



HOPE *network*

1998 Year in Review

Who We Are

Hope Network is a comprehensive statewide Christian organization comprised of several affiliates and contract organizations brought together by a single mission and similar values. All 2000 plus staff seek to deliver quality services which enhance the dignity and independence of people with disabilities and related disadvantages. To accomplish this mission Hope Network Provides medical rehabilitation, job training and placement, employment and vocational opportunities, residential services, creative housing options and choices, and transportation for people with disabilities and related disadvantages.

We believe each person is created in the image of God and, therefore, has an intrinsic worth and dignity. We give each person we serve optimal opportunity to develop and function with full human dignity. We treat each person as a whole human being with physical, mental and spiritual aspects.



Opportunities to Serve.



Herbert A. Start
Hope Network
President & CEO



James M. Tuinstra
Executive Vice President
Program Development

Nineteen-ninety-eight was a year of continuing change and development as Hope Network responded to the changes in service delivery demands in the state of Michigan.

Reorganization

This year was the first full year of operations after the reorganization of Hope Network. As a result of the changes, good progress has been made in board structure, affiliate membership and management services. We were extremely pleased with the new developments of our board structure which resulted in a new strategic plan for Hope Network. The affiliate members continued to manage service delivery to help meet our goal of a statewide, seamless service delivery system. The affiliate members contributed to the development of the strategic plan. They reviewed the corporate strategic plan in relation to needs, challenges, resources and opportunities in their geographic areas and developed an annual plan to serve their communities. They implemented the plan by creating new services and making new affiliations and relationships with other organizations throughout the state. A great deal of success was achieved in meeting corporate goals. Our management services continued to evolve support services which are responsive to, and cost effective for, our affiliate members and other nonprofit groups.

New Linkages

Under the new organizational structure, Hope Network has continued to grow through the development of new services, through new affiliations, and through joint ventures with other nonprofits. The result of these efforts has significantly increased the number of people served by Hope Network and affiliates and has increased the synergies between the various programs within the Hope Network system.

The number of Community Mental Health Boards that we work with has increased significantly in 1998. We look forward to the opportunity to increase services to other Community Mental Health Boards in our areas of expertise in meeting the needs of individuals served by them and other funding sources. This cooperation will continue to enhance the evolution of a cost-effective, seamless service delivery system. We can envision a state-of-the-art service delivery system whereby local Community Mental Health Boards retain fiduciary responsibilities as well as recipient rights responsibilities for the people they serve, thereby enabling not-for-profits to focus on the most cost-effective, efficient, high-quality services possible.

New Programs

Hope Network continued its efforts to develop new programs to meet the needs of individuals in the least restrictive, most cost-effective, high-quality fashion possible. Several new programs were developed to enable individuals to leave state institutions. We are also currently working on a number of new service delivery models for individuals who have been served in residential-type settings in the past.

The concept of managed care is exciting and challenging. Creativity will be permitted to develop services to meet the needs of individuals. Person-centered planning will expand the possibilities far beyond the traditional program development models.

The challenge during 1998 was the uncertainty at the state level about Medicaid waivers. It is our hope that Community Health and Community Mental Health will implement the Medicaid waiver, which will lead to significant increases in person-centered planning. This will enable us to work in partnership with Community Mental Health, parents, advocates, local civic and church

groups. Our experience indicates that there are tremendous opportunities and benefits from working together. The result, hopefully, will be the ability to serve persons who have been left on waiting lists.

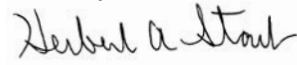
We have made a concerted effort to create supported or independent living arrangements which are affordable to persons who can live in non-licensed settings. Through cooperative

arrangements with the Michigan State Housing Development Authority as well as various community and parent groups, our Creative Housing Program has been successful in developing a large number and variety of residential settings statewide.

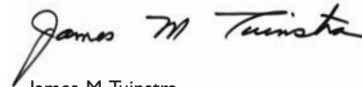
We are thankful to God for providing us with another year full of challenges and opportunities. We look forward to His continued

guidance and counsel as we continue to serve others according to His will and Word.

Sincerely,



Herbert A. Start
Hope Network President & CEO



James M. Tuinstra
Executive Vice President
Program Development

1998 New Program Highlights

- West Lake Residential Program in Lowell, Michigan, expanded to serve additional individuals with mental illness and/or developmental disabilities.
- North Ottawa opened to serve persons with high level need and specialized residential services for persons with mental illness.
- Rainbow Homes in Lansing, Michigan, purchased two fourplex apartment buildings to create supported independent living arrangements for people with developmental disabilities.
- Milham Parkside Apartments opened in Kalamazoo, Michigan, for persons with mental illness.
- Pontiac Plains Apartments opened in Pontiac, Michigan, for persons with mental illness.
- The proposal for a HUD 811 apartment building was awarded to Hope Network. Construction will begin soon in Battle Creek.
- Lansing Rehabilitation Services, a brain injury program providing transitional rehabilitation and adult foster care, was created as the result of a joint venture between Hope Network and Spectrum Continuing Health Care Services.
- Several contracts were awarded by ACSET serving several counties in West Michigan. This program provides rehabilitation and placement services for people who are unemployed.
- Genesis Housing Corporation was formed as a joint venture between Hope Network, Dwelling Place and the Inner City Christian Federation. This program will develop 100 units of housing for persons with disabilities in cooperation with the Corporation for Supported Housing.
- Exodus created its first transitional living apartments for ex-offenders.
- Hope Network Southeast developed several new supported independent housing arrangements as well as a number of adult foster care settings.
- Hope Network Community Haven became an affiliate of Hope Network. This program serves people with developmental disabilities in Ottawa County.
- Living Ways of Southwest Michigan became an affiliate of Hope Network.
- Rainbow of Hope Farm in Kingsley, Michigan, became an affiliate of Hope Network. They are developing residential settings for persons with developmental disabilities.
- Several creative housing opportunities were created in Niles, Big Rapids, Grand Rapids, Lansing, Oakland, Muskegon and St. Joseph Counties.

Quality Services. Quality Staff.



Paul A. Ippel
Executive Vice President
Consumer Services

Hope Network is continuing to ensure that the people we serve receive the highest quality services. Some of the ways we do this is through the Commission on Accreditation for Rehabilitation Facilities (CARF), the Quality Assurance/Improvement Review, and Quality Assurance Assessments.

CARF accreditation assures that consumers receive services that meet high national industry standards. To maintain this high level of service, Hope Network insists that all affiliates successfully complete CARF accreditation. Our Director of Quality Improvement and our President and CEO review each affiliate program to make sure that the clinical and organizational standards established by CARF are being maintained.

Report cards may be a thing of the past to you, but not to Hope Network. Annually, a group of peers completes a quality assurance/improvement review "report card." The results of this survey offer us insights into possible areas of improvement and provide performance evaluations in several key areas. The survey also allows affiliates an opportunity to benchmark their performance with other affiliates providing similar services. It also provides a medium to share new program ideas, identify potential problems, and prepare for external accreditation.

Clinical outcomes are an important part of assessing the quality of our services. Hope Network offers its members training and consultation in outcome measurement techniques, accessibility and ADA compliance, safety, and quality assurance. During the past year, Hope Network did a complete revision of

policy manuals and all documented systems related to quality assurance.

Staff Training and Development

Hope Network truly is a statewide organization. With more than 2,000 employees, we recognize our staff as being our greatest asset. We are committed to providing a staff development program for all our employees which includes opportunities for both personal and professional growth within the organization. In early 1999, all Hope Network staff will be invited to participate in a networkwide training day to further encourage their development. We are committed to providing annual training experiences to staff in the areas of direct service, supervision, sexual harassment, ADA compliance, worker's compensation, and the Family Medical Leave Act.

Each year Hope Network and affiliate staff complete an Employee Satisfaction Survey. This tool has been used for three years, over the course of which steady improvement in employee satisfaction has been recorded. Each affiliate is asked to develop a plan that addresses weaknesses in areas identified by the survey and involve staff in developing a quality improvement plan.

Human Resources

Hope Network's Human Resource Department visits our affiliates on a regular basis to assure that corporate and governmental guidelines are being met. We continue to develop strategies to improve benefits and wages for our staff. By pooling the resources of Hope Network and affiliates, we are able to offer better quality benefits to our staff at lower costs. HRD is

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vide high quality
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maintain a high
quality staff.**

currently working to improve our benefit design as well as develop an incentive-based compensation plan for our employees. HRD staff are available to operate and manage day to day benefit administration including health, dental, group life and disability, worker's compensation, educational assistance, retirement, and wage and salary administration.

Hope Network will soon be installing a human resource

software package that will allow affiliates to track applicant flow, staff training, staff evaluation, wages and benefits. The system will help us meet government generated reporting requirements on a timely and cost effective basis by consolidating employee information, reducing staff data input time and coordinating with our payroll software.

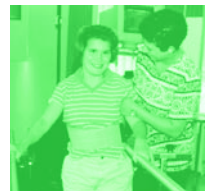
We have been blessed by a staff that is truly dedicated to serving

people with disabilities and disadvantages and are thankful for their commitment to fulfilling Hope Network's mission.

Sincerely,



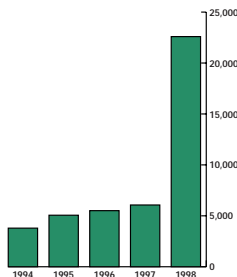
Paul A. Ippel
Executive Vice President
Consumer Services



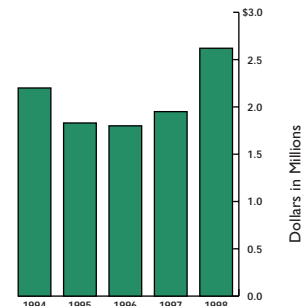
1998 Quality Services Highlights

- Hope Network served 22,595 people statewide.
- Wages and benefits paid to people in work programs statewide increased to \$2.62 million, which is 25% more than in 1997.
- Hope Network employed more than 2,000 staff in more than 150 locations throughout the state.
- Billings to our industrial customers totaled \$4.55 million.
- More than 1,200 people obtained competitive employment during 1998.
- Transportation services provided more than 350,000 rides in Michigan.
- Hope Network provided 650 staff with training in areas of strategic planning, goal setting, quality improvement, team building, problem solving and supervision.
- Our Human Resource Team provided consultation services to 14 of the 17 Hope Network affiliates in areas such as personnel policy, benefits administration, and employee relations.
- NOC Industries, Inc., a new affiliate that joined Hope Network in April of 1997, recently received a full three year CARF accreditation.

Hope Network and affiliates served 22,595 people during the 1998 fiscal year, many of whom took part in Hope Network West Michigan's Work First Program.



Wages and benefits paid to participants in work programs statewide increased to \$2.62 million, which is 25% more than in 1997.



Preparing for the Future—Today.



Albert W. Bouw
Executive Vice President
Finance and Future
Ventures

It has been said that change is the only constant in life. New ways of doing business and new technology seem to be the norm in our industry. We at Hope Network view change in a positive light. Change can bring with it new opportunities to grow and to serve others in a more efficient, cost-effective manner.

At Hope Network, nothing has been more of a catalyst for change within our organization than the new opportunities brought forth by the managed care environment. Competing in a managed care environment will require us to make good use of the resources we as an organization already have, and develop new resources that will give us the flexibility we will need for continued growth.

Meeting the Challenge

To help us prepare for future change and growth, Hope Network commissioned independent auditor Deloitte & Touche LLP to study our current methods of doing business and help guide us in making sound decisions that will lead us into the future with confidence.

We have benefited from the Deloitte & Touche study in a number of ways. Through this study we have learned the value of cross-

network communication. New networkwide teams have been established that are giving both our affiliates and the Management Service Organization a better understanding of each other's needs. We feel confident that all the recommendations implemented from the Deloitte & Touche study will help our organization to continue to grow and prosper well into the new millennium.

Hope Network has been blessed with the many resources its 18 affiliate agencies bring to our organization. Our unique organizational structure allows our affiliates the autonomy they need to best serve people with disabilities and disadvantages, while at the same time allowing us all to take advantage of the many benefits that being a part of a larger organization has to offer. This unique relationship has allowed our affiliates to save thousands of dollars by combining our assets and increasing our buying power.

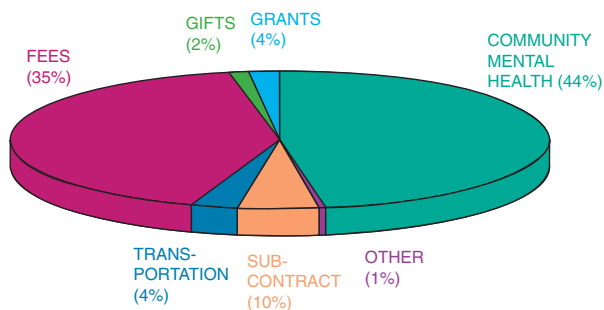
Affiliates who would have otherwise needed to scale back services are now expanding and offering new programs.

Future growth depends not only on our ability to commu-

nicate with each other but with state and federal agencies as well. We will need the flexibility to be able to distribute information

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FUNDING SOURCES



electronically, no matter who requests it. To this end Hope Network has been working closely with Deloitte & Touche and our own Information Technology Team to develop new systems of exchanging information. We are in the process of implementing new information and financial software that will take advantage of state-of-the-art technology. This software

will improve the way we as an organization communicate and give us the options that will benefit us today and tomorrow.

It truly is an exciting time at Hope Network. We are continuing our tradition of seeing opportunity in situations where others may only see uncertainty. We thank God for giving us these opportunities to serve others and pray that He

continue to bless our organization. We look forward to continued service to people with disabilities and disadvantages well into the future.

Sincerely,



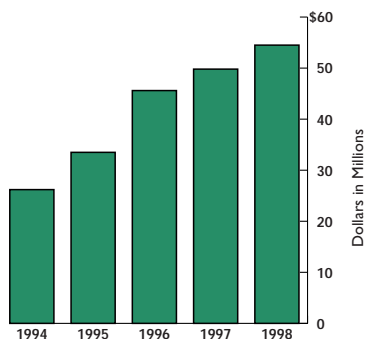
Albert W. Bouw
Executive Vice President
Finance and Future Ventures

1998 Financial Highlights

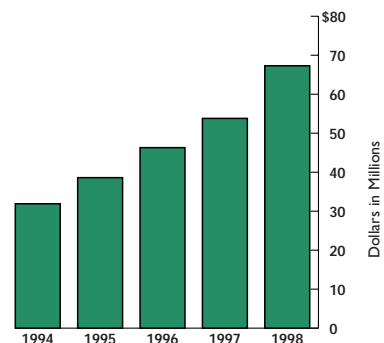
- Hope Network Management Service Organization issued an \$18 million bond proposal to refinance existing debt, raise capital for new projects, and raise cash reserves.
- Hope Network is implementing new financial software. The new software will allow affiliates to continue to account for themselves and pay their own bills, yet still allows for consolidated financial reports.
- The skill and depth of Hope Network's financial staff has allowed us to work with two new affiliates and return them to profitability.
- Buying as a group continues to be a benefit. New affiliates are saving an average of 40% of the dollars spent on hazard and liability insurance while at the same time more than doubling liability coverage. Purchasing local and long distance service as a group will save \$80,000 over the next 12 months.
- Our experienced Information Technology (IT) Team is rapidly completing the installation of our first five local area networks (LANs) with a plan to be connected networkwide by September of 1999.
- A new Vice President of Information Technology has been hired with skills in consumer information technology. We look forward to her expertise as we prepare to give Community Mental Health Agencies the information they need about the people we serve.

BUDGET GROWTH

Hope Network's assets increased 8.6% from 1997 to \$54,500,000.



Hope Network's revenues increased 20.1% from 1997 to \$67,350,000.





Hope Network Affiliate Organizations

ARCH, Inc.
Christian Homes, Inc.
Hope Network Community Haven
Exodus Correctional Ministries
Good Homes, Inc.
Home of Hope
Hope Network West Michigan
Hope Network Employment Services
Hope Network Foundation

Hope Network Housing Corporations
Hope Network Rehabilitation Services
Hope Network, S.E.
Living Ways of Southwest Michigan, Inc.
M.O.A.R.C. Inc.
NOC Industries, Inc.
Rainbow Homes, Inc.
Rainbow of Hope Farm, Inc.
Residential Treatment of West Michigan

Management Service Contract Organizations

Family Life Center

Open Door



*enhancing the dignity and independence of persons who have a
disability and/or are disadvantaged*

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