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{2012 Annual Report}





“The marvelous richness of human experience would lose something of rewarding joy if there were no limitations to overcome. The hilltop hour would not be half so wonderful if there were no dark valleys to traverse.”
—Helen Keller



We would like to reintroduce Grafton Integrated Health Network, a vital community resource for over 50 years offering a growing continuum of care. We are a national and international provider of more than eight distinct service lines.

We have pioneered industry-leading methods that are recognized by our peers including the reduction of restraint, seclusion and other coercive behavioral management strategies, created an enhanced risk management system that dropped our insurance risk modification factor by 62% and developed a goal mastery program that allows us to monitor treatment outcomes in real time. These accomplishments have led to national and international attention. For example, our staff regularly train and consult with service organizations in Victoria, Australia, helping them meet the varied and complicated needs of their consumers. We are proud of this legacy and are excited about our future.

But Grafton is more than this. For all these years, our guiding principle has been the same—to give people their lives back. Whether a person is coming to see one of our outpatient therapists to get help with relationships, stress or depression, or is an intellectually challenged adult with a limited ability to care for themselves independently, we strive for the same thing—to create a space that nourishes the soul. It’s about building an environment that honors learning by providing as many opportunities for growth as possible, guided by an individual’s own power of choice and self-determination. Challenges are a universal human experience—overcoming challenges is what makes us feel alive! It is our intention to keep feeding that passion for living.

We hope this report encourages you to join us in this mission, either by contributing to our cause, or by getting active as an advocate for those with challenges to overcome.


Calvin Allen
Chairman, Board of Directors


James G. Gaynor, II
President and CEO



Tomorrow's solutions, delivered today



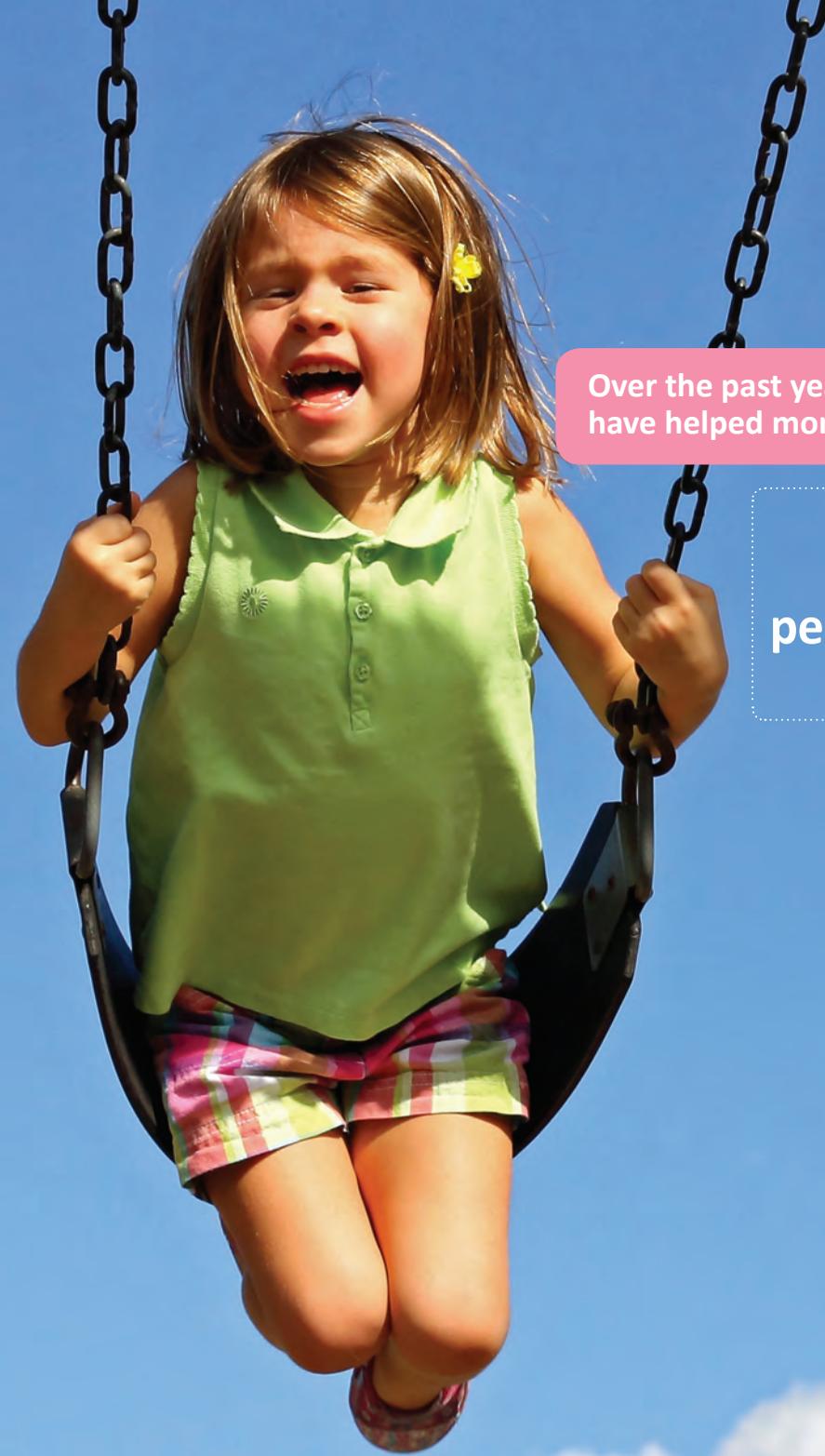
Grafton is strategically focused upon being the provider, partner and employer of choice. In this era of healthcare reform we believe that the development of a flexible continuum designed to provide the right level of care at the right time will ultimately be the most cost effective and respectful solution to an individual's challenges. To this end, Grafton continues to evaluate opportunities to expand core services to meet demand, partner with organizations that can facilitate our mission, and develop a myriad of value additions to our current programs that will provide positive and lasting outcomes to our consumers.

For example, Grafton has developed relationships with nine regional universities to ensure that we provide a living laboratory for the development of best practices, for future practitioners. We have entered into an agreement with AudioEye Communications to help us develop technology supports to enhance the impact of what we do every day. We have continued to pioneer award-winning risk management practices and share them both regionally and internationally. We are constantly scanning the public and private landscape for opportunities to build our continuum of services and incorporate the best practices that others have created.

In short, Grafton is no longer one provider serving one niche. We are a dynamic and multi-faceted organization, blessed with an incredibly talented and mission-driven workforce. We look forward to continuing to work closely with all of our stakeholders, including parents, consumers, donors, referral sources, employees, and others, to rise to the challenge of giving people their lives back!

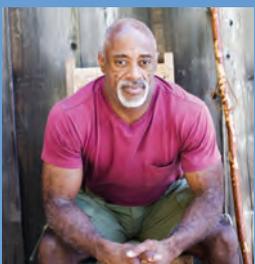
771 Employees generate

\$29,738,643
in salaries



Over the past year, we have helped more than

2,900 people transform their lives.



Helping people transform their lives

Grafton is a nationally-recognized leader in providing multiple levels of support to people with a wide range of emotional and/or behavioral challenges. For more than 50 years, Grafton has provided a continuum of services for children, adolescents and adults to overcome challenges and lead meaningful, productive lives.

273 clients served **Psychiatric Residential Treatment:** We offer a secure, trauma informed treatment milieu for individuals between the ages of six and 21. These services are for children and adolescents who need mental health treatment for a psychiatric condition that cannot be safely provided in a community setting. ●

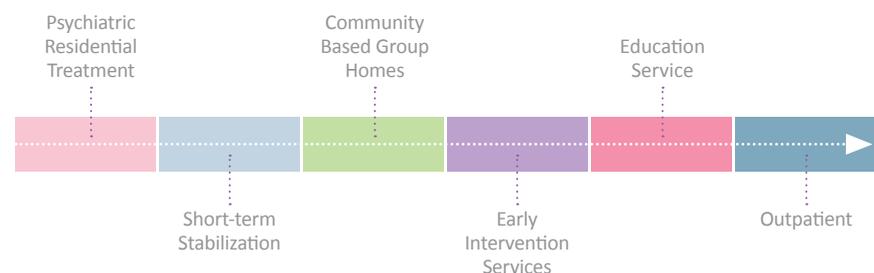
30 clients served **Short-term Stabilization:** This recently established service provides more intensive treatment for children and adolescents ages six to 21 for a shorter duration (30 to 45 days) and supports the rapid stabilization of the family and child. ●

294 clients served **Community Based Group Homes:** We support children and adults to increase functional autonomy and build healthy interdependencies within their local communities. ●

503 clients served **Early Intervention Services:** Services are provided for children ages birth to age three and designed to increase the developmental, social and educational gains for the child, improve the functioning of the family and reap long-term benefits for society at large. ●

582 clients served **Education Service:** We offer comprehensive education services for individuals ages six to 22. Learning is customized to each child's strengths. ●

1,245 clients served **Outpatient:** Our growing team of mental health professionals strive to be your partner in health and wellness. Individual counseling, play therapy, family therapy, psychological testing, Applied Behavior Analysis and other services are available for children and families. ●



{ Continuum of Services }



Awarded 2012 Negley President's award
for excellence in risk management
practices for "Safety Seven" initiative.

Overcoming challenges

{ VERA'S STORY }

THE CHALLENGE

Vera* is a sixteen year old initially referred to the intensive outpatient program due to severe problems with depression, suicidal ideation, self-injurious behavior, eating disorder symptoms, anxiety, compulsive hair pulling, substance abuse and declining school performance.

As a result of past bullying, Vera experiences an unhealthy view of her body and of herself. She is truly her own worst critic. Vera defends herself against strong emotion by "stuffing" her feelings inside and turning her pain inward.

UNCOVERING SKILLS FOR CHANGE

Vera has many, many gifts including a great sense of humor and a fun loving personality. She is articulate, intelligent and motivated. Her family is committed to her success and to one another.

Within the intensive outpatient program, Vera received group therapy that consisted of a combination of dialectical behavior therapy, cognitive behavioral approaches and expressive therapy. She also received individual therapy and family therapy. Vera's treatment focused on checking and rechecking distorted thinking patterns that would in turn lead to negative feelings and at times, self-destructive behaviors.

Over time, Vera became more and more receptive to feedback presented to her. A critical component to Vera's progress was a strong and supportive family network. Like Vera, her family demonstrated a willingness and motivation to "adapt and adopt" new strategies and new ways of thinking. A weekly parent support group, multi-family group and family therapy were offered within the treatment milieu.

PROGRESS

As a result of her progress and her commitment, Vera successfully completed the program. She now serves as a peer volunteer where she helps other teens in the intensive outpatient program and the short term stabilization program.

**Client's name has been changed to protect her privacy*

"I remember feeling hopeless, depressed and directionless when I first came here. The program taught me to communicate my feelings and use coping skills when I found myself feeling anxious or sad. I finally felt understood."

Vera's mother shares, "Vera's therapist had a true partnership with us and was professional, persistent, thoughtful and genuinely cared about my daughter. It was comforting to have Vera's needs placed in good hands. The continuum of care available at Grafton Integrated Health Network provided a safe and therapeutic place for us. Grafton's intensive outpatient program is a rare gem in our community."

{ VANESSA'S STORY }

THE CHALLENGE

Vanessa*, a 16 year old with an intellectual disability, loves Disney movies and has a great sense of humor. Prior to her admission, Vanessa engaged in serious destructive behaviors at home and school including self-injurious behavior (biting self, banging head), pica (eating non-edible materials), and aggression (hitting, scratching others).

UNCOVERING SKILLS FOR CHANGE

Each member of her transdisciplinary team sought to understand Vanessa across different treatment specialties through functional behavior, academic, vocational and speech language assessments.

In developing a customized treatment plan, Vanessa's transdisciplinary team took into account her communication needs, strengths, preferences and abilities. It was critically important to identify things that were important and meaningful

**Client's name has been changed to protect her privacy*

"My daughter's therapist had a true partnership with us and was professional, persistent, thoughtful, and genuinely cared about my daughter. It was comforting to have my daughters' needs placed in good hands and the continuum of care at Grafton provided a safe and therapeutic place for us. Grafton's intensive outpatient program is a rare gem in our community."

—Parent



for Vanessa. Like most teenagers, Vanessa enjoys listening to music and spending time surfing the Internet. She also has a keen interest in completing word puzzles. These activities were made available to her during the school day as well as in the evenings to encourage task completion and to develop greater impulse control and delay gratification.

Speech therapy sessions focused on encouraging Vanessa to use pictures, sign language and verbal phrases to communicate. Through repetition, modeling and consistent reinforcement from team members, Vanessa has been able to gradually increase her repertoire of spoken language. She now uses a combination of verbal and nonverbal communication to express her needs. In addition to a few basic signs such as "please", "eat" and "thank you", she relies on picture icons to let her desires and wishes be known.

PROGRESS

As the transdisciplinary team began to better understand Vanessa, it became apparent that "meaningful work" was important to Vanessa's sense of self and her overall self-concept. Vocational assessments administered on an annual basis suggested that Vanessa selected the same types of tasks as meaningful and rewarding. Her job placements were selected directly as a result from what she identified as meaningful. Currently, Vanessa works at three work sites including Chadwick & Son Orchid's, Pocahontas State Park and James River Park system. Her job duties consist of cleaning and stocking clay pots as well as housekeeping and maintaining park grounds.

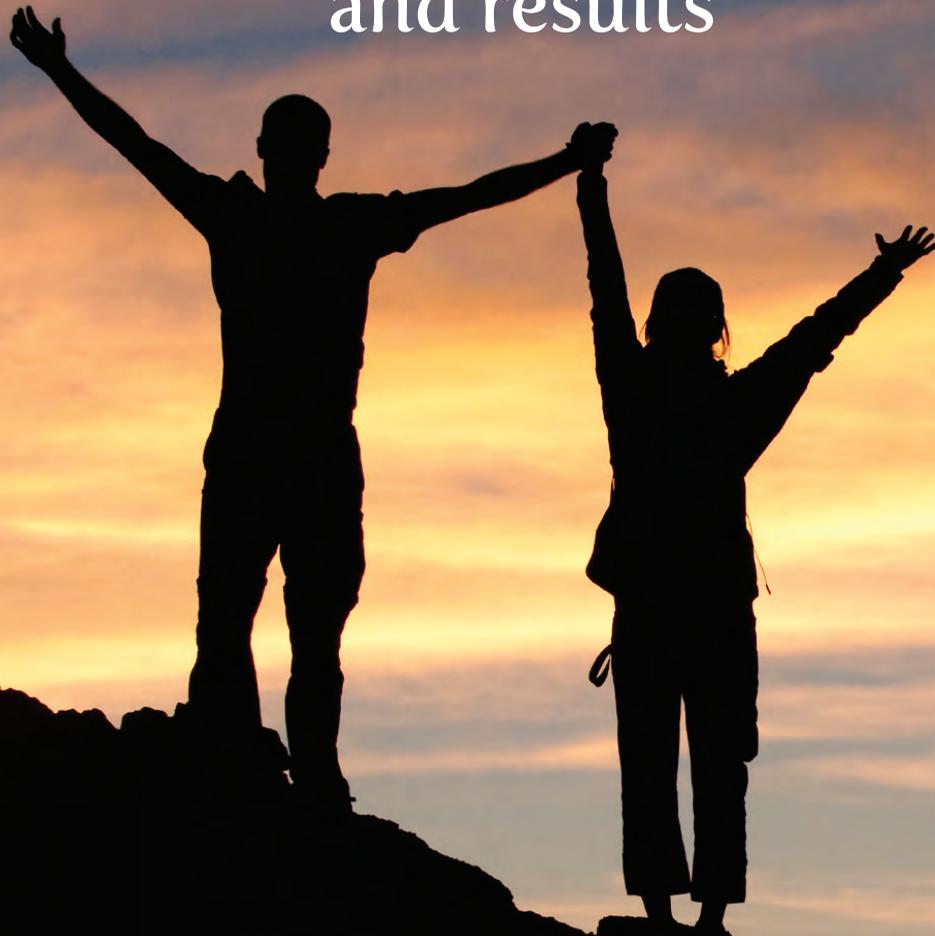
Vanessa's mother shares, "Vanessa has learned to communicate her wants and needs and this has made a world of difference. She also enjoys her jobs within the community and I am just so pleased with how she is doing. I think that her case manager at Grafton is the best of the best and really knows Vanessa and responds to her in such a positive manner."

"My son's counselor has tirelessly advocated for him, supporting and teaching him coping skills that have dramatically improved his symptoms."

—Parent



Key highlights and results



For all these years, our guiding principle has been the same—to give people their lives back

Forming strong partnerships



Grafton has formed strong partnerships to provide positive clinical outcomes to individuals, families and local communities.

- Merged with Graydon Manor, a psychiatric residential treatment facility in Leesburg to expand the continuum of services available for children and families;
- Launched Grafton's first short-term stabilization program at the Leesburg campus to support the rapid stabilization of families and children;
- Rolled out the provision of Applied Behavior Analysis services in Bradenton, Florida, Charles Town, West Virginia, Shenandoah Valley and Northern Virginia regions;
- Awarded the 2012 Negley President's award for excellence in risk management practices for our "Safety Seven" initiative;
- Ensured positive clinical outcomes for clients by reducing frequency of restraint and seclusion across the organization;
- Maintained an average of 83% treatment goals mastered for clients within the organization;
- Partnered with Virginia Commonwealth University's Autism Center of Excellence to develop online courses;
- Partnered with the Department of Human Resources in Victoria, Australia to provide training in the area of the minimization of restraint and seclusion. We have provided case consultation and formulations to help individuals with disabilities lead more meaningful lives;
- Chosen by AOL, Inc. as a site for it's annual Monster Help Day Project for non-profits.

Leading the way with the Grafton model



This was the best training I have been to in five years. It was relevant and interesting. All I need is to take the first step to get started; the data will then do the talking.

In 2003, Grafton initiated a process that resulted in a remarkable 98% reduction in the incidence of restraint and seclusion. Publication of our success in this area resulted in requests for consultation on a national and international level. We continue to provide regional and national consultation services regularly.

Recently, Grafton has been partnering with the Department of Human Services in Victoria, Australia. The Office of the Senior Practitioner sponsored two trips for Grafton leaders to travel to Melbourne and Victoria, Australia to conduct workshops and presentations highlighting our evidence-based best practices. Grafton has begun providing case formulation services remotely through the use of video conferencing for those identified as high risk for violence in Victoria. We are also licensing our goal mastery product, an initiative implemented to provide a systematic method to help clients achieve positive outcomes. Lastly, Grafton has an affiliate membership with Yooralla, one of Australia's largest and most proactive organizations working to support individuals with disabilities live meaningful and fulfilling lives.

After 29 years in this field this would have to rate as one of the most important and useful workshops that I have attended.



Financial results

REVENUE

Program service fees	\$50,289,296
Contributions and grants	\$1,371,088
Other revenue	254,869
TOTAL	\$51,915,253

EXPENDITURES

Program expenses	\$47,406,597
Management and general expenses	\$2,005,379
Fundraising expenses	\$161,191
TOTAL	\$49,573,167

BALANCE SHEET

Assets

Cash and cash equivalents	\$5,829,410
Accounts receivable	\$9,619,430
Prepaid expenses	\$547,575
Investments	\$190,847
Other assets	\$227,154
Land, buildings, and equipment	24,374,594
TOTAL	\$40,789,010

LIABILITIES

Accounts payable	\$824,990
Accrued expenses and other liabilities	\$4,277,422
Post employment benefits	\$612,750
Bonds payable	\$7,750,000
Swap agreement, fair market value	\$403,411
TOTAL	\$13,868,573

NET ASSET TYPE

Unrestricted	\$26,641,937
Temporarily restricted	\$175,406
Permanently restricted	\$103,094
TOTAL	\$26,920,437

To request a copy of the audited financial statements, please call 888-955-5205 ext 6415.

Economic impact

Grafton's leadership believes in operating a fiscally sound non-profit organization, implementing strong business and accounting practices to ensure a stable financial future.

Grafton is proud that more than 771 individuals generating \$29,738,643 in salaries choose us as their employer. Total salaries and benefits equal:

\$37.7 million

Grafton's economic impact goes beyond its people, supporting the local economy. Grafton spends a total of:

\$11.7 million in operating expenses

Grafton is the Northern Shenandoah Valley region's:

13th largest employer

In Clarke County for example, Grafton employs 200 individuals out of a total employee pool of 3,707 which represents:

5% of Clarke County's total workforce

Join us in our efforts

As Grafton continues to grow, we recognize the need to create additional funding opportunities to support and enhance our innovative programs. Today's economic climate and state budget issues make it even more important to expand Grafton's philanthropic efforts which connect people to Grafton's mission. Connecting people to Grafton's mission is the hallmark of our development efforts. One of the most rewarding aspects of giving to Grafton is that your gift helps us enhance the services and programs provided to our clients on a daily basis.

Grafton gratefully acknowledges the generous support of individuals, corporations, foundations, civic groups and others who join us in touching lives and creating futures. Consider joining our efforts and making a gift to Grafton. Gifts may be designated to any area in which you have a personal interest. Undesignated gifts will be used in the area of greatest need to enhance services and programs. If you would like to receive more information about donating to Grafton, please contact development@grafton.org.

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