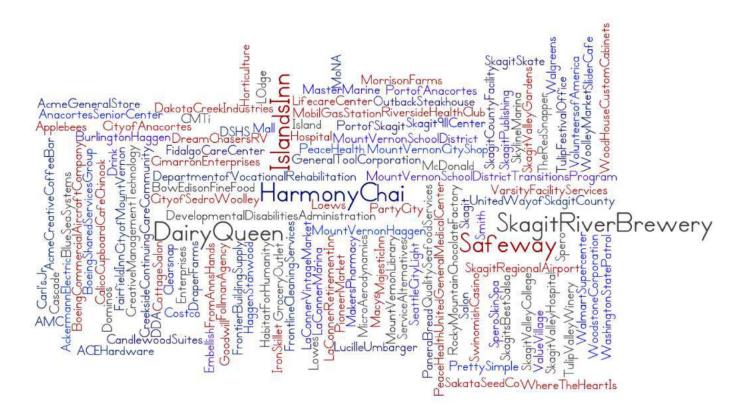
**Kurt Hefferline - Director** 



Peter Rasco — Director



# Our Community Partners



#### CERTIFICATIONS AND ACCREDITATIONS



ISO 9001:2015

AS 9001 rev. D

D6 - 82479 Appendix A (BQMS Approved)

**CARF** Accredited

Celebrating 38 Years of Service to Our Community.