



WHERE *ABILITY* MEETS *OPPORTUNITY*

2018 ANNUAL REPORT

Supporting full participation in community life for people with disabilities and other barriers.

CHANGE IS ACTIVE AT CHINOOK ENTERPRISES

A Message from our Executive Director **STEVE REED**

It is my honor to be writing my first opening letter in Chinook's annual report. A year ago, when I began looking for a position in the Pacific Northwest, I never imagined I'd find my dream job as president and CEO of Chinook Enterprises.

In January of 2019 I stepped forward to fill the shoes of beloved founder and president emeritus, Rob Martin. After 39 years of giving his all to an organization that continues to make a difference, Rob publicly passed the reigns to me during a community celebration at McIntyre Hall. It was a night we'll never forget and was a fitting tribute to Rob's legacy.

In January we also addressed our first major challenge: A change in the prevailing wage law that occurred in the summer of 2018, threatened the viability of our Grounds Maintenance Division in the coming months. Along with our Board of Directors and Rob Martin's invaluable guidance, we formulated a plan of action that not only saved everyone's jobs but also resulted in an More details on this exciting accomplishment can be read in the Grounds Maintenance section of this report.



After clearing the first hurdle of the year, we were able to refocus on the leadership transition and crafting our strategic plan for future growth and mission expansion. My first priority was to gain a clear understanding of each department's challenges, successes, and visions for the future.

Taking a broader perspective, we took some time to address two questions: How can we help people with barriers achieve their full potential? How can we help our community achieve its full potential to become more accessible and inclusive? How will the world change in 5, 10, or 20 years as a result of our contribution?

When we step back to answer questions of how to do MORE, we realize we also need to BE more. In order to BE more, we need to expand and diversify our assembly and manufacturing capabilities. Diversification efforts are taking first priority in terms of our production client base, product offerings and industries served. I look forward to sharing our 2019 efforts and successes in next year's report.

In my short time here, I have discovered the most valuable asset Chinook Enterprises holds is held within the hearts and minds of its committed team, supportive families, and community. I am truly honored to work with such a quality staff and Board of Directors. Following a thoughtful strategic plan, we are crafting a vision for our future as we strive for inclusion and accessibility for all.

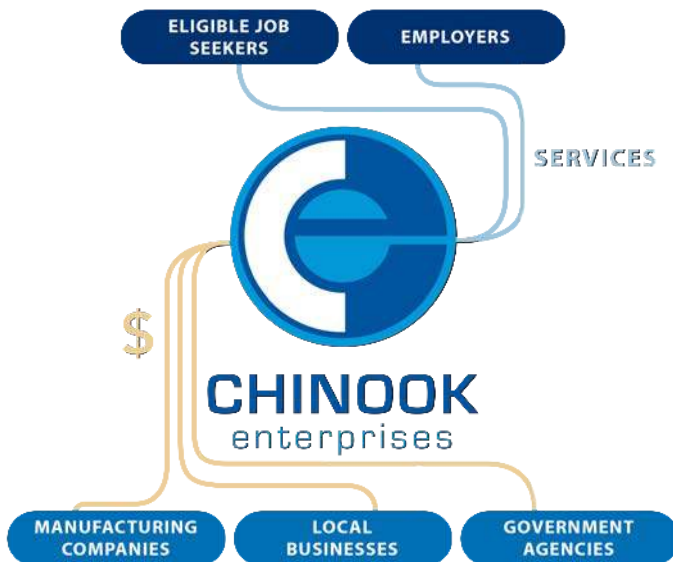
CHINOOK ENTERPRISES IS A SOCIAL ENTERPRISE



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**:

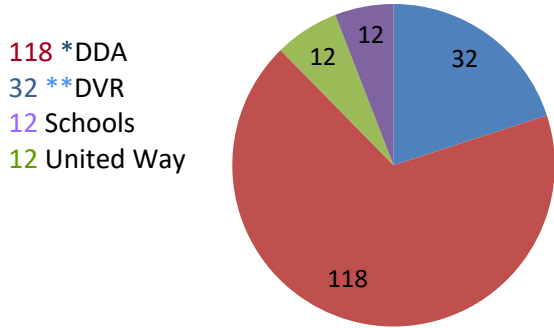
1. **MANUFACTURING COMPANIES**, like Boeing, who purchase assembled goods
2. **LOCAL BUSINESSES** who pay us to maintain their grounds
3. **GOVERNMENT AGENCIES** who pay us to provide support services
4. **ELIGIBLE JOB SEEKERS** who we assist in finding and maintaining employment
5. **EMPLOYERS** who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



Income we earn from the **BOTTOM THREE** customer groups help support the work we do with the **TOP TWO**. This is what makes us a **SOCIAL ENTERPRISE**.

DEMOGRAPHICS OF POPULATIONS SERVED

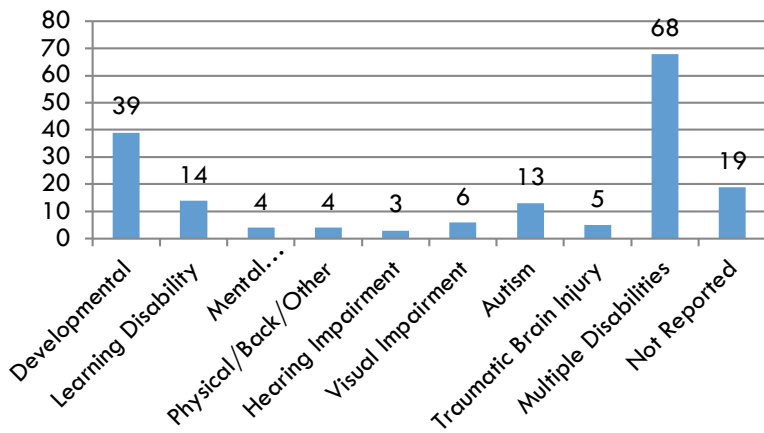
*DEVELOPMENTAL DISABILITIES ADMINISTRATION **DEPARTMENT OF VOCATIONAL REHABILITATION



Gender: Males 64%
Females 36%



Primary Disabilities Served



Ages of Persons Receiving Services		
Under 18	0	0%
18-24	30	17%
25-44	91	53%
45-65	49	28%
Over 65	4	2%



2018 saw 25 new jobs created with a total of 66 employers engaged in employment relationships with our CES customers. These jobs increased Chinook's total to 1153 since opening its doors in 1980.

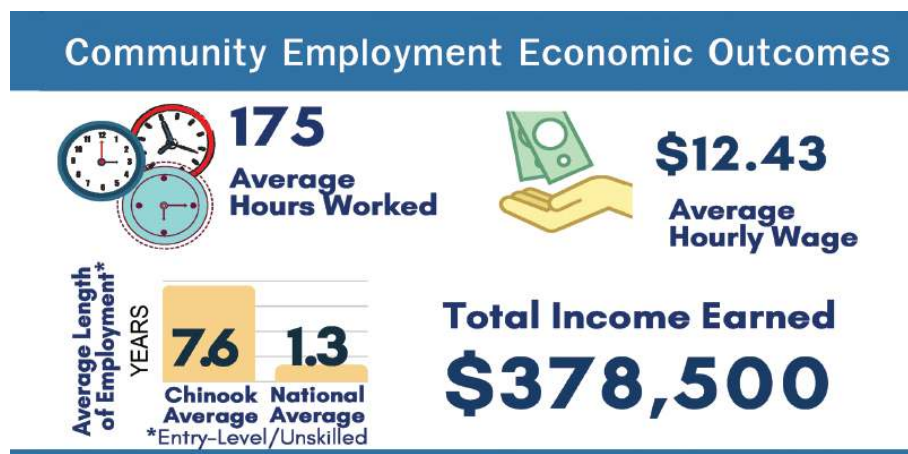
EMPLOYMENT SERVICES

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 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.

Our employer partners enjoy a very low turn-over rate with our job placements. Compared to the national average of 1.3 years, employers who hire through Chinook experience a retention rate 500 percent better at 7.6 years.



The Department experienced several staff changes. First, Marcia Mueller retired after 17 years of dedicated service. We then welcomed Emmanuel Medina Garcia and Jamie Simmons. Both Emmanuel and Jamie brought unique skills. Emmanuel is bilingual in English and Spanish, while Jamie is fluent in ASL sign language. These two team members increased our communication capacity and ability to serve a greater population of people with a broader range of needs.

CES staff implemented a new software program called SETworks which allowed the team to better capture more accurate billing details. Improved accuracy provides a clearer picture of time and productivity management as well as other key performance indicators linked to sustainability.

Department of Vocational Rehabilitation (DVR) provided fewer referrals to Chinook and other providers due to department budget constraints. However, DDA referrals increased by nine percent and persons served increased by a total of ten.



One trend of concern was that as minimum wage increased from \$11.22 to \$12.43, hours worked overall decreased 31% (from 255 to 175). This brought the earning power, or what we call the “spending Power Index” of our working customers down by 30% as a group.

MISSION-CENTRIC ACTIVITIES AND ACCOMPLISHMENTS

CREATIVE FUNDRAISING FOR LINCOLN THEATRE

In October we learned that the Lincoln Theatre needed donations to purchase a stage lift. A stage lift is equipment that assists performers with mobility issues and helps them access the stage. Chinook’s marketing team sprung to action and produced a video featuring David Wilder to help bring awareness to



David Wilder reads sign board promoting the title of his video ‘David Wilder Presents Superman,’ minutes before the final series of clips are filmed. Note the red carpet behind David as he looks on.

CHINOOK'S HALL OF FAME

We transformed our stark hallways into an art gallery by showcasing some of our customer photography in the form of large colorful canvasses. We invited customers to visit our “Halls of Fame” to sign their portraits life-sized portraits. For most, like Fred below, it was an awesome experience.



HUMANITARIAN AWARD OF THE YEAR

The year ended with a wonderful surprise: Chinook Enterprises was one of three organizations to be nominated for the prestigious Humanitarian Award from the Burlington Chamber of Commerce. The Award winner is selected through a vote of the membership and presented to one organization whose work continually improves the lives and well-being of people in our community.

Rob Martin accepted the award on behalf of Chinook and shared a few words of gratitude, giving credit to Chinook's staff and management team. Rob also mentioned that continued success would be elusive without open-minded employers and enthusiastic job seekers like those represented in the audience.

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.

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.

A constant focus on quality and delivery continues to satisfy customers and bring recognition to the team. For the eighth year running, the department received the Boeing Performance Excellence Award. To celebrate its achievement, Steve Reed and Tom Williams attended the Boeing Supplier of the Year Award celebration in Los Angeles.

Our Production Division ended 2018 with an eye on the future. In November, Steve Reed made his first official visit as 'incoming' CEO. Steve shared his vision for diversification of capabilities, client base and revenue streams.



FOR THE EIGHTH YEAR IN A ROW, CHINOOK ENTERPRISES RECEIVED BOEING'S PRODUCTION EXCELLENCE AWARD (BPEA). FEATURED IN THIS PHOTO: STEVE REED, CEO AND TOM WILLIAMS, PRODUCTION SUPERVISOR.

COMMERCIAL GROUNDS AND LANDSCAPING DIVISION

The Commercial Grounds Division hit a new record in 2018 when Chinook won the 200-acre SWIFT Center contract (formerly Northern State). It was an exciting achievement, especially in light of how Rob Martin, Chinook's Founder, started the company in 1980 with a lawnmower, a Ford Pinto and a small group of people with disabilities who mowed lawns.

As the year drew to a close, Chinook's Grounds Division faced its biggest challenge to date: a law that had passed in August (SB 5493) triggered a wage increase on municipal contracts from \$14.15 to \$59.49. Under the new rate scheme, Chinook's municipal clients declined to engage in new contracts with Chinook and were seeking less expensive options. The Grounds Maintenance Division was a risk of closing its doors within a year.

Chinook's Board and leadership quickly developed a communications plan and worked with Government officials as well as the Department of Labor and Industries to resolve the issue. A swift and elegant solution was crafted through an emergency ruling which created a new worker classification for employees performing landscape maintenance tasks such as mowing, blowing, and trimming.

We are pleased to report that not only are workers busier than ever, they also received an increase in wages. The final result of what appeared to be a no-win scenario was a win-win for all.



RAIN OR SHINE, OUR LANDSCAPE MAINTENANCE TEAM CARES FOR MORE THAN TWELVE FACILITIES COMPRISING APPROXIMATELY 850 ACRES PER WEEK.

FINANCIAL REPORT

	2018	2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 653,903	\$ 930,982
Investments	120,000	120,000
Accounts Receivable	445,083	504,024
Current Portion In-Kind Rent Receivable	58,440	58,440
Inventory	199,265	272,871
Prepaid Expenses	16,471	30,150
Total Current Assets	\$1,493,162	\$1,916,467
In-Kind Rent Receivable, Net of Current Portion	\$ 293,326	\$ 335,355
Property and equipment, Net	\$1,082,108	\$1,055,398
Other Assets – Investments	\$1,716,550	\$1,098,212
TOTAL ASSETS	\$4,585,146	\$4,405,432
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 42,401	\$ 86,640
Accrued Liabilities	255,290	245,590
Other Current Liabilities	23,415	22,835
Total Current Liabilities	\$ 321,106	\$ 355,065
Capital Lease Obligation, Net of Current Portion	\$ 24,083	\$ 47,365
TOTAL LIABILITIES	\$ 345,189	\$ 402,430
Net Assets:		
Donor Restricted – Time restricted for in-kind rent receivable	\$ 351,766	\$393,795
Unrestricted – Undesignated	\$2,051,641	\$2,390,995
Unrestricted – Board Designated	1,836,550	1,218,212
TOTAL NET ASSETS	\$4,239,957	\$4,003,002
TOTAL LIABILITIES AND NET ASSETS	\$4,585,146	\$4,405,432

FINANCIAL REPORT (CONT.)

	2018	2017
REVENUE:		
Sales - Production	\$ 3,497,646	\$ 3,991,047
Community Employment Services	738,394	786,896
Grounds Maintenance	585,868	466,994
Support – Grants and contributions	24,844	32,047
In-kind Support	16,411	18,209
Other Revenue	16,929	13,931
Investment Return	(80,678)	102,303
TOTAL REVENUE	\$4,799,414	\$5,411,427
EXPENSES:		
Production	\$2,715,988	\$3,314,011
Community Employment Services	683,744	662,288
Grounds Maintenance	555,317	401,472
Administration	607,410	829,609
TOTAL EXPENSES	\$4,562,459	\$5,207,380
NET ASSETS, Beginning of Year	\$4,003,002	\$3,798,955
NET ASSETS, End of Year	\$4,239,957	\$4,003,002
INCREASE (DECREASE) IN NET ASSETS	\$ 236,955	\$ 204,047