

Davidson Homes Inc.

FINANCIAL REPORT

FY 11

Davidson Homes in 2011

Status

The Financial Performance and Stability of any company is of key importance to all stakeholders in the company. Davidson Homes has demonstrated financial stability through over ten years of operation. Davidson Homes has provided financial stability to the persons served and employees during these years in operation. As funding for services has changed over time Davidson Homes has adapted to the changes by providing new services and seeking new funding for the persons we serve. As with our economy in general over the past few years funding challenges had been realized in all economic areas not just the areas of mental health. Davidson Homes has recognized the challenges and through financial planning and management has taken action to adapt to these challenges and changes.

Challenges (please refer to the graph on Page 2)

During the past year significant changes in Medicaid funding for residential and periodic services has occurred. Although Medicaid Funding has also been somewhat reduced there have been some opportunities to compensate for lost Medicaid Funding with State Funding available for alternative services. (cont. pg. 2)

Davidson Homes Mission Statement:

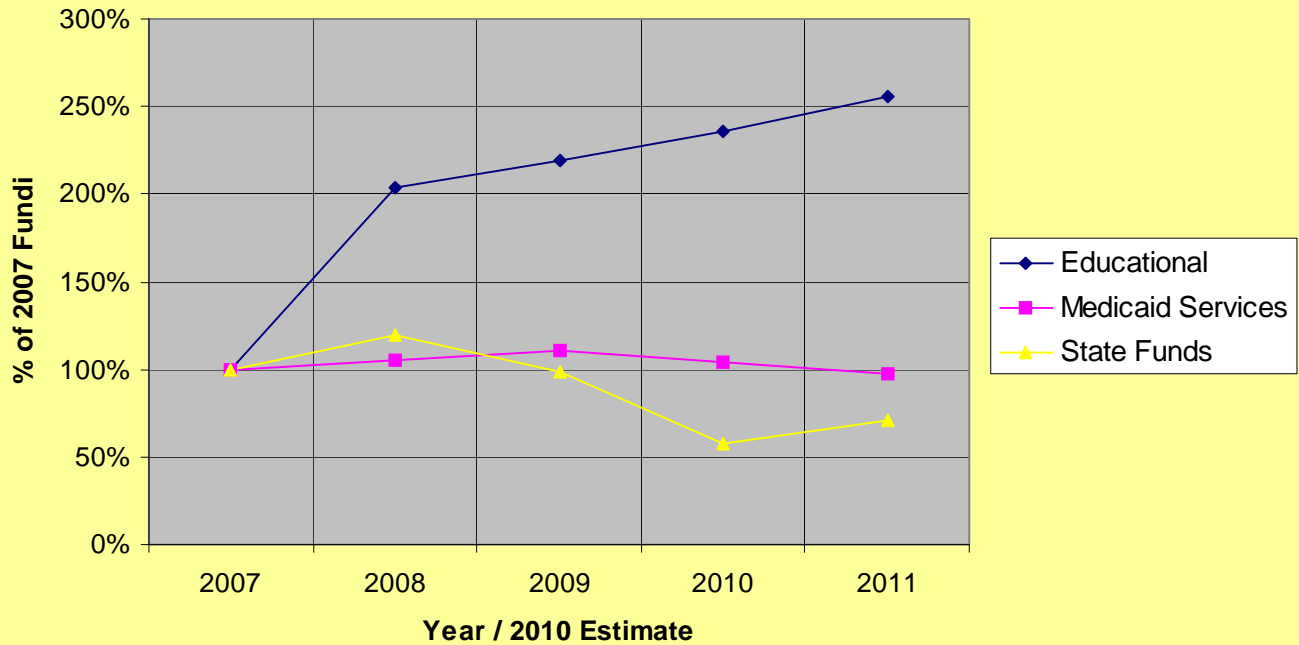
We at Davidson Homes are committed to the highest quality of life for the people we support. Our goal is to assist individuals with developmental disabilities in the pursuit of independent living and reaching their personal goals while maintaining a person centered philosophy.



Please visit our website as it provides on-going information to keep you informed of our activities and events:

www.davidsonhomes.org

Funding Sources 2007 - 2011

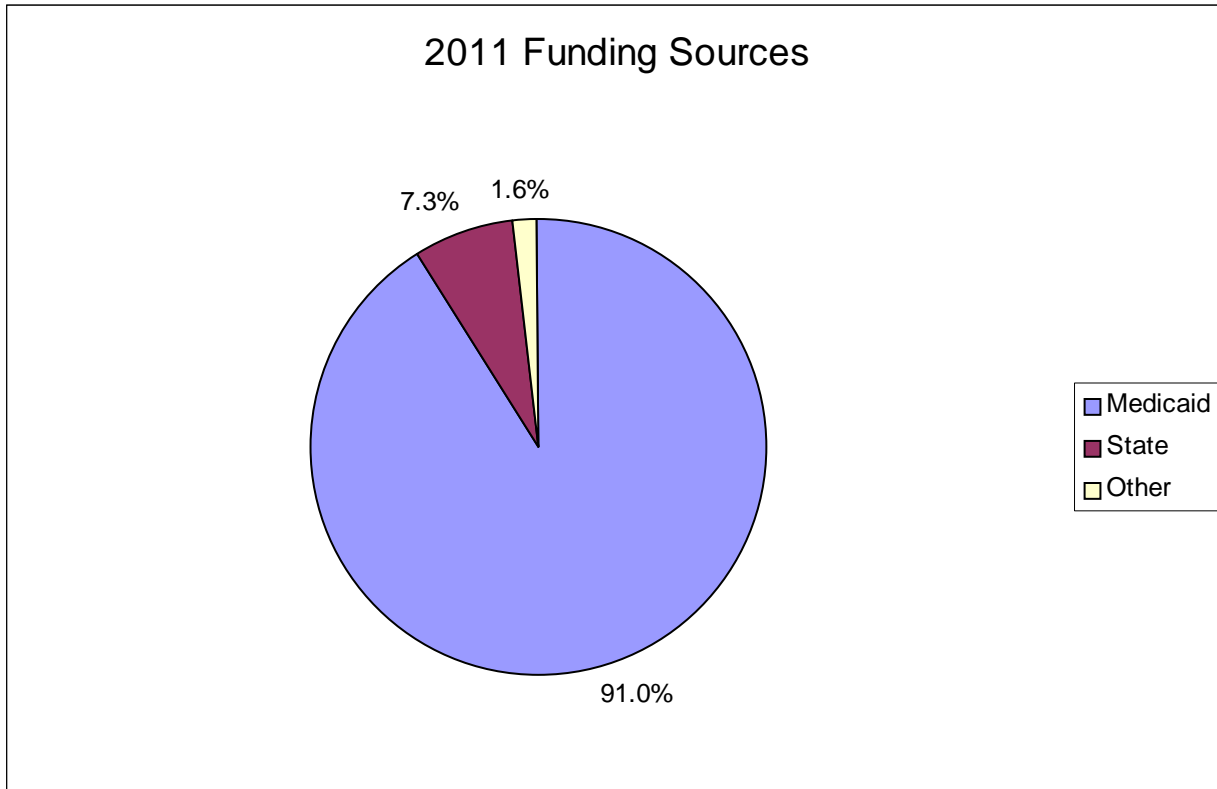


Funding Changes Since 2007 by Source

	2007	2008	2009	2010	2011
Educational	100%	204%	219%	236%	256%
Medicaid Services	100%	105%	111%	104%	98%
Other	100%	488%	388%	174%	258%
State Funds	100%	120%	98%	58%	71%
Total	100%	108%	111%	100%	200%

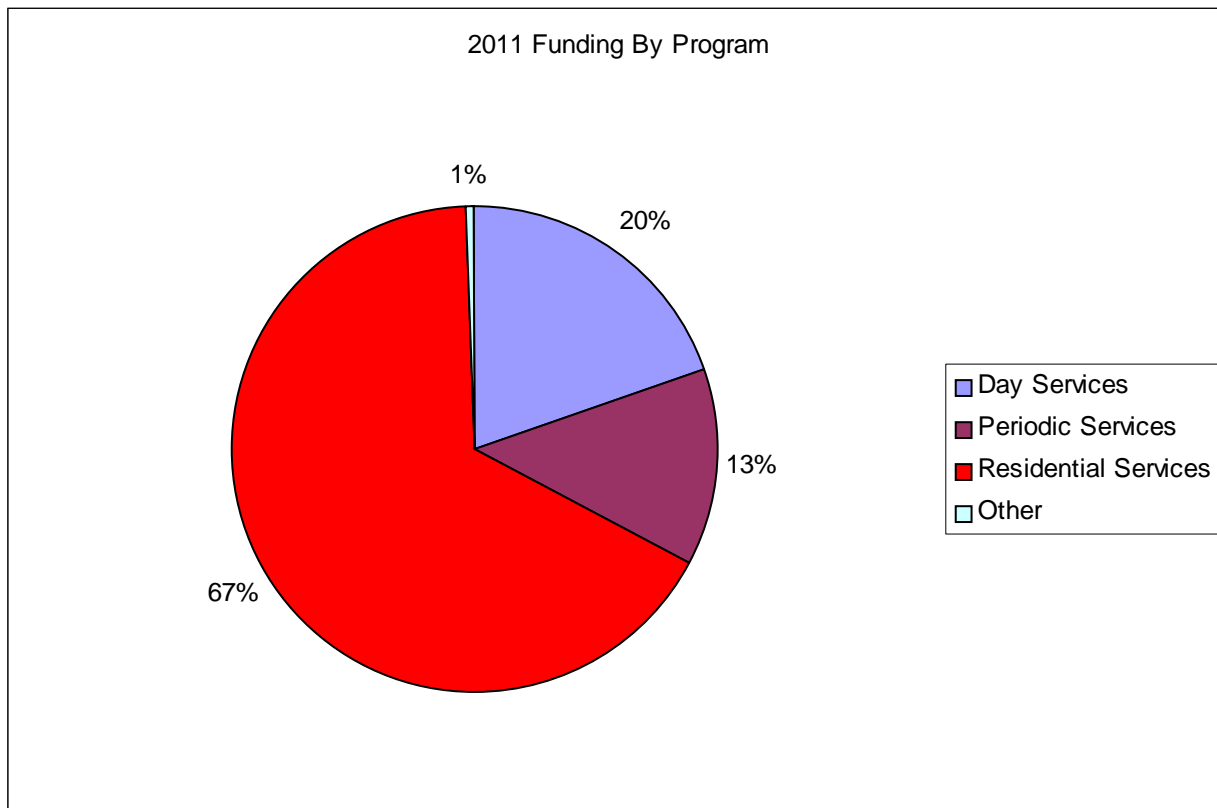
The table and chart illustrate the funding changes since 2007. All years after 2007 are compared to 2007 funding. Please note the chart and graph displays percents rather than actual revenue. The most significant issue has been the loss of State Funds for Residential Programs and gradual down trend in Medicaid funding. The trend in State Funds began in 2009 and Medicaid Funds in 2010 and has continued through 2010. Although some Educational Funds have increased they do not offset the lost in State and Medicaid Funds and there has been some increases in State Funds in 2011..

Funding Sources: Medicaid / State / Other



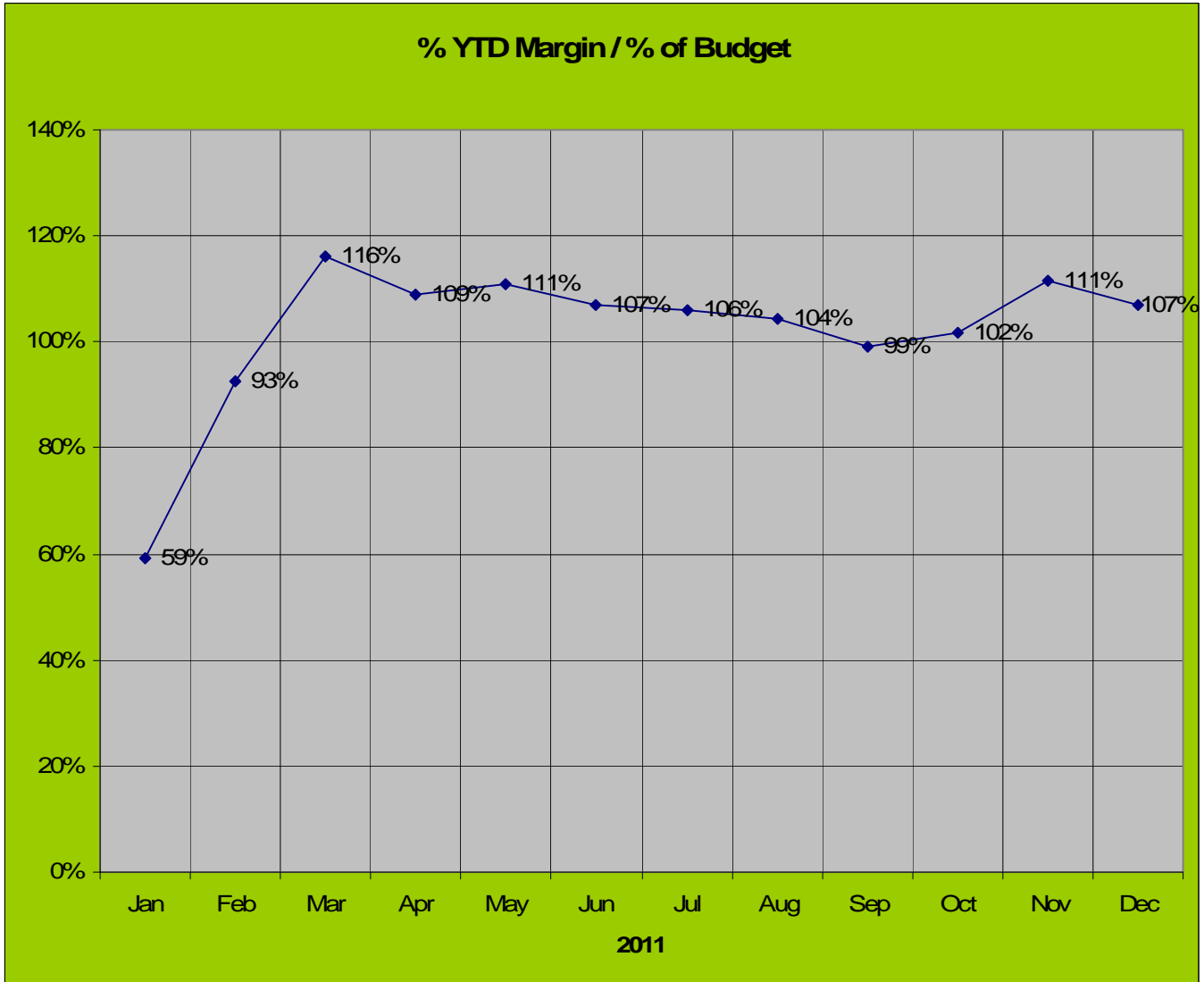
The Chart displays the source of service funding for 2010 for Davidson Homes, Inc. The primary funding source is from Medicaid for Community Alternative Program services at 91% of total. State services comprise the majority of the remaining funding at 7.3%. In 2011 Medicaid funds continued to remain the most significant percentage although they decreased from 93% to 91% while funding while state funding increased slightly.

Funding by Program Type



The chart above displays Davidson Homes funding by Program. Residential Services account for 67% of funding, while Day Services account for 20%. The remaining funding of 14% comes from the Periodic Service Program and other funds, which among other functions supports the Residential Program. Growth is expected in both the Day Services and Periodic Service Program in 2012. A facility based respite program is now in place at the Day Services Programs and is expected to contribute significantly to the Periodic Services Program.

2011 Financial Performance Chart



In 2011 the final budget was 107% of expected.. The year started out under budget but by March it was above the expected budget. It remained slightly above budget for the remainder of the year.

Looking Forward to 2012

During the coming fiscal year, Davidson Homes, Inc. will continue to improve the quality of its service delivery through the achievement of the following goals:

1. We will continue to utilize our new system of **Outcome Assessment** to record our activities and establish goals/benchmarks. The results will be published on our website and the annual report.
2. We achieved national accreditation with **CARF** in 2010 will work toward the integration of national accreditation requirements with our Quality Assurance and Improvement plan.
3. Davidson Homes, Inc. has established **goals or benchmarks** for quality improvement. We will continue to seek to improve each of these in 2011.
4. We will become much more pro-active and will continue to improve our **Safety and Health** programs and **Emergency Management**.
5. **Positively** is one of our basic strengths. In 2011, we will strive to make this a part of our programs, image, staff attitude, and above all, evidenced through and in the persons we serve.