

THE CANNON FOUNDATION, INC.

ABC ORGANIZATION PROPOSAL NARRATIVE

Description and history of applying organization

ABC Organization was established in 1979 and it continues to be the only hospice serving ABC County, NC. The agency started serving patients in 1981, and during that year we provided home care for 12 people who were terminally ill, basing our operations in a ABCville church's basement. This past year, ABC Organization served 710 patients in ABC County, and we currently occupy seven different locations which are filled to capacity. Our mission is to affirm life, bringing emotional and spiritual support to patients, their families and loved ones while meeting end-of-life healthcare needs.

We work with community physicians and medical directors to help terminally ill patients experience quality of life, dignity and respect during their last months and days of life. Because quality of life is of utmost importance to our patients, the care team's primary goal is to provide pain relief, symptom control and the greatest degree of comfort possible. We ease pain and tend to every need of the patient and family; not only physical, but emotional, social and spiritual as well. When a loved one dies, we continue to offer ongoing support and bereavement services for 13 months following death. We provide these services to those in need, regardless of their ability to pay.

In addition to our Hospice in-home care, where we provide end-of-life services to the terminally ill, we have established innovative and effective programs such as: Heart Songs, which provides outreach bereavement support to children; The Watchman Program, to collaborate with and educate area churches and temples about hospice services; and Palliative Care, for chronically ill patients who do not yet meet Medicare requirements for hospice services. Susan House is our 12-bed inpatient facility that serves patients without a capable caregiver or who are in need of acute symptom management.

An objective measure of a hospice's success is its community penetration percentage — the percentage of total deaths in a service area for which assistance is provided. Due to our community outreach efforts, our penetration percentage has increased from 26% in FY 2002 to 45% in FY 2004. This compares very favorably to the national average of 25%, and North Carolina's average of 23%.

Description of project/program need

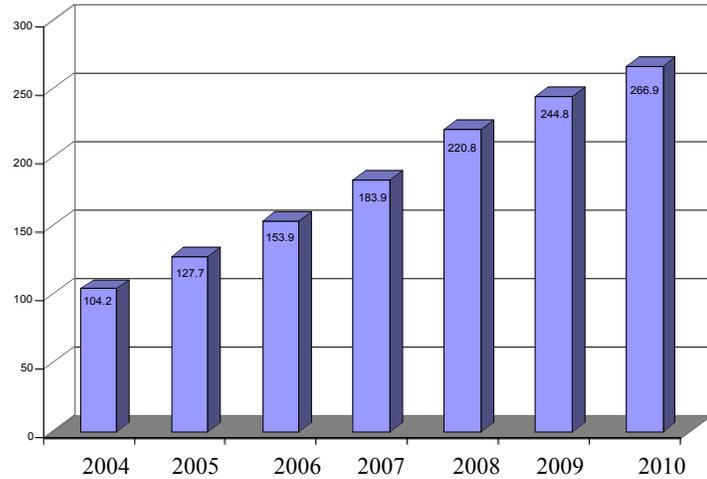
Increasing elderly population requiring affordable, compassionate end-of-life healthcare services

Our county is recognized nationwide as a retirement haven, with increasing numbers of retirees relocating here. ABC County is a microcosm of what the nation's aging population will look like in the near future. By at least 2010, 20% of people in western North Carolina will be 65 years of age or older. Approximately 22% of our county's population is already over 65. This is very significant compared to North Carolina (12%) and the nation (12.4%), according to US Census 2000. This percentage is projected to reach 30.5% by 2020. In addition, the total population of our county grew 29% between 1990 and 2000 (from 69,285 to 89,173 people). As this population grows, the availability of affordable, end-of-life physical, emotional, social and spiritual care for patients and their families is critical.

“When my wife Rachel was diagnosed with lung cancer, I knew she was sick but I didn't know how sick she was,” recalls David [REDACTED] who has since joined our board and is our capital campaign co-chair. “When I finally realized how serious it was, we were referred to hospice for care,” he says. “I decided to quit my job and take care of her full time, and I am lucky I could afford to do that. I want everyone in the community to receive the best care and support during this really tough time of life without having to worry about finances. I was lucky.” Mr. [REDACTED] adds, “I am working on this project so others can have care when they need it, regardless of their ability to pay for it.”

During our last fiscal year (10/1/03 - 9/30/04) we experienced more demand for services than ever before, with 780 physician referrals. In response, we increased our monthly capacity from serving 107 to 143 patients (34% growth), resulting in care to 710 patients, the most we have ever served in a year.

Based upon this trend, the number of patients in need of our services each day is projected to increase from 104.2 to 266.9 in the next seven (7) years (2004-2010).



Need for efficient, quality care for terminally ill patients

To promptly respond to area need, we increased our staff from 30 to 113, with 85% of staff providing direct patient care or support to patient care. This sudden growth left us bursting at the seams, requiring us to quickly acquire

available rental space to provide offices for our clinical service staff. Our homecare and administrative offices are now spread out among seven (7) different locations, with a rent expenditure total of \$8,875 per month (\$99,300 annually). In March 2004, fire destroyed the 950 sq. ft. building that housed our conference, training and storage facilities. Weekly staff meetings and volunteer training sessions are now being conducted in temporary, off-site space. Our scattered facilities have constrained our staff's ability to efficiently communicate regarding delivery of service to our terminally ill patients. This communication is vital to the coordination of the in-home services we provide, which allow patients to live at home. We must streamline communications between our physician, nursing, social worker, pastoral, volunteer and administrative teams.

Lack of affordable, inpatient care for terminally ill patients

Many hospice patients have retired to this area from other places and have become geographically isolated from their families and social support networks. They may have no primary caregivers to attend to their medical needs. There are few affordable, inpatient end-of-life care alternatives in North Carolina for the terminally ill who do not have capable caregivers at home or who are in need of acute symptom management. We serve terminally ill patients in need, regardless of their ability to pay. Statewide, Susan House is one of only fifteen inpatient hospice facilities.

Objectives and purposes

Our \$4.9 million capital "Campaign for the Heart of Hospice" will allow ABC Organization to achieve the following objectives and stated purposes:

Objective	Purpose
Completion of construction for a new clinical services building (Hospice House) by September 1, 2005.	Meet the increasing demand for affordable, compassionate end-of-life healthcare services in our community.
	Consolidate to a single facility for the efficient delivery of services.
	Reduce our operating expenses.
Completion of Susan House expansion by September 1, 2006	Increase our capacity to care for terminally ill inpatients (from 12-18 beds).

How the objectives and needs are to be met

Increasing elderly population requiring affordable, compassionate end-of-life healthcare services

Completion of Hospice House will help meet the increasing demand for affordable, compassionate end-of-life healthcare services in our community.

- [REDACTED] AIA Architect, has developed architectural plans for Hospice House. (Please refer to attached architectural renderings.) On July 28, 2004, we broke ground with 50% (\$2.3 million) of the fundraising goal in hand, and \$2,795,114 is now on hand. Per our construction plan, the completion date for Hospice House is set for September 1, 2005.
- The 18,000 square-foot Hospice House will provide office, meeting and storage space for all home care, nursing home, palliative care, bereavement and administrative staff. The facility will initially provide space for 120 staff members, with expansion capabilities for up to 220 staff, as needed. Since 85% of our staff is dedicated to the direct care of our patients, as demand grows so does our team of care providers. Our staff has grown from 30 to 113 persons from 2002-2004. Providing space for the people responsible for the delivery of our services has been challenging.

Improve efficiency in delivering care to terminally ill patients

Consolidate operations into a single facility to improve the efficiency in delivery of services.

- Our new Hospice House will allow us to house our interdisciplinary teams under one roof, increasing efficiency, team communications and coordination of services. Approximately 15,300 square feet (85%) of Hospice House will contain direct and supportive clinical services, including offices for physicians, nurses, social workers, chaplains, CNAs and volunteers; medical records (necessary for insurance reimbursement for provided care); bereavement services; Palliative Care patient consult rooms; and a community library with information on chronic illnesses, the grieving process and other related subjects.
- A 2,500 square foot conference/education session room on the first floor of Hospice House will provide the necessary space for our weekly interdisciplinary staff meetings where the teams review our patient cases. Currently we do not have space for meetings and our communications take place in makeshift locations such as hallways or on an individual basis via the telephone. The ability to meet with all teams in one space will greatly enhance our coordination of services.
- The second floor of Hospice House will include five (5) large, open air spaces. Designed in adjacent “bullpen” formats, each space will house a team of caregivers, providing shared office equipment and supply resources. In addition, the close proximity of our teams will greatly enhance the communication within and between disciplines.

Reduce operating expenses

Consolidate operations into a single facility to reduce operating expenses.

- Through the consolidation of our operations, all rental expenses will be eliminated. As a result, more resources will be available for the direct care of our patients. Other expenses directly related to our multiple locations will also be eliminated, such as additional phone lines, computers, copiers and fax expenses.

Lack of affordable, inpatient care for terminally ill patients

Completion of Susan House expansion by September 1, 2006 to increase our capacity to care for terminally ill inpatients (from 12-18 beds).

- [REDACTED] (the original Susan House architect) has designed the Susan House expansion. Groundbreaking is scheduled to take place on October 1, 2005, with a completion date set for September 1, 2006.
- The 7,300 square-foot addition to Susan House will provide six (6) more beds (from 12 to 18) allowing us to expand our capacity to meet our community’s increasing need for inpatient critical care. Since opening in 1999, Susan House has had an ongoing waiting list of 5-6 patients. The expansion will help to eliminate this waiting list and allow us to serve hundreds more families in the next few years.

- In addition, with the completion of this project, we will also be able to equip one (1) new bed in our Susan House to serve infants and young children. Demand is growing to meet the needs of this population, and we are determined to provide an appropriately specialized response.

Location and estimated duration of project/program

The new Hospice House and current Susan House are located just outside ABCville, North Carolina on South Allen Road. The two-acre campus has been leased (at \$1 per year for 100 years) to ABC Organization by its Susan House neighbor, [REDACTED]

In January 2004, we began the *Campaign for the Heart of Hospice – A Building Campaign for ABC Organization*. All construction is scheduled to be completed by September 1, 2006.

Planned method and criteria for evaluation of program or project

Throughout the year, [REDACTED] conducts several interdisciplinary, agency-wide and ongoing evaluations to ensure the delivery of quality services and provide a clear picture of how effectively we are meeting local end-of-life needs. To measure project success on our new campus, Four Seasons Hospice and Palliative Care will continue to record and examine the number of referrals and program participants. The agency will also track its economic self-sufficiency to be certain that financial goals are met.

Our Building Committee will conduct walkthroughs and help evaluate the success of the project during and after construction. This team includes: [REDACTED] our Owner's Representative for this construction project, who has 40 years experience in heavy construction world wide. [REDACTED] is a Registered Professional Engineer in North Carolina, Florida and Ohio and has been a volunteer at our hospice for two years. He is also a licensed General Contractor and Mechanical Contractor in Florida; [REDACTED] our Board Chairman, is a Registered Professional Engineer in North Carolina, South Carolina, Florida and California. [REDACTED] has 35 years experience in design and construction administration for commercial construction projects throughout the Southeast; [REDACTED], our Vice President/Operations Manager and acting Construction Coordinator, is responsible for the oversight of our Hospice House construction project. [REDACTED] has previous experience as the CFO of a large commercial construction firm in Florida. He acts as the agency liaison to our Owner's Representative, Architect, Engineer, and General Contractor; and [REDACTED], our Director of Finance, is overseeing the financial aspects of the project. Mr. [REDACTED] has previous experience as the controller of a heavy construction firm that specialized in airport and related facilities construction worldwide.

Hospice House construction complete by September 1, 2005, to meet the increasing demand for our services

The timely completion of this project will be considered as one measure of its success.

Consolidation to a single facility for the efficient delivery of services

Each family fills out a survey regarding quality of care following the patient's death. The evaluations on these surveys will be monitored and reported to the board, as in the past, and will serve as an additional measure of whether our goals are being achieved. Staff satisfaction surveys will be another means of ensuring that the new space is helping to increase Hospice efficiency.

Reduction in operating expenses

The President/CEO and Board of Directors will continue to monitor yearly budgets.

Expand capacity to care for terminally ill inpatients from 12 – 18 beds

The success of the project will also be measured by a timely increase in capacity and increased usage of our facilities, which will be tracked by staff.

Qualifications of the persons who will primarily be in charge of and responsible for the program or project

Our President and CEO, [REDACTED], leads our Building Committee that is staffed by Board Members and volunteers. This committee has been largely responsible for project planning for the past two years. Mr. [REDACTED] has 8 years of hospice experience. Prior to coming to FSHPC he was the VP/CFO of [REDACTED] and during his tenure there he oversaw the transition of an 8-bed residential hospice unit to an 8-bed inpatient unit.

As mentioned in the Evaluation section above, our **Building Committee** has extensive experience in commercial construction and will directly represent ABC Organization at periodic walkthroughs with the construction manager and representatives from the architectural firms.

The architects for the project, [REDACTED] and [REDACTED] are both AIA and NCARB certified and specialize in healthcare environments. With offices located a short distance from the Hospice Campus, [REDACTED] is performing regular site visits to ensure adherence to design specifications. [REDACTED] has personally designed more than 20 hospice facilities throughout the Southeast.

Strategic or Business Plan for organization

In the Board Strategic Planning session held in August 2003, the Board identified three major initiatives for our agency: (1) Community Need, (2) Community Support and (3) Quality of Care.

Community Need

We plan to expand our inpatient facility capacity to reach more people who can not afford or do not have a capable in-home caregiver. The desire to do this is appropriate and necessary by ABC Organization because of two factors: our vision to be the standard bearer in end of life care and our mission to ensure all who need end of life care in ABC County receive it. The organization has received a Certificate of Need for the Susan House to construct an additional 6 residential beds starting at the end of 2005 with projected completion in late 2006.

Community Support

Our main initiative to increase community support is the current capital campaign. Our "Campaign for the Heart of Hospice" community support goals are to:

- Personally solicit at least 275 individuals, local foundations, local corporations and small and mid-sized businesses for contributions to the Campaign;
- Increase the size of and commitment levels of the Hospice annual giving donor base in order to receive large gifts after the completion of the campaign;
- Train more volunteers in the personally rewarding act of asking for support for Hospice; and
- Receive financial support for the campaign from 100% of the Board of Directors, 100% of staff, and 100% of active volunteers.

Quality of Care

To ensure the quality of our service delivery, we plan to consolidate our physician, nursing, social worker, pastoral, volunteer and administrative teams under one roof. Regarding staff recruitment and training, we will continue our practice of hiring the best personnel ahead of the curve of projected growth and assuring their success through proper education and training. In addition, with the establishment of a Director of Nursing position, education and training of our current nurses and clinical staff will strengthen. Our current professionally licensed staff includes; 12 CHPN nurses, 2 CHPP physicians, 1 Nurse Practitioner and 4 Certified CNAs. We will continue to encourage qualified staff to become CHPN certified, with an additional 6 staff to become certified in 2004.

ATTACHMENTS

Project Budget

A one page, line-item budget identifying the income detail and expenses of the project is attached.

Organization Budget

A current (FY2005) annual operating budget is attached.

Certification of tax-exempt status

A copy of the organization's letter(s) from the Internal Revenue Service indicating the tax-exempt status and whether or not it is a private foundation under the 1969 Tax Reform Act is attached.

Governing body

A list of the members of the organization's governing board including their relevant experience is attached.

Audit Report

A copy of the organization's most recent audit report is attached.

IRS Form 990

A copy of the organization's most recent IRS Form 990 is attached.

Optional materials

Architectural renderings of Hospice Campus