

CHINOOK ENTERPRISES



2016

Annual Report

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

chinook enterprises

ANNUAL REPORT

CHANGE ON THE HORIZON | A MESSAGE FROM OUR EXECUTIVE DIRECTOR ROBERT MARTIN



Chinook Enterprises started off 2016 with a short term plan of consolidation, and a long term vision of expansion. The consolidation happened as part of a plan to create more efficiency in our wire harness division, which had been operating at its own facility in Bellingham. Due to some financial challenges with no immediate remedy, it made sense to downsize as our lease expired in early 2016. That division moved to smaller space in Mount Vernon. It took great planning and a lot of teamwork to downsize and restructure our wire operations, but within a short time, we were able to make all adjustments necessary to carry on business as usual.

We are excited about our expansion plans in the coming years. Our vision includes a partnership with Skagit Valley College to build a new facility that can be a leader in advanced manufacturing. Our partnership will result in the construction of a facility behind our current headquarters that will house the new building. The partnership enables Chinook to expand services significantly - not only to increase our capabilities, but also, to train a workforce to fill local manufacturing jobs.

Staff placed a focused effort on growing relationships with local manufacturers to diversify Chinook's production customer base within Skagit County. Several large manufacturers toured our facility to become familiar with Chinook's capabilities. One tour of significance was that of Washington Office of Aerospace Director, John Thornquist accompanied by John Sternlicht, CEO of the Economic Alliance of Skagit County, and staff.

Our latest piece of equipment arrived in March: a CNC Router with a 10-foot bed. Once we mastered the programming, our work is now markedly faster, cleaner, and a more precise process to cut plywood, plastic, fabric, aluminum, and composites.

Our advanced assembly work on Boeing's 777 required one of our employees to spend several weeks at Boeing's Salt Lake City plant to learn the Boeing techniques for the processes we would use. We also enjoyed hosting one of Boeing's staff at Chinook to work alongside employees here to make sure the work transfer went off without a hitch.





GAYLE MOORE, QUALITY SYSTEMS SPECIALIST, COMMUNITY MANUFACTURING PARTNERSHIP PRESENTED BOEING'S QUALITY AWARD TO CHINOOK'S PRODUCTION DEPARTMENT IN OCTOBER.

It did, and we are able to build the assemblies and deliver them to the Factory as required. Speaking of Boeing, Chinook's production division received two more awards to add to its collection: the Boeing Performance Excellence Award (BPEA) for 2016 as well as the Quality Award for second quarter. Pretty soon, we will need to add another award case to display them all! We were even nominated as Supplier of the Year!

Our CES Division ended the year with 21 job placements in local companies, which was on par with 2015. The majority of those placements are still going strong. Our staff continues to look for great partnership opportunities that make a real difference in the employment outlook for the people we serve.

We now have three entrepreneurs that have emerged from Chinook: Ann Argyle has started a jewelry business called "From Ann's Hands." With the help of her team, Ann creates beautiful earrings and bookmarkers. Her jewelry is sold through retail partners throughout Skagit County. Russell Martin's greeting card business has continued to grow with the help of our CES Division personnel, and Steven Brown now manages three candy vending machines through "Steven's Candies." Marketing efforts include Facebook, videos and lots of face-to-face discussions with retailers and customers.

The year ended with Jim Halpin announcing that he would be retiring in June of 2017. Jim had worked as Chinook's Assistant Director and has been with Chinook since 1981. We will miss Jim's slightly unorthodox manner as he works to ensure quality services and the best service outcomes we can provide. Jim has always put the customers first and that really has resulted in great outcomes!



An advertisement for "From Ann's Hands" jewelry. It features a photo of Ann Argyle working at a table with blue trays. Text includes: "From Ann's Hands", "ANN IS A LOCAL JEWELRY DESIGNER WHO COMMUNICATES AND CREATES WITH HER HANDS.", "YOUR PURCHASES SUPPORT ANN'S MISSION TO BRING MORE COLOR AND SPARKLE INTO OUR LIVES.", "Earrings: \$15", and "Book Markers: \$10".

An advertisement for "Artistic Cards by Russell Martin". It features a photo of Russell Martin. Text includes: "Artistic Cards by Russell Martin", "A lifelong Skagit resident whose work has been shown in several juried art shows, Russell's images bridge the world of autism straight to our hearts with whimsy and beauty."

An advertisement for "Steven's Candy". It features a photo of Steven Brown. Text includes: "Steven's Candy", "The Sweet Spot in Your Day", "Greetings Follow Candy Love!", "My name is Steven Brown. I am a Skagit County resident who loves meeting people, working, and candy!", "Operating my business allows me to combine these three passions.", "Please enjoy some candy and take time to remember the sweet things in life.", "Bats Help Sweet Brown"

JIM HALPIN RETIRES AFTER 36 YEARS | A LEGACY OF LEADERSHIP

“When you work with someone your entire career, it’s difficult to say good-bye,” admitted Rob Martin in reference to Jim Halpin’s pending retirement. “Jim was one of the first people I hired back in 1981, just one year after Chinook opened its doors.”



The relationship between Rob Martin and Jim Halpin is a combination of respectful professionalism and brotherly love.

Rob recalled how the 36-year partnership began, “Jim answered an ad in the paper for a night janitorial supervisor position but I hired someone else instead...BIG mistake.” When the first person hired didn’t work out, Rob called Jim and asked if he was still interested. Fortunately, Jim was. And the rest, as they say, is history.

“I knew I was second runner up,” quipped Jim, “and I have never let him forget that!”

In a recent interview, Rob and Jim recalled some of the changes they’ve seen over the years including those responsible for expanding Jim’s responsibilities to the current title of ‘Assistant Director.’

The first of those occurred in 1982, only one year after Jim was hired. Changes in two government programs necessitated the expansion of Jim’s responsibilities to include the oversight of sheltered workshops and community employment.

In 1985, Jim was instrumental in helping shift Chinook’s placement strategy from one of ‘train, then place,’ to ‘find a job, match the job to the person, then train the person to the job.’ That shift of mindset and procedure was transformative for the organization and largely responsible for Chinook’s ongoing success today.

In 1989, Jim attained a Masters Degree in Adult Education from Western Washington University at night while working at Chinook by day. The education was beneficial in helping Jim learn how to analyze program success strategies, measure outcomes objectively, and manage a growing staff.

“Jim has invested his entire career in developing opportunities for others,” stated Rob, referring to Chinook’s record of finding more than 1,000 jobs for disabled people since program inception. “The icing on the cake is that some of those original placements are still going strong.”

Internally, Jim and Rob worked together on a multitude of programs to also create job opportunities within Chinook itself. Grounds Maintenance and Assembly Services are two programs that still thrive today and provide a living wage for many.



TERRY HALL 30-YEARS AT SKAGIT GARDENS | AN ATTITUDE OF GRATITUDE



Terry is the kind of person everyone wants as a co-worker: reliable, hard-working, positive, approachable, friendly, and fun. His smile and contagious laugh are guaranteed to bring sunshine, even on the greyest of days. Over the past 31 years, Terry has become a part of the colorful landscape of Skagit Gardens where he works full-time in the wholesale division. On a recent interview about his career, Terry shared, “I love my job and the people I work with.” Terry’s dream job began in 1985 with an interview arranged by Jim Halpin at Chinook Enterprises. Things could not have worked out better.

Terry is responsible for a great many tasks at Skagit Gardens. He has become a valued team member not only for his expertise, work ethic and personality, but because of his ability to keep track of orders. His supervisor said, “His accuracy is astounding. It’s great to have someone with the keen ability to keep an accurate count of our work flow.”

“The money I earn allows me to travel, eat my favorite meal (biscuits and gravy) at my favorite restaurant (Curious Chef), and even helped buy the family car.” Terry loves earning and saving money. But you’ll often find him spending it on important items - like flowers for his mother.

When not working, Terry challenges himself by working on difficult jigsaw puzzles, watching his two favorite game shows, *Jeopardy* and *Wheel of Fortune*, and hunting for golf balls on the neighboring golf course, where he turns them in for cash. He admits, “I like to stay busy!”

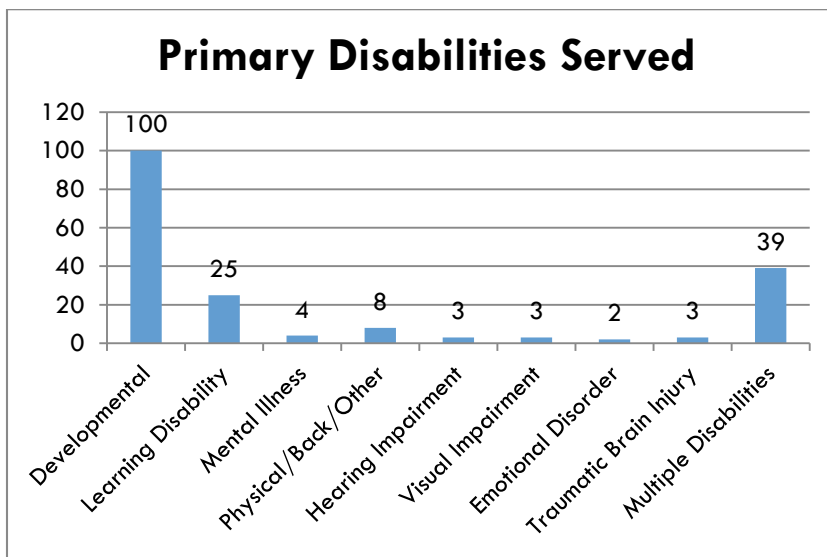
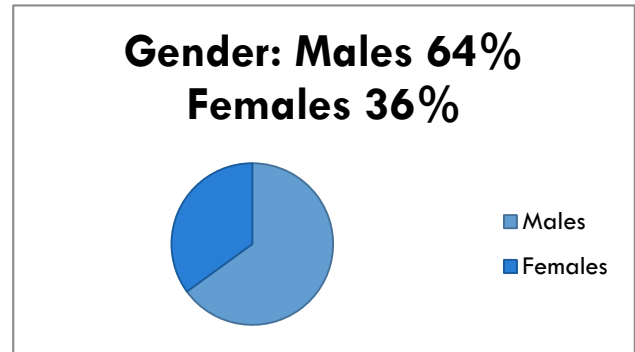
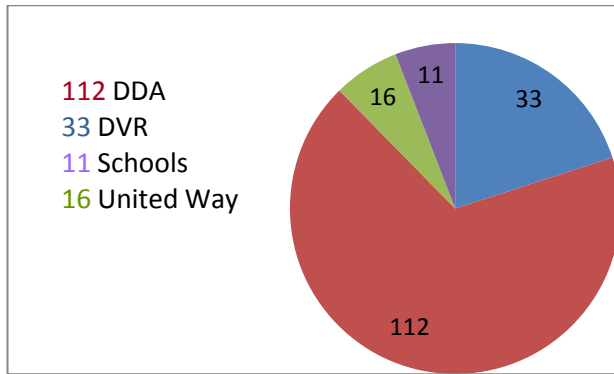
Terry has a great memory. When asked about Jim Halpin’s upcoming retirement, Terry recalled all the details about those first job interviews with Jim at his side. And Terry has never forgotten Jim’s birthday either. Not in 31 years! “Terry has an amazing memory,” said his father, Carlos. “My wife and I both rely on Terry to keep track of lots of things. He never forgets!” Terry will be present at Jim’s retirement party. “I will be there. I wouldn’t miss it.” But when asked about his own retirement plans, Terry replied, “Oh, maybe when I’m 70.”

And fortunately, that day is a long way off.



DEMOGRAPHICS OF POPULATIONS SERVED

Referral Sources: DVR 33, DDA 112,
Schools 11, United Way 16



Ages of Persons Receiving Services		
Under 18	0	0%
18-24	25	17%
25-44	82	56%
45-65	39	26%
Over 65	2	1%



Departments

EMPLOYMENT SERVICES

Community Employment Services

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 Commercial Grounds Maintenance crew, and in 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.

We took on the task 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 great metric data in real time each month!

Throughout 2016, 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 clients, their employers, and families in the areas of communication, job training, and task productivity. Video resumes, which give employers a visual snapshot of a person's skills, have been created for several individuals and a "how to" video was created to help in the ongoing development of this exciting technology. The department continues to use video for program marketing purposes as well.

Participants supported by Chinook earned \$435,065 in wages in 2016

21 participants obtained competitive employment

Average wage per hour earned by supported employment participants: \$11.23

Total Persons Served: 172

DVR: 33

DDA: 112

MVHS Transitions Program: 11

United Way Grant: 16



The American Legion in Burlington, WA is a customer of Stephen's and hosts a very popular candy machine. They also helped raise funds to help Stephen purchase additional candy machines. Stephen was the guest of honor at a lunch meeting. In this photo, Steven gives a high five to Station Commander, Brian Mellor.

Supported Production Department



Chinook Enterprises employs people with developmental, physical, emotional, and mental disabilities, as well as those with serious medical conditions. The people working in this department typically require a close degree of supervision to ensure their safety, along with a higher degree of verbal and physical support, to help complete their jobs successfully. Each participant is provided an individualized work schedule, meeting their personal and physical needs, under the constant guidance of Chinook staff.

Our Supported Production Department has developed a number of unique options for participants, including a variety of jobs in-house, targeting specific and individualized skills for outside employment, as well as an array of community based activities, referred to as the Pathways Program. These activities are specifically designed to assist people in becoming more at ease in their community by providing one on one support while individuals explore various work experiences including job shadows, job assessments, and volunteering, the overall goal being job placement in the community where the individual resides.

In 2016, **5 OUT OF 9** of our shop workers had the opportunity to be involved in community-based activities.

TWO participants have paid PT jobs in the community delivering newspapers.

THREE participants have volunteer positions at organizations such as Skagit Valley College, Burlington Senior Center, and the YMCA Early Childhood Learning Centers.

ONE participant is making jewelry for her own business at The Tattered Page Bookstore.

Supported Production participants had **534 HOURS** of Pathways supported jobs or activity time in the community. We assembled and packaged **2,281 PARTS** for the Boeing Offload program. We packaged 14 different jobs for our Boeing Shared Services contract, packaging **308,482 ITEMS**. We counted and packaged **217,500 GROUND WIRES** for the Boeing wire shop.



CONTRACT MANUFACTURING, PRODUCTION & WIRE ASSEMBLY

Our Assembly and Wire Harness Departments have the significant role of generating revenue, which directly subsidizes the programs related to our mission. The Mount Vernon facility accounted for approximately 75% of the company's overall revenue in 2016, and the majority of this came from contracts with the Boeing Commercial Airplane Corporation.

Our team worked hard to successfully complete our annual ISO 9001:2008 AND AS 9100C external audit and receive our re-certification. We were nominated for the Boeing Supplier of the Year Award and also won the Boeing Performance Excellence Award for the seventh year running.

We invested in several pieces of new equipment to increase efficiencies and opportunities. A rotary die cut and wire cutting machine replaced older less efficient models. One benefit to us, aside from newer technology, is that the new machines take up a lot less floor space, which is always at a premium here. Additionally, we purchased a Tiger Stop Precision Cutting Unit to cut material used in the manufacturing of Boeing 737 seat tracks.

We partnered with the Western Washington University Supply Chain Management Group for the third year and employed an intern, Breann Shea, through the summer months. Breann assisted us in our Enterprise Manufacturers Requirement Program (EMP) work. We are pleased to report that Breann now works for Boeing as a Supply Chain Management Analyst.





COMMERCIAL GROUNDS DEPARTMENT

The Commercial Grounds Department has been in the green business for over thirty-three years, and is also where our Group Supported Employment Program is housed. It continues to be a reliable and valuable source of integrated work for people with disabilities.

GROUNDS CREW TEAM

We maintain the grounds on many major contracts throughout the Skagit Valley, including Skagit Valley College, Port of Anacortes, Anthony's Homeport Restaurant, the LaConner Marina, Pleasant Ridge Cemetery, United General and Skagit Valley Hospitals, Skagit 911, and Family Care Network.

Chinook Enterprises Landscape Division offers enterprise level landscape maintenance services, including mowing, pruning, fertilization, vegetation control, leaf raking, spreading of beauty bark, lot clean up, and landscape installations. The Commercial Grounds Department is consistently recognized throughout the Skagit Valley for the high quality of workmanship and dependability.

Rain or shine, our landscape maintenance team cares for more than twelve facilities comprising approximately 640 acres every week of the year.



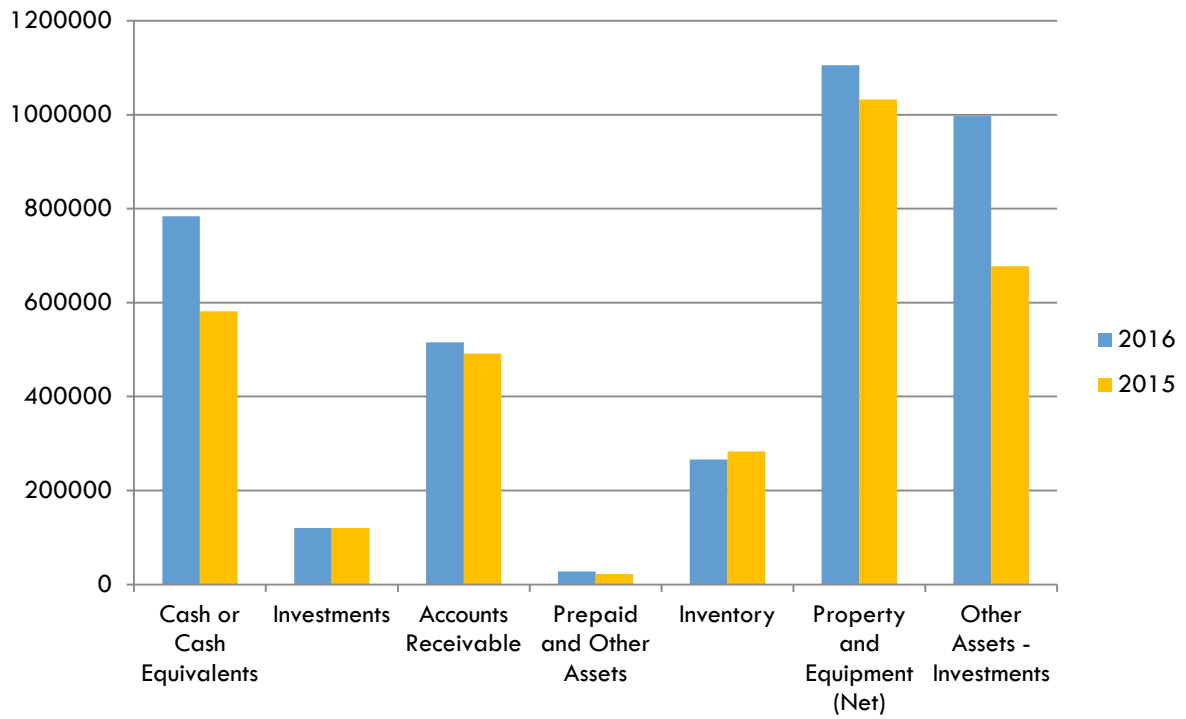
Financial Report

	2016	2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 783,573	\$ 581,521
Investments	120,000	120,000
Accounts Receivable	515,501	491,562
Prepaid and Other Assets	27,270	21,998
Inventory	266,244	282,798
Total Current Assets	1,712,588	1,497,879
Property and equipment, Net	1,104,966	1,032,101
Other Assets – Investments	996,827	677,795
TOTAL ASSETS	\$3,814,381	\$3,207,775
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 89,730	\$ 17,672
Accrued Liabilities	267,491	269,974
Other Current Liabilities	21,975	0
Total Current Liabilities	379,196	287,646
Long-term Debt Net of Current Maturities	70,256	0
TOTAL LIABILITIES	\$ 449,452	\$ 287,646
Net Assets:		
Unrestricted – Undesignated	2,248,102	2,122,334
Unrestricted – Board Designated	1,116,827	797,795
Temporarily Restricted	0	0
TOTAL NET ASSETS	\$3,364,929	\$2,920,129
TOTAL LIABILITIES AND NET ASSETS	\$3,814,381	\$3,207,775

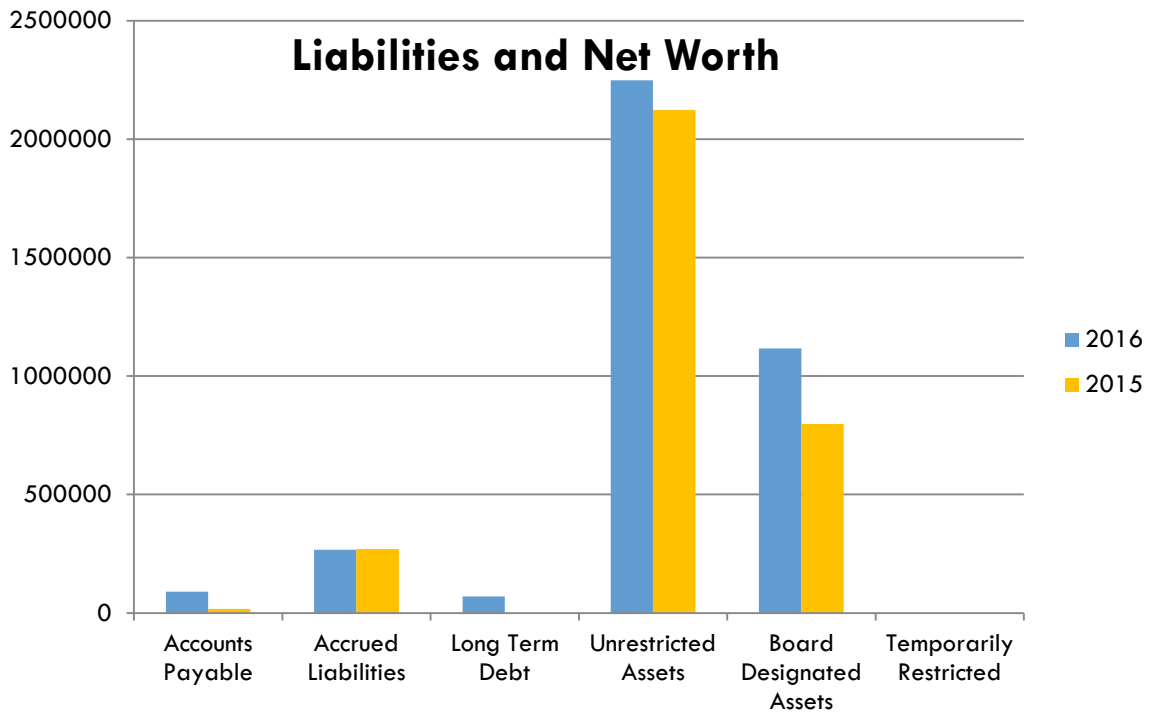
Financial Report cont.

	2016	2015
REVENUE:		
Support – Grants and contributions	\$ 35,995	\$ 36,180
Sales - Production	5,023,799	5,107,097
Community Employment Services	793,772	768,112
Grounds Maintenance	445,610	343,523
Investment Income	69,518	7,032
Other Revenue	19,842	14,643
TOTAL REVENUE	\$6,388,536	\$6,276,587
EXPENSES:		
Production	\$4,279,065	\$4,491,482
Community Employment Services	546,563	536,153
Grounds Maintenance	350,675	312,681
Administration	767,433	740,060
TOTAL EXPENSES	\$5,943,736	\$6,080,376
NET ASSETS, Beginning of Year	\$2,920,129	\$2,723,918
NET ASSETS, End of Year	\$3,364,929	\$2,920,129
INCREASE (DECREASE) IN NET ASSETS	\$ 444,800	\$ 196,211

Assets



Liabilities and Net Worth



Board of Directors



Kurt Hefferline – Director



Denny Doneen – Director



Dave Ryberg - Board Chair



John Stewart- Treasurer



Barb Leander - Secretary



Sunshine Allen - Director



Colleen Fisher - Director



Marty Lehr – Vice Chair



Peter Rasco - Director

Partners and Certifications

OUR COMMUNITY PARTNERS

- Altair Advanced Industries
- Blue Sea Systems
- Boeing Commercial Aircraft Company
- Boeing Shared Services Group
- Department of Vocational Rehabilitation (DVR)
- Developmental Disabilities Administration (DDA)
- General Tool Corporation
- Idex Health & Science
- Mount Vernon School District Transitions Program
- Outback Power Systems
- Peace Health United General Medical Center
- Pleasant Ridge Cemetery
- Port of Anacortes
- Port of Skagit – LaConner Marina
- Skagit Valley College
- Skagit Valley Hospital
- United Way of Skagit County
- Woodstone Corporation
- Dakota Creek

CERTIFICATIONS AND ACCREDITATIONS



CARF Accredited

ISO 9001:2008

AS 9100 rev. C

**D6 – 82479 Appendix A
(BQMS Approved)**