



Arnold Center, Inc.

Annual Report for 2004-2005

Arnold Center, Inc.

Board of Directors

The Arnold Center would like to thank the following community members for giving their time and talents to directing the Arnold Center:

*Wendy Kanar, Chair
Cline, Close, Dyer, Gambrell and Wilson,
PLC*

*Karen Calkins, Vice Chair
Mid Michigan Regional Medical Center*

*Kevin Gay, Treasurer
Three Rivers Corporation*

*Ron Glomski (Parent), Secretary
Dow Chemical—Retired*

Tim Dyste (Parent), Dow Corning

*William Gaunt (Parent), Dow Corning -
Retired*

Mike Hickey, Dow Chemical

Jim LaBean, Dow Chemical—Retired

Dave Murdoch, Comerica Bank

Scott Seeburger, Delta Public Broadcasting

John Wilson, Wilson Law Office, PC

Gregg Young (Parent), Young Associates

Wally Dyste, Dow Corning—Retired

Mark Freed, Burnside & Lang, PC

*Peggy Gerstacker, Dow Corning Corpora-
tion*

Honorable John H. Hart

Kim Hohisel, Dow Corning Corporation

Jim Hummel, Dow Chemical

Pavel Konecny, Chemical Bank

Charlie Markey, IBM - Retired

James Pankey, Dow Corning Corporation

Alice Strack (Parent)

Debbie Stradinger, Citizens Bank

From Our President

It gives me great satisfaction to present the 2004/2005 Annual Report for the Arnold Center, Inc. The report highlights many of the accomplishments and activities that made 2004/2005 another spectacular year at the Arnold Center.

The Arnold Center's key focus continues to be customer service. We believe we are on the threshold of an important and exciting new phase in the employment and human service arena. To be successful in this emerging environment we must not only embrace the concept of customer-driven outcomes, but must hold ourselves accountable for them. Quite simply, the quality that matters is the quality of life of the individuals receiving our services, and the services of high quality are the ones that make positive contributions to the quality of life of the individuals served and to their communities.

The Arnold Center recognizes that many of its accomplishments are closely linked to the strong alliances we have developed with the private, public and volunteer sectors of our community. It is through the commitment, support and dedication of these community partners that the Arnold Center has been successful in fulfilling its mission. Together we will persevere in our efforts to meet the challenges of a diverse and empowered customer. We have learned over our 38 year history that the better we get at delivering the outcomes that people want in their lives, the more those same people will be moved to dream of new outcomes. Together, with its community partners, the Arnold Center will turn dreams into realities.

I would also like to pay tribute to the Arnold Center's team, Board of Directors and personnel. It is their creativity, experience and perseverance that have made the Arnold Center the exemplary organization it is today. Our team has fully embraced the mission and vision of the organization. They have made a commitment to learning and changing in ways that improve the quality and responsiveness of the services provided. Our team understands that our only true assets are customers . . . participants, sponsors, caregivers, businesses and employers . . . and to satisfy these customers, they must focus on providing incomparable customer service. And they do!

In year 2005/2006 the Arnold Center will be challenged with many obstacles, some old and some new. We will face these challenges head on with new and innovative ideas, services and opportunities for our customers. We will deliver on our promise and commitment to the continuous quality improvement of our organizational quality and service delivery. We will work tirelessly to make the Arnold Center a special place that achieves extraordinary outcomes! - *Michael C. Shea, President*



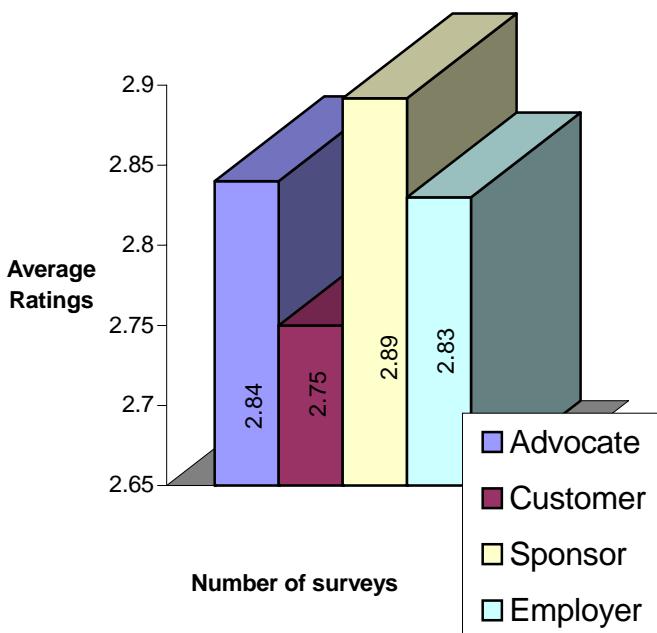


Outcome Management System (OMS)

The Arnold Center is committed to providing customer driven services that result in a high degree satisfaction. In order to achieve these results, the agency, equipped with input from customers, has implemented a comprehensive OMS that measures the effectiveness and efficiency of each service and the satisfaction of the Arnold Center's various customers. Information collected by the system is analyzed and used to plan revisions or improvements in services to individual customers as well as the overall service delivery system. A comprehensive 2004/2005 OMS report can be viewed at www.arnoldcenter.org.

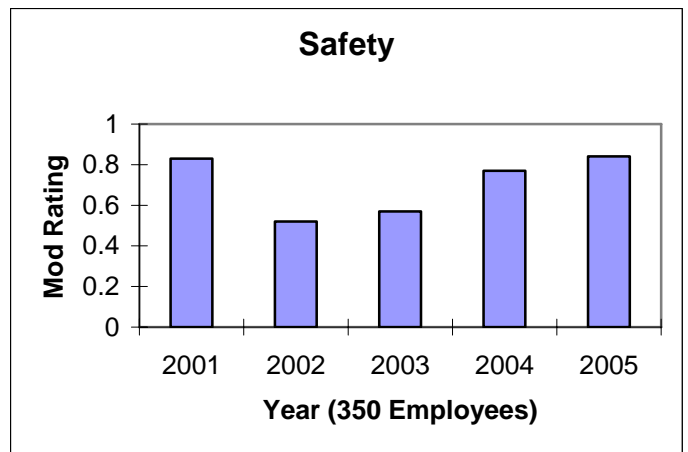
The following graph identifies the Arnold Center's primary customers and charts their overall satisfaction with the service they received by the organization during the 2004/2005 program year (October through September).

Surveys are based on a scale of 1-3. 1 = Needs Work, Not Satisfied, Don't Agree 2 = Average 3 = Excellent, Very Satisfied, Strongly Agree



OUR COMMITMENT TO SAFETY

At the Arnold Center our commitment to safety is maintained as a top priority and is an overall team effort. Our safety committee leads the effort while our leadership takes direct responsibility for safety and the quality of the Arnold's Center's safety programs. Employees take responsibility for their own safety, the safety of their co-workers, and the safety of our customers. Our employee's proactive approach toward safety includes consistently adhering to good safety practices, identifying and correcting unsafe conditions, and preplanning to insure new operations comply with safety standards. Employee training, safety awareness, and employee motivation are integral to our safety program's success. As a result of our team's efforts the organization has earned an exceptionally low insurance modification rates of .84 or lower for each of the past 5 years.



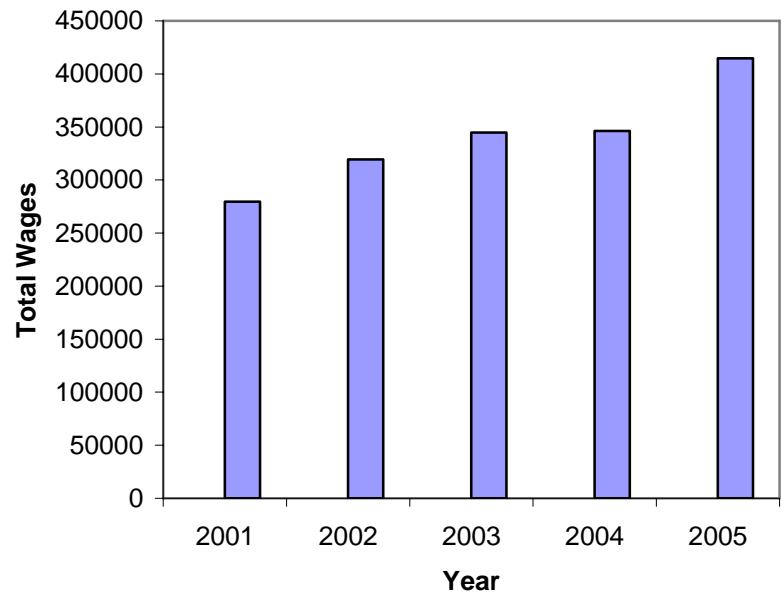
The mission of the Arnold Center is to promote improved quality of life for individuals with differing needs by encouraging and supporting personal growth and inclusion in the community through the development of their vocational, social and life skills.



Customer Earning Power

The primary goal of the Arnold Center's production departments and community employment services is to provide work, sufficient in variety and volume, to meet the needs of our customers. Of course, to our customers, work implies income. Our goal is to increase the wages paid to customers each year. This chart illustrates an upward trend in wages paid to employees over the last 5 years. In the 04/05 the Arnold Center paid 20% more in wages to its customers than in 03/04. A new record! We sincerely thank the many business with whom we partner. It is the interrelationship between the Arnold Center and the business community that has made our services so successful.

Wages Paid to Customers



Highlights for 2004—2005

In the 2004/2005 program-year the Arnold Center achieved a number of accomplishments for which we are very proud. The following accomplishments are the result of an enthusiastic and creative team, devoted community partners, and terrific customers:

- Developed employment opportunities for 44 individuals through our Affirmative Enterprises (see article on Affirmative Enterprises)
- Increased in customer wages by 20%
- Moved from QS Certification to ISO Certification
- Exceeded state performance goals in all venues of Michigan Works! services
- Received congressional special tribute award for Midland County's Work First Program
- Provided integrated manufacturing operations by regularly integrating Michigan Works! and Arnold Center employees
- Introduced state of the art adaptive technology at all tri-county Michigan Works! service centers.
- Developed community inclusion opportunities, utilizing natural supports, for 15 customers
- Obtained a customer satisfaction rating that exceeded goal performance for 4 consecutive quarters.

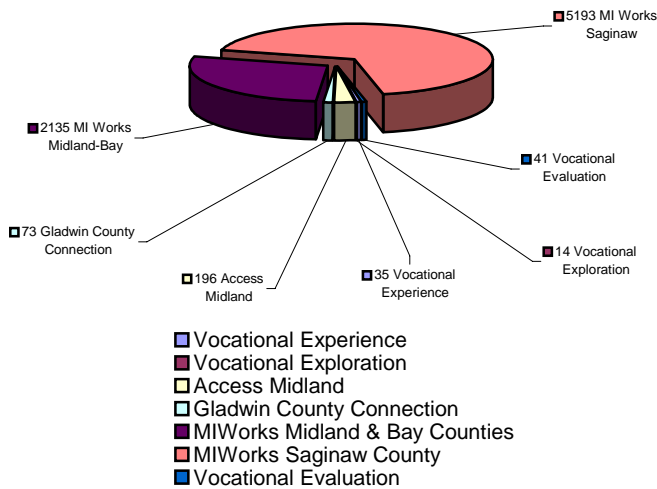




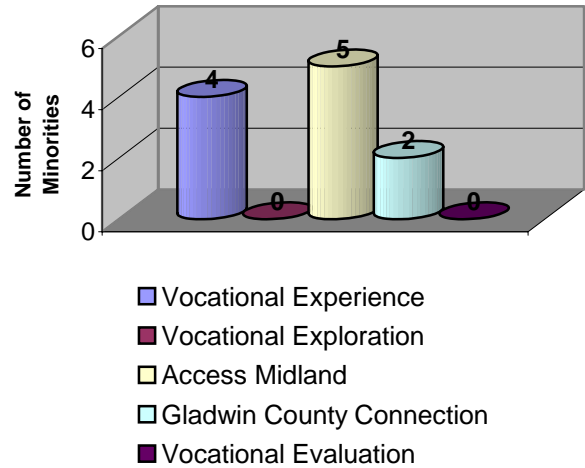
2004—2005 Arnold Center Demographics

At the Arnold Center we find that the knowledge of the characteristics or demographics of the customers served helps us effectively and efficiently plan the delivery of our immediate and long range services. The following charts, though not all encompassing, provide demographic information relevant to our current customer caseloads.

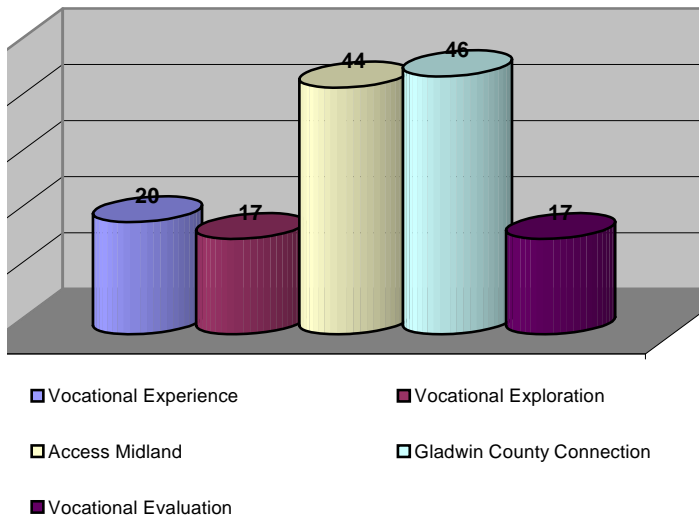
7,687 Customers Served



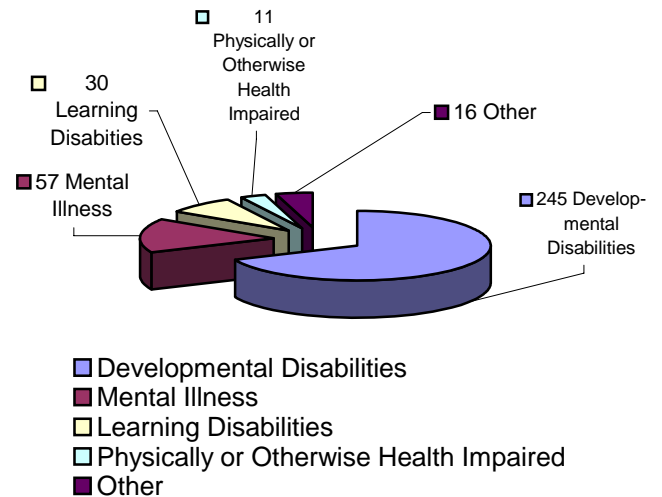
Minority Status Based on 359 Customers (Mental Health Services)



Average Age of Customers Served



Disabilities Served Based on 359 Customers



Service Definitions:

Vocational Experience (School to Work Transition Service)
 Vocational Exploration (Community Work Experience for Students)
 Access Midland (Community Inclusion Services)
 Gladwin County Connection (Community Inclusion Services)
 Vocational Evaluation (Work Assessment and Career Planning)



Affirmative Enterprises



*Currie Café
1300 Currie Parkway, Midland*



*The Bean Canteen
555 Wackerly, Midland*



*Center Court Café
Located in the Midland Community Center
2001 George Street, Midland*



*Cup & Chaucer
Located in the Grace A. Dow Memorial
Library*

Affirmative enterprises are business partnerships between the Arnold Center, and various organizations throughout the area. They are created specifically to provide employment and career opportunities for people with disabilities or who are otherwise disadvantaged without relying on the existing job market to meet their employment needs. The Arnold Center's Affirmative Enterprises have a dual function: to operate a viable, sustainable business that produces high quality competitive products and to help people who face multiple barriers to achieve employment success and satisfaction in real work settings. The four enterprises developed by the Arnold Center to date

are cafes ranging from snack bars to short order cafes. During the past year, these enterprises provided employment for 44 individuals. In addition to a competitive wage, the enterprises offer employees the opportunity to gain employment skills and the experience they need to be successful in the job market.

ISO and CARF Certification

The Arnold Center strives to provide the highest quality of service possible. For this reason, it has voluntarily placed itself under the scrutiny of two accrediting organizations, ISO and CARF. By demonstrating compliance with the international quality standards established by these two organizations the Arnold Center validates its commitment to customer satisfaction and continuous quality improvement. Customers of the Arnold Center can feel confident that the services they receive from the Arnold Center will be of the highest quality and tailored to meet their individual needs. Our services are customer focused, state-of-the-art and compliant with international standards of performance.



Inclusion Matters

The staff and customers of the Arnold Center would like to extend a special thank you to the Gladwin and Midland communities for their support in helping to make our communities more inclusive for people with disabilities. Inclusive communities are communities where all members are accepted and participate together in work, social, recreational, and volunteer activities. Inclusion involves building friendships and being accepted as a valued community member. It welcomes all people and provides them the opportunity for full citizenship and community participation. Though we have made much progress we still have a long way to go. Working together we will continue to remove barriers to inclusion and provide a community where all people can enjoy the full benefits of community life.... inclusion matters!

The following are pictures of community members enjoying inclusive activities.



Jack, Wilma and Matt participate in an exercise group at the Gladwin Living Center. (Left)



Jami is up to her elbows cleaning baby bibs and toys at KinderKare (Left).



Ben is hard at work keeping the Midland Civic Arena clean (Left).



Christine, Kelly and Chris keep Midland beautiful working on the landscape crew (Left).



Perry and Nancy spend the afternoon shopping (Below).

Kriss, Ken and Sari go to work at Washington Woods. (Right)



Sue, Ann and Wanda are enjoying a boat ride as part of our 'Tour Group'. (Right)



Cheryl, Kim, Charles and Roger visit the Chippewa Nature Center (Right).



Judy, Doug, Jackie and Tommy volunteered at a Habitat for Humanity House this summer (Right).

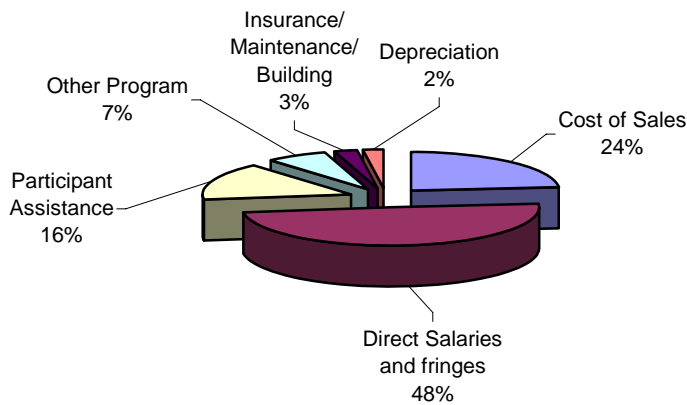




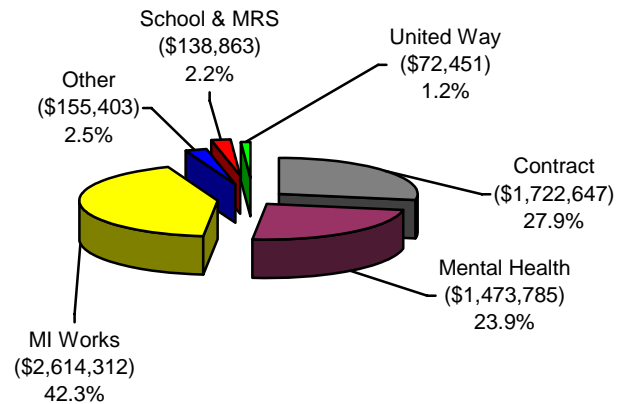
Fiscal Review

Arnold Center, Inc. is a Michigan non-profit corporation and is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The organization operated on an annual budget of \$6,175,907 during the fiscal year 2004-2005. The graphs below depict the revenue sources and areas of expenditures.

Expenses 2004-2005



Revenue 2004-2005



Strategic Planning Summary 2004/2005

"If you only look at what is, you may never attain what could be"

The Arnold Center's strategic plan is not a business plan or an operational plan, but rather is much more visionary and conceptual. Simply put, strategic planning determines where the organization is going over the next year or more, how it is going to get there and how it will know if it got there or not. The focus of strategic planning is on the entire organization, not a particular service, program, or products. The Arnold Center's goal for strategic planning is to develop a tool that will aid in:

1. Clearly defining the mission of the organization and to establish realistic goals and objectives that are consistent with the mission
2. Communicating those goals and objectives to the agency's employees and stakeholders.
3. The effective use of the agency's resources by focusing on key priorities.
4. Providing benchmarks from which progress can be measured and establishing a mechanism for informed change.

The organization identified four main goals for the 2004/2005 program year. All four goals were accomplished. A detailed description of the 2004/2005 strategic plan can be accessed at www.arnoldcenter.org or by contacting the Arnold Center at 400 Wexford Avenue, Midland, Michigan, 48640.

