



DOWN HOME INC.

PROMPT™

Organizational Assessment Report

Using The
NeighborWorks®
America
PROMPT™
Assessment Model
To
Build & Sustain
Organizational
Capacity



TABLE OF CONTENTS

O verview	3
P lanning	4
R esource Management & Development.....	7
O rganizational Management & Oversight.....	9
M anagement	
Financial Management	12
Contract Management	14
Personnel Management.....	16
P roduction/Program Services	18
T echnical Operating Systems	21
C onclusion.....	22

Appendices (not attached to sample report)

Financial Health Analysis

List of Interviews

List of Documents

PROMPT™ Overview

**Note: this report is based on an assessment of a real nonprofit organization but all names and recognizable details have been modified to preserve confidentiality.*

OVERVIEW

NeighborWorks® America is a public, not-for-profit entity created in 1978, which provides technical assistance, training and financial support to a national network of more than 230 independent, community development and housing services organizations. NeighborWorks® America creates opportunities for people to live in affordable homes, improve their lives and strengthen their communities. **PROMPT™** is the system employed by NeighborWorks America to periodically review, analyze and report on the capacity and overall health of its network member organizations.

In February 2008 the State of Kansas's Housing Agency (KHA) approached NeighborWorks® America for a **PROMPT™** assessment of Down Home Inc., a community-based nonprofit organization that provides social services and affordable housing to a three county target area in southeast Kansas. Down Home was incorporated in 1979. It has grown to include a service area of Oak, Maple, and Spruce counties. Traditionally a Community Action Program (CAP), it has provided services for low-income and homeless individuals and families, and seniors. Its services and programs include food banks, weatherization, transportation, utility assistance, promotion of self-sufficiency, and more recently housing.

In 1995, Down Home became a CHDO (Community Housing Development Organization), a certification by the U.S. Department of Housing and Urban Development that prequalifies Down Home for certain public funding for affordable housing initiatives. KHA requested a **PROMPT™** assessment of Down Home because it is looking for an organization in southeast Kansas that could promote and provide services and resources related to affordable housing. Down Home had proven in its nearly thirty year history to be a solid CAP agency. It had begun to build on this solid record of social services and other programs targeted to low-income families by responding to opportunities to provide housing services and found this to be a useful program area in which to grow. Both KHA and Down Home agreed that a **PROMPT™** assessment to evaluate Down Home's capacity to further its housing agenda would benefit both KHA and the organization.

The Director of KHA and the Executive Director of Down Home spoke with **PROMPT™** reviewers in April, 2008 to discuss expectations, select a timeframe for the assessment, and review a list of required materials and documents that would need to be submitted by Down Home as part of the assessment.

Prior to the on-site phase of the assessment, the reviewers performed an extensive off-site analysis of Down Home based on the materials sent, other pertinent information about the services and the need for services within the targeted area. Reviewers performed interviews with

relevant individuals, including additional conversations with both KHA and Down Home. The on-site part of the assessment took place over a four day period in early June, that included interviews with Down Home staff, clients, resident leaders and board and committee members, ending with an exit conference with a small committee of stakeholders including the KHA Housing Director and several KHA senior advisors, the Executive Director and Board President of Down Home, and five additional Down Home board members. (All individuals interviewed and all documents reviewed for the assessment appear in the Appendix.)

This report describes in greater detail what was shared during the Exit Conference and includes any considerations that may have arisen during that meeting and in discussions after the onsite assessment. The report follows the format and process detailed through the **PROMPT™** system. Within each category, the assessment describes any observations regarding Down Home’s “current capacity and strengths” related to its housing activities, followed by “improvement opportunities and recommendations”. The reviewers are confident that working together KHA and Down Home will successfully build the necessary resources and services to provide increased affordable housing opportunities in southeast Kansas, and believe that the assessment process and this report also contribute to those efforts.

PLANNING

The **PLANNING** performance objectives encourage the organization to establish an annual planning process that involves its board members, staff and community stakeholders and results in the adoption of a clearly defined mission and measurable goals. The planning process should also identify the organization’s primary services & activities, its service delivery strategies and timetables, clarification of staff, dollar and partnership resource needs, and the development of Board policies and priorities that direct the organization’s efforts. The organization is further encouraged to periodically evaluate its success (at least quarterly) by establishing specific performance measures that are most often described in an annual business or operating plan as well as developing community or customer impact goals that may also be described in a longer term, multi-year strategic plan. A lack of cyclical planning and monitoring of progress against clear goals and outcomes can waste the organization’s resources and delay or prevent achievement of its mission.

General Observations

Down Home’s mission statement reads as follows: “The mission of Down Home Inc. is to advocate for and assist senior citizens, low-income persons, and persons with disabilities in attaining basic human needs and in becoming more self-sufficient. This will be accomplished by providing direct client services; stimulating a more efficient use of existing resources; broadening the available resource base; and providing decent, safe, sanitary, and affordable housing for low and moderate income persons.”

In 2006, Down Home developed a five-year strategic plan. The written document contains five sections, one for each of the three counties served, one for administration and one for the Board. Each group identified the strengths of Down Home; the weaknesses; the opportunities and the threats. In addition, each identified the top five issues that needed to be addressed in the next several years and specific strategies to address those issues. While the overall plan and the individual plans did not mention housing as a major priority going forward, it was raised as a way to capitalize on relationships and opportunities to serve the target populations.

Down Home had little experience in addressing housing issues until a few years ago. Because of its success in providing human and other services to the three county region, the CDC of Oak County and the Community Partnership Fund invited Down Home to partner on an affordable housing plan. The collaboration was successful in identifying realistic program priorities in affordable multi-family and some single family homeownership and funds (more than \$600,000) was secured from HUD to begin implementation of the plan. The funds were not run through the books of Down Home but through one of the other agencies with some developer's fees received by Down Home for their participation in the development. During the process, the partnership developed important relationships with several local banks, realtors, and also Fannie Mae who became sponsors or partners of the housing production. Only Down Home remains in a position to further the plan, and it has submitted a proposal to HUD for \$750,000 to continue the program on behalf of the partnership.

Current Capacity & Strengths in Planning

- Down Home clearly has an understanding and appreciation of the planning process. Its strategic plan developed last year is evidence of that.
- Down Home plans from the “bottom up”. The individual communities and departments hold separate planning sessions, the results of which are fed up to the main Board and Executive Director.
- The plans developed did not only focus on programs. Each county took into consideration both financial and human resources. The strategies developed related to the organization and programs on all levels.
- Though housing was not addressed in the plan, it was evident that Down Home is the organization that others turn to if there are housing opportunities in the three county area served by Down Home and they are increasing their level of housing experience through the partnership.

Improvement Opportunities & Recommendations in Planning

- The Challenge to broaden Down Home’s housing agenda goes far beyond Down Home. Before it can develop its own housing plan, a “housing culture” needs to be developed, owned, nurtured, and implemented in the southeast Kansas counties. Down Home should be the pin that holds together the various parts, and eventually takes the lead in implementing the strategies; but, first, the parts must come together.

It is strongly recommended that KHA work with Down Home to develop a regional housing “think tank” that analyzes the housing needs, identifies opportunities and resources, and prioritizes goals and strategies. One suggestion is to plan a housing conference for one or two days that would bring together all of the key players: local and state government reps; reps from financial institutions, HUD, the Federal Home Loan Bank, lenders, local employers, local realtors, other non-profits, the university, and of course community leaders and residents. In preparation for this conference, it would be beneficial to research the demographics of the environment as they relate to the housing market, including ownership rates, patterns, market values, trends during the last ten years, etc. It is also recommended that a consultant be hired to work with KHA and Down Home to facilitate both the process and conference.

- With Down Home at its core, the housing partnership planning process and program was successful and this process should be formalized with a core group of individuals and institutions that can serve as an on-going collaborative to further the housing agenda for the area and for Down Home. This group could be an Advisory Council, and a few could be added to Down Home’s Board or committee structure.
- These program processes and activities should be housed at Down Home, which should take on the stated responsibility of housing for the region since it has already been taking this on as part of a collaboration that it leads. Historically, Down Home has implemented housing activities because opportunities have been presented to them, and not as a result of pro-active deliberate analysis. If Down Home accepts that decision-making around housing strategies fits into Down Home’s overall organizational plan, it will be able to accomplish a great deal in both the planning and the provision of affordable housing to its service area.

It is strongly recommended that Down Home develop a housing plan that details specific programs and strategies, timeframes for implementation, resources required (financial and human and technical), and monitoring and evaluation components. It will be very important to determine within the plan the best organizational structure to implement the strategies, including board structure and service delivery. Will housing activities be centralized or distributed among local county offices, or a combination of both? It will also be important to fully understand the housing needs in each of the communities. Some of

that may come out of the regional planning process. It is recommended that walking or windshield surveys be done to specifically target properties, roads, and/or neighborhoods in need of particular focus.

- In developing a housing plan, it will also be important to honestly evaluate the impact increased housing activities will have on the rest of the organization and the much needed diverse services it currently provides, and what trade-offs, if any, may need to be made either temporarily or longer term.

RESOURCE MANAGEMENT & DEVELOPMENT

The **RESOURCE MANAGEMENT & DEVELOPMENT** performance objectives are to ensure that the organization has adequate operating and capital resources to support current and future organizational needs. The organization is encouraged to establish adequate reporting (budgets-to-actual and cash flow projection-to-actual comparison reports) to monitor its financial health and the success of its resource development efforts (annual and multi-year trends). The organization has an active financial oversight process in place to ensure that adjustments are made to the budget and resource development plans as needed. Unrealistic fundraising projections, poor strategies and a lack of effective monitoring can lead to funding deficits, cash flow problems and reductions in staff and services to achieve the mission.

General Observations

An analysis of Down Home's financial health and resource management based on its last three audits is in the appendix of this report. The reviewers conclude that Down Home is a fairly stable organization. Its overall net income has increased during the last three years, and it has ended the last two years in the black. As is true with most CAP agencies, Down Home's revenues are primarily from government contracts. In 2007, 56% came from the Federal government, 22% from State government, and 6% from local government for a total of 84% of government funds. The sources for the 16% in private funds include United Way, foundations, fees, in-kind services, and donations. Down Home has earned developers' fees for its housing development activities and receives fees for Pines Apartments, which it owns and manages. Down Home's 2009 budget is projected to go above the \$4 million mark due to a new housing rehab program and the growth of their afterschool programs.

The need to develop a more diversified funding base for its operations was identified in the strategic planning process. As such, a committee was formed and it has proceeded to investigate and develop an endowment fund. One of the issues identified in the Strategic Plan was the need to promote the organization more openly and effectively. Down Home does not have many promotional materials. Until the current year, it has never seen the need for a published annual

report. While it has a website, Down Home does not use the site actively to promote its activities, market its programs or attract partners.

Capital for Down Home's housing programs comes from the State, HUD, local banks, and CDBG funds from the counties. Earned income is received through The Pines Apartments, a 24-unit apartment complex owned and managed by Down Home's budgeting process begins in April. Its fiscal year runs from July 1 to June 30. As with its planning process, the budgets are developed from the bottom up, with each county presenting its annual budget needs according to strategic program priorities.

The Board is provided monthly financial reports and a separate Finance Committee is responsible for working closely with staff to use resources as laid out in the strategic plan and work plan. The Board takes seriously its job to monitor the financial condition of the organization. An added benefit to the organization is that the Executive Director, prior to moving into that position, held several positions in the financial management arm of the organization. She is, therefore, very aware and familiar with monitoring cash flow and adjusting budgets accordingly.

Current Capacity & Strengths in Resource Management

- Down Home is highly respected by the various government agencies with which it interacts and to whom it relies on for the majority of its funding. It has developed a solid reputation and a strong track record.
- The staff and Board take a very pragmatic approach to budgeting, budget monitoring, and budget adjustments. The budgeting process begins in April of each year, with the various county offices and central programs submitting their own projections, which are taken into consideration in developing an agency-wide budget. A thorough Budget Schedule explaining each step was distributed at the April Board meeting. The Board is involved in the development and approval of the budget. The organization has demonstrated its willingness and ability to adjust to budget variances by reducing expenses when necessary.
- Each of Down Home's county offices is responsible for raising some funds locally. This serves to generate enthusiasm and publicity, as well as funds for local efforts.
- Though Down Home has never been flush with funds, it maintains a healthy cash flow without incurring significant debt. (See audit review report in appendix).
- Down Home has begun to look to diversify its funding sources by developing an endowment fund and will begin to approach foundations and also an individual donor base to contribute to that fund.

- Down Home uses its housing activities to generate earned income and will continue to be a source of revenues. For example, Down Home anticipates approximately \$55,000 in combined developer and administrative fees for the Mountain Home development.
- Down Home has recently been asked to manage the Revolving Loan Funds for Spruce and Maple counties, for which it will realize administrative fees that more than cover the direct and indirect costs.

Improvement Opportunities & Recommendations in Resource Management

- Down Home has not yet developed solid relationships with an “inner circle” of resources related to housing. If it is going to adopt a more aggressive housing agenda, it needs to build the relationships and resource infrastructure that goes along with that. *Down Home is strongly encouraged to identify and build additional partnerships with resources related to housing, including banks, local key employers such as Wal-Mart, HUD, the Federal Home Loan Bank, housing-related foundations, etc. The purpose of the partnership is not only to seek funds, but for advice, support, and most importantly, to put Down Home on their housing radar screen. These efforts could be part of the broader regional housing plan development.*
- As has been identified in its strategic plan, Down Home is encouraged to focus on public awareness and marketing. *An annual report should be prepared and distributed every year, and the website should be used to market and promote its activities.*
- Down Home is currently keeping its excess funds from developers’ fees and replacement reserves in low-yielding money market accounts. The organization may wish to consider higher-yielding opportunities.
- In relation to the Pines apartments, Down Home is encouraged to develop a capital needs plan that looks forward ten years and beyond to better gauge when and what replacements may have to be made.

ORGANIZATIONAL MANAGEMENT & OVERSIGHT

The **ORGANIZATIONAL MANAGEMENT & OVERSIGHT** performance objectives are to ensure that the organization has established and documented a governance model and structure that has clearly defined roles, authority, membership, meeting and reporting guidelines for its board, committees, executive staffing and related partnerships. The organization has established and implemented policies, procedures and practices consistent with its governance model and periodically evaluates their effectiveness in ensuring timely and appropriate decisions to sustain the organization’s health and

performance. The organization is encouraged to provide an annual evaluation of its paid executive staff, and to conduct a periodic assessment of the board and committees' roles, performance, membership, training and capacity to direct, oversee and support the organization's mission & goals. The organization is also encouraged to implement a volunteer recruitment and leadership development program to maximize the involvement of community partners and customer based representatives. Insufficient organizational development, management and oversight can create unnecessary liabilities and failed achievement of goals.

General Observations

Down Home is classified as a Community Action Agency, an Area Agency on Aging, a CDC, and a CHDO. Each of the counties it serves has its own program office located within that county: its administrative office is co-located with the Maple County office in Goose Lake. There are no subsidiary corporations. Each county has an Advisory Council, which meets monthly and is comprised of residents, county leaders and partner representatives. Each advisory council is an informal body that generally contains between 10 and 22 members and is lead by a county chair who is selected informally and may serve for as long as everyone agrees. Minutes of each advisory council meeting are provided to Down Home's Board of Directors. At the time of the assessment, there were eleven members on the Board. The by-laws require a 14-22 member Board, at least four members from each of the counties including the county chair and representing local government (elected officials or their representatives), low-income residents, and private sector partners. At least one-third of the board must represent the population served in the three counties.

Committees include Executive, Fund-raising, and Revolving Loan Fund:

- The Executive Committee is a four member committee comprised of each county chair and the board chair. These members serve as the decision-makers for Down Home when the full board is not available. Generally, the Executive Committee meets via telephone once every month or two and is available whenever necessary to Down Home's executive director.
- Since most of their funds are raised from public sources, Down Home's Fund-raising Committee's primary role is to help with their annual spring picnic, which attracts several hundred community celebrants, raises community awareness about Down Home's programs and also raises some individual and private sector funds.
- The Revolving Loan Fund committee includes some bankers and other experts that are not otherwise represented on the county advisory councils or board. This committee meets every other month or as needed to consider requests to Down Home's loan fund.

The Board meets quarterly, and extensive Board packages are distributed monthly. All Board members seemed committed to and knowledgeable about the organization. Though housing is not a typical agenda item for them, every Board member interviewed had a thoughtful response that reflected an understanding of the issues and Down Home's ability to address them.

Current Capacity & Strengths in Organizational Management

- Down Home's organizational structure is very representative of the populations the organization serves. Between the Advisory Councils and the Board of Directors, there is ample opportunity for involvement in decision and policy-making.
- Several people interviewed agreed that the Board of Directors is an active, committed, and knowledgeable Board.
- New Board members are given a comprehensive and thorough orientation.
- Board packages are some of the most thorough, yet "user-friendly" that the reviewers have seen. The packages contain just the right amount of information without seeming overburdening. The information is interesting and informative. Packages include financial information, reports from the Executive Director, reports from each county office, and other items of business that come up.
- Board packages for each quarterly meeting are sent at least a week in advance, giving members the opportunity to read through materials and come better prepared to meetings. In the months in between meetings, similar packages are distributed so that the Board stays informed.
- Though housing has not been a major program service, the Board is enthusiastic about broadening Down Home's housing agenda. A few members have a background in housing programs.

Improvement Opportunities & Recommendations in Organizational Management

- As Down Home broadens its activities in housing, it will be important to adjust its organizational structure and knowledge base to add a housing culture. It will be important to ensure that the current Board and advisory councils do not feel alienated in this process, and are able to actively participate in the activities and decision-making that will need to accompany Down Home's housing agenda growth.
- Down Home is encouraged to consider several steps to heighten the leadership of the organization's knowledge, comfort level, and familiarity with housing jargon, programs, and

services. Steps include a) providing a training program for the current Board and Advisory Councils. There are already some Board members who have housing program experience and can be very helpful in training the rest of the Board; b) consider filling the current board vacancies with individuals that have experience and knowledge of housing activities; and/or c) consider setting up a housing advisory committee to the Board.

- Behind most successful organizations is a healthy partnership. Down Home would benefit from identifying key partners in the housing field (banks, realtors, other non-profits, residents interested in improving either their own or their community's housing, etc.) to enhance the dialogue around promoting a more aggressive housing agenda for Down Home.
- Down Home has operated without a Board Treasurer or Finance Committee. With a budget that is positioned to go above \$4 million and an interest in increasing housing activities that involve riskier use of financial resources, *the Board is encouraged to consider adding the position of Treasurer and developing a Finance Committee that works with Down Home staff in the oversight of the organization's financial health and management.*
- Currently Down Home owns one property, Pines Apartments. It is owned under Down Home's name and organization. As the organization considers acquiring additional property for ownership, it may wish to consult with legal counsel regarding setting up one or more subsidiary corporation to minimize any potential risk corporate-wise to Down Home.

FINANCIAL MANAGEMENT

The **FINANCIAL MANAGEMENT** performance objectives are to ensure that the organization maintains an accounting system, reporting practices and audit procedures that reflect the complexity of its operations and provides adequate financial information to meet organizational and funding requirements. The accounting structure, staffing, procedures and practices ensure accurate, timely, and reliable records while maintaining reasonable internal controls. The organization produces and reviews financial reports on a monthly basis to ensure that sufficient information is available to sustain operations, meet budget & funding commitments and/or identify any potential risks or deterioration of the organization's financial health. Inadequate accounting and reporting practices can cause resources to be misused and jeopardize the organization's CURRENT AND future funding.

General Observations

Down Home has a two-person accounting department, but several other staff also play a role in financial management. Down Home's Fiscal Manager establishes and maintains the Chart of accounts, assists in the preparation of the annual budget, runs monthly general ledger reports and trial balances, reconciles the bank statements, and prepares the monthly financial information for

the Board of Directors. The Accounting Clerk is responsible for the organization's accounts payable functions, payroll, employee vacation and leave records, and posting of deposits. The Assistant Director prepares and makes the bank deposits.

All checks over \$5,000 must carry two signatures; signator rights currently belong to the Executive Director, Board Chair and one of the county advisory council chairs. Down Home's Executive Director once worked in the finance department, and as such, has a strong background in financial management in general, and Down Home's systems in particular. Down Home's accounting software program is Cougar Mountain Fund Accounting. The books were posted and up to date.

As stated in the Organizational Management & Oversight section of this report, Down Home does not have a Board Treasurer or Finance Committee. Each Board package includes a balance sheet and budget-to-actual comparisons for the entire organization, for each of the county offices, and for the Central Office. A report for Pines Apartments is not produced for the Board.

The last three audits were done by the Lake Professional Group within thirty to sixty days of the close of the fiscal year.

Current Capacity & Strengths in Financial Management

- Down Home's Fiscal Manager and Accounting Clerk have been with Down Home for eight and three years respectively. They seem well versed in the responsibilities assigned to them and the Fiscal Manager seems knowledgeable regarding fund accounting practices. They were able to produce all reports and information requested of them and their responsibilities are assigned to create a *checks and balance* important in all fiscal operations
- The annual budget process is an inclusive one that begins in April and is completed and approved by the Board of Directors prior to the beginning of the new fiscal year.
- The annual audits have been produced in a very timely fashion. There have been no negative findings since 2002 when a procurement policy issue was discussed, and has since been addressed.
- Board members appreciate the type and amount of information it is provided regarding the financial condition of the organization. They also appreciate the opportunity to receive the information in advance of meetings. They are also aware that the staff members are willing and capable of providing any additional information that they may request.

Improvement Opportunities & Recommendations in Financial Management

- Down Home is using the Cougar Mountain Fund Accounting software system for all of its accounting functions except Accounts Receivable which is run on Excel. *Utilizing the accounts receivable module of the Cougar Mountain software might prove more efficient.*
- Similarly, Accounts Receivable for the Pines Apartments is run on Quick Books by the Property Manager, rather than centrally by the Fiscal Manager. *Consolidation of the accounts receivable function under the responsibility of the Fiscal Manager might provide more management control, especially as the organization considers expanding its housing agenda and property acquisition.*
- Monthly budget-to-actual variance reports from the Cougar Mountain system are being reformatted on Excel for presentation to the Board because of the inability of the software to report YTD revenues and expense budget numbers. *Re-examination of the Cougar Mountain software in order to provide the appropriate reports directly from the accounting system might eliminate this additional time-consuming step.*
- The Property Manager at the Pines Apartments collects cash from tenants and prepares the bank deposits for the apartment complex. While tenants are given receipts for cash and the Fiscal Manager reconciles bank statements, it remains difficult to tie the individual cash deposit back to the tenant. *It is highly recommended that Down Home develop a tighter system of control over the cash but also encourage residents who might not be utilizing traditional financial institutions to utilize one of the local banks or credit unions from which they might write a check for monthly rent. Down Home may wish to partner with a few local bank or credit unions to present financial literacy concepts and explain the importance of setting up bank accounts, or at least utilizing certified checks.*

CONTRACT MANAGEMENT

The CONTRACT MANAGEMENT performance objectives are to ensure that the organization has monitoring, documentation, reporting, and decision-making practices to comply with contractual agreements. It further encourages the establishment of a system to stay informed of applicable laws, regulations, and contract requirements to minimize future liabilities and to avoid making contractual commitments that are beyond the organization's capacity. Failure to meet contract REQUIREMENTS can lead to loss of resources and legal problems.

General Observations

Down Home is well respected and has successfully funded its numerous social service programs through contracts and grants since its incorporation in 1979. It was evident that staff has kept abreast of regulations and requirements. There was no evidence of discontent with Down Home's performance regarding contracts.

Down Home has been very successful in obtaining the contracts to manage rehab revolving loan funds for the cities of Forestville, Goose Lake, and Maplewood, as well as Maple County.

The Board does not exercise oversight responsibility for contract/grant compliance, although Board minutes indicate that the Board is consulted before Down Home enters into contracts.

Current Capacity & Strengths in Contract Management

Contract management is generally assigned to the senior program staff responsible for its implementation and report on contracts and grants relating to their respective areas. The primary responsibility for the financial aspects of contract management is with the Fiscal Manager. The Assistant Director or, in some cases, the Executive Director takes responsibility for maintaining high level reporting and interaction with the client.

Improvement Opportunities & Recommendations in Contract Management

- There is no central oversight contract/grant reporting and compliance system. While the system described above does not appear to have been disruptive to the organization, as Down Home continues to grow and its funding base diversified, the potential for compliance issues resulting in revenue loss also grows. A more coordinated effort may also enable the organization to successfully bid for additional contracts from the same client. ***Down Home may wish to consider centralizing the responsibility for oversight of contract/grant reporting and compliance, and give one Manager overall oversight coordination responsibility. It would also be helpful to get the Board (perhaps through a Treasurer or Finance Committee) more involved in the oversight of contracts.***
- Down Home may wish to develop a contract summary and tickler file available to Board members and key program staff that summarizes the main contents of each contract and significant regulations, reporting requirements, and due dates.

PERSONNEL MANAGEMENT

The **PERSONNEL MANAGEMENT** performance objectives are to ensure that the organization has a staffing structure and staff that are clearly defined and adequate to fulfill organizational, programmatic and financial responsibilities. Personnel and administrative policies and procedures are documented and practiced including annual staff evaluations. Staff and volunteer recruitment and training promotes maximizing skills to support the strategic and business plan goals, while also encouraging coordination and collaboration. Staff management works in partnership with the Board of Director, and has commitment, a unified vision, and the ability to make decisions that affect the organization. Inadequate staffing and personnel practices can cause staff turnovers, ineffective performance and failure to meet goals.

General Observations

Down Home has approximately 45 staff, of which about one-third are full-time. Of those staff, the Executive Director, the Property Manager for Pines Apartments, and the Weatherization Manager are the staff members who spend the most time on housing activities. The Executive Director stated that she spends approximately 10% of her time on housing. Real estate development projects are contracted out to a consultant who originally planned to join the staff, but had difficulty relocating. Down Home also contracts out its Revolving Loan fund program, although the Weatherization Manager is being trained to be more familiar with those services. The County Managers interviewed both agreed that there was a need for more housing programs and welcomed the opportunity to participate in their development.

In addition to the Executive Director, there are five senior Managers, each of whom reports to the E.D. The Property Manager for Pines Apartments also reports directly to the E.D. but is not included in management team meeting every other month. There is also an annual all-staff meeting.

Approximately three years ago, a salary re-classification was done. This year a recommendation was made to the Board to extend the number of steps in the salary structure, but the Board voted to not proceed at this time.

Staff evaluations are done regularly and the organization has an extensive Personnel Policy Manual. Each manager is encouraged to work closely with their staff and to develop systems or routines to maximize work productivity. The after school care program manager described a twice-monthly breakfast for her employees to encourage good camaraderie between them, learn about any challenges facing the program, and also to gain a better understanding about the children and their families (clients) using the program.

Not inconsistent with CAP agencies, their salaries are a little on the low side but staff seemed happy and low turnover rates confirmed that Down Home is a generally satisfying place to work.

Current Capacity & Strengths in Personnel Management

- Almost everyone interviewed during this assessment had nothing but praise for the Executive Director. Everyone shared their confidence in her ability and an admiration for her capability.
- Likewise, it was clear that the staff is highly committed to their work and eager to be proficient in their jobs.
- All staff that was interviewed talked of the organization as being like a “family”. All shared that they enjoyed their work and that there were many opportunities for personal and professional growth.
- Down Home offers a good benefits package, including a pension plan.
- Down Home has very solid personnel and administrative policies and processes. The Policy Manual is extremely thorough. The organization also utilizes a 360 degree approach to Executive Director evaluation. All staff interviewed said that they had been evaluated in a timely manner and considered the process very interactive and positive.
- Many staff interviewed recognized the need to develop housing programs, and some look forward to training opportunities in that field.

Improvement Opportunities & Recommendations in Personnel Management

- Several people interviewed expressed the opinion that contracting out for housing related program support was not the optimal approach. There was agreement that having an in-house staff person would be more efficient and effective, especially if that person will be taking the lead in assisting the Executive Director to broaden Down Home’s housing agenda.

Down Home is encouraged to re-visit its current housing staffing structure as it furthers its housing programs and plans. It may be necessary to out-source real estate development services for specific deals, but building the capacity of a housing department would be better served by having an in-house staff person.

- *As a housing plan develops, it will also be important to consider whether housing services should be centralized, de-centralized, or a combination of the two.* As Down Home is well aware, serving a rural geographic area is quite challenging. Fortunately, the organization already has a structure in place that provides a presence in almost all of the communities it serves. This structure could be utilized in providing housing services as well. One consideration is to have housing activities managed centrally, with specific programs offered at county offices as appropriate. At a minimum, existing staff that are interested and willing

may benefit from training in the housing field such as that offered at NeighborWorks® Training Institutes.

PRODUCTION/PROGRAM SERVICES

The **PRODUCTION/PROGRAM SERVICES** performance objectives are to ensure that the organization has selected and implemented services that meet all funding source requirements for type, eligibility, quantity, and quality. It also encourages the establishment and implementation of production goals and performance measures that are consistent with the organization's mission and capacity, and can demonstrate a value added to the organization and its service area. It further encourages an on-going process for measuring programmatic success, service delivery efficiency and the impact of its services. Activities and services that do not meet funding expectations or are beyond the organization's capacity can lead to wasted resources and lost support.

General Observations

Down Home offers approximately 28 different types of programs including emergency programs, energy programs, food bank programs, In-Home Care programs, youth programs, Lifespan programs, nutrition programs, self-sufficiency programs, an array of senior services, transportation programs, a weatherization program, and some housing programs.

Down Home began working in the housing field in 1994. It has worked with local communities and private developers to develop and sponsor rental housing using primarily a turnkey approach. Down Home has been involved in the development of approximately 124 units in the past three years. Several additional projects are in the works. The one furthest along is in Mountain Home where an 11 unit project on Matilda Drive is scheduled to begin construction in September.

A couple of years ago Down Home acquired the Pines Apartments, a 24-unit apartment complex in Goose Lake, from a failed CDC. Down Home acquired it utilizing a \$550,000 5% loan with a 20-year term from Frontier Bank. The current Property Manager, who lives on-site, has been the manager since the project was opened in 1998.

Down Home also has been awarded the management contracts for rehab revolving loan funds for the cities of Forestville, Goose Lake, and Maplewood, as well as Maple County. Two additional county contracts are pending. All services for the rehab revolving loan fund management contracts, except the City of Forestville, are sub-contracted out to Kansas Rural Housing Services, a regional nonprofit organization that specializes in lending money for real estate rehab. According to the Executive Director, Down Home receives a fee of 20% for these contracts and pays Kansas Rural Housing Services 14% for the servicing. The housing rehab

program offers loans that are no-interest deferred payment loans (payable upon sale or transfer of property) based upon available equity in the property. The maximum loan amount is \$25,000. Down Home is responsible for qualifying homeowners, inspecting the homes, assisting in the bidding process and overseeing the work.

Current Capacity & Strengths in Production/Program Services

- Down Home is widely respected for its many social service programs throughout Oak, Maple, and Spruce counties. There is also broad respect among financial partners for the abilities of the organization and the Executive Director demonstrated in the housing activities it has been involved in. In fact, Down Home has been encouraged to apply to become a Housing Resource Center, a designation given by KHA, to evaluate USDA Rural Development multi-family projects whose current owners wish to liquidate their holdings.
- Down Home's experience to date in the housing development arena, both new construction and rehab, has proven lucrative for the organization. Down Home has earned upwards of \$40,000 in fees for each development it has done. The projects have been very well done and are nicely maintained.
- Pines Apartments, the one development DOWN HOME owns and manages, is very well-maintained.
- The housing opportunities Down Home has been involved in have provided a diverse and rich experience base from which to grow.
- One particularly refreshing observation was Down Home's "truth in advertising" regarding its program services. In its weatherization program brochure, for example, it clearly states that not everyone may get assistance. This avoids creating unrealistic expectations.

Improvement Opportunities & Recommendations in Production/Program Services

- Down Home's housing oriented successes to date have resulted from taking advantage of opportunities presented to them rather than opportunities planned. As stated in the planning section of this report, ***Down Home should consider conducting a needs assessment for affordable housing, multi-family and single-family, in the four counties it serves. From that assessment, a multiple year plan could be developed to define specific housing objectives and the organizational infrastructure, staffing, Board involvement, and funding necessary to accomplish those objectives.***
- Whereas the percentage of time Down Home, as an organization, now spends on housing activities approximates 5%, the general consensus of people interviewed was that 30% was a

reasonable goal. Obviously, in order to do that, many of the recommendations made in this report will need to be addressed.

- While the Pines Apartments appears to be well managed and there were only two vacancies at the time of the assessment, according to the Property Manager, this past year was a difficult one with a 50% turnover in the units. As of May 1, 2008, there were outstanding receivables of \$12,357.22, representing 14 units. There may be some fundamental issues that should be evaluated and addressed now. There are no property management or asset management plans in place, and there need to be more formal reporting lines especially if Down Home will assume additional housing assets.
- In anticipation of Down Home's expansion of its multi-family ownership, the organization would benefit from using the Pines Apartments experience to formalize a model for future multi-family ownership opportunities. This model might include the centralization of the accounting functions, property management software, the creation of property management policies and procedures, and the development of property and asset management plans, including setting performance standards and key indicators to track. (Following the assessment, the CHAM workbook, and a property management software study was sent to DOWN HOME's Executive Director and KHA for reference.)
- The real estate projects that Down Home has been involved with have been in partnership with third parties. Though this eliminates much of the risk, it also relinquishes control of the long term life of the properties and the resulting revenue stream. ***Down Home needs to decide if it wants to be the owner/operator/manager of properties. The pluses and minuses of each should be carefully weighed.***
- It is the stated intent of Down Home's management to gain sufficient experience to assume responsibility for all of the servicing related to the rehab revolving loan fund management contracts, and not sub-contract this work out. However, the Down Home staff person currently managing the City of Forestville servicing has completed only one transaction to date, making it difficult to achieve the level of proficiency necessary to fully assume the servicing duties. ***If Down Home's goal is to assume the servicing duties, it is recommended that a formal training program be developed (perhaps with KRHS' assistance), particularly given the two pending additional larger contracts for the program.***

TECHNICAL OPERATING SYSTEMS

The **TECHNICAL OPERATING SYSTEMS** performance objectives are to ensure that the organization has implemented standard operating procedures and practices, and has maintained complete and orderly records that are consistent with corporate policies, legal and funding source requirements. It further encourages the development of service delivery and customer tracking systems and records that promote effective and efficient services. Periodic review of the procedures and records is encouraged to assess their consistent implementation and compliance with requirements. A lack of written program policies and procedures for major service areas can lead to inconsistent and unapproved service delivery and incomplete record keeping and reporting.

General Observations

As with so many organizations, Down Home has grown successfully over the years with its primary focus being on the clients it serves rather than on the task of “institutionalizing” the organization, which becomes necessary as it looks toward achieving its next level of excellence. Also as with many organizations with primarily government contracts, the policies and procedures of programmatic services are those accompanying the contracts. As such, Down Home has standard policies and procedures for most of its program services. In the housing area, it has government issued rehab loan policies. It also has basic policies and procedures for the tenants of Pines Apartments.

In the most recent Down Home Strategic Plan, the Administrative Group Planning Report noted, “We need better software in various programs and better hardware for efficiency and compatibility purposes”. Accordingly, the recommendation in their planning report was to “Establish an organizational Technology Group made up of appropriate staff, interested Board members, and community members with computer capability. This group will be an on-going committee which will look at the technological needs of the organization, research solutions, and make recommendations to management.”

Current Capacity & Strengths in Technical Operating Systems

- Down Home relies on its experienced staff to operate and manage this extensive organization using software, systems, policies, and procedures that have been implemented at varying times throughout the life of the organization.
- Utilizing government issued policies and procedures have provided a good baseline for developing more “home-grown” internal support systems.

Improvement Opportunities & Recommendations in Technical Operating Systems

- With Down Home’s housing program still in a nascent stage, the time is ripe to begin developing in-house policies and procedures. *Given the importance of “institutionalizing” the organization, as noted by the President of the Board, the organization is encouraged to undertake the development of in-house policies and procedures for each of its operating areas, including financial management. Such written documents are invaluable in training staff, board and committee members, and just for general reference.*
- There appears to be some frustration with the Cougar Mountain Fund Accounting software’s ability to generate flexible financial reporting. There is no common contract/grant reporting and tickler system. The staff also expressed an interest in identifying a client database and property management software. *In keeping with the recommendation in the current Strategic Plan, this might be an appropriate time for Down Home to form a Technology Group to investigate the efficiency and cost associated with a broader MIS system as well as other technological and systems needs. KHA may be able to assist in this area as well.*

CONCLUSION

The State of Kansas’s Housing Agency (KHA) hired NeighborWorks® America to assess Down Home’s capacity to enhance and expand its housing programs. Based on extensive analysis both off-site and on using the **PROMPT™** organizational assessment system, Down Home has the foundation and great potential to further its housing agenda on behalf of the region. Down Home cannot do it alone, however. A housing dialogue and culture needs to be developed in southeast Kansas. Down Home, with the State’s assistance, is in a prime position to get that dialogue going, to move it along, and to implement many of the strategies that may emerge.

Resources will be needed to proceed to the next step. At a minimum, a consultant should be identified and hired to work with the State and Down Home to develop and implement a process that will culminate in the creation of a) a clear understanding of the housing needs in southeast Kansas, b) a housing agenda for southeast Kansas, c) a partnership that is willing to participate in the on-going dialogue and implementation of housing services, and d) a pool of resources to further the agenda along.

Simultaneously, Down Home needs to build its own housing plan and begin to re-examine its organizational structure, resources, and systems to determine the necessary adjustments it needs to make to develop an infrastructure that can accommodate a broadened housing agenda.

It is an exciting and timely opportunity. The reviewers have every confidence that Down Home will succeed in these endeavors. NeighborWorks® America would like to thank everyone involved from the State and Down Home for their candor, openness, and gracious hospitality. This report and the assessment process will hopefully contribute to their success by offering Down Home's leadership an objective look at their current capacity and likely capability. The review team and NeighborWorks® America's Organizational Assessment Division are available for any follow-up requests for information and ideas.

NEIGHBORWORKS® AMERICA
Organizational Assessment Division

KANSAS CITY OFFICE
1111 West 39th St., Suite 200 West
Kansas City, MO 64111-2614
Tel: 816-753-2404, Fax: 816-561-6243

Ron Johnston, *Division Director*

Telephone: 816-714-1228
Email: rjohnston@nw.org

Jeff Baloutine, *New Markets Manager*

Telephone: 816-714-1213
Email: jbaloutine@nw.org

Pam Carter, *Specialist-Operations Manager*

Telephone: 816-714-1254
Email: pcarter@nw.org

Richard Pryor, *Director-Monitoring & Analysis*
Financial Health Assessments

Telephone: 816-714-1233
Email: rpryor@nw.org

BOSTON OFFICE
855 Boylston Street, 6th Floor
Boston, MA 02116
Tel: 617-450-0410, Fax: 617-450-0424

John Hoadley, *Director-External Assessments*
New Product Development

Telephone: 617-585-5070
Email: jhoadley@nw.org