

A man with a backpack is running up a set of stone stairs. The background is a stone wall with a metal handrail. The scene is lit with dramatic, low-angle light, creating strong shadows.

THE **FEDCAP** GROUP  
First Half FY24  
Programmatic & Fiscal Report

May 07, 2024

# First Half FY24 Report Presented by:



**Christine McMahon**  
President and CEO



**Carol Khoury**  
Chief Financial Officer



## TODAY'S PRESENTATION

1. Our Organization
2. FHFY24 Program Performance
3. FHFY24 Financial Report
4. Strategic Growth Opportunities
5. Q&A





# Our Organization

THE **FEDCAP** GROUP

# The Fedcap Group is a Global Organization

Focused on breaking down barriers to economic well-being through four practices

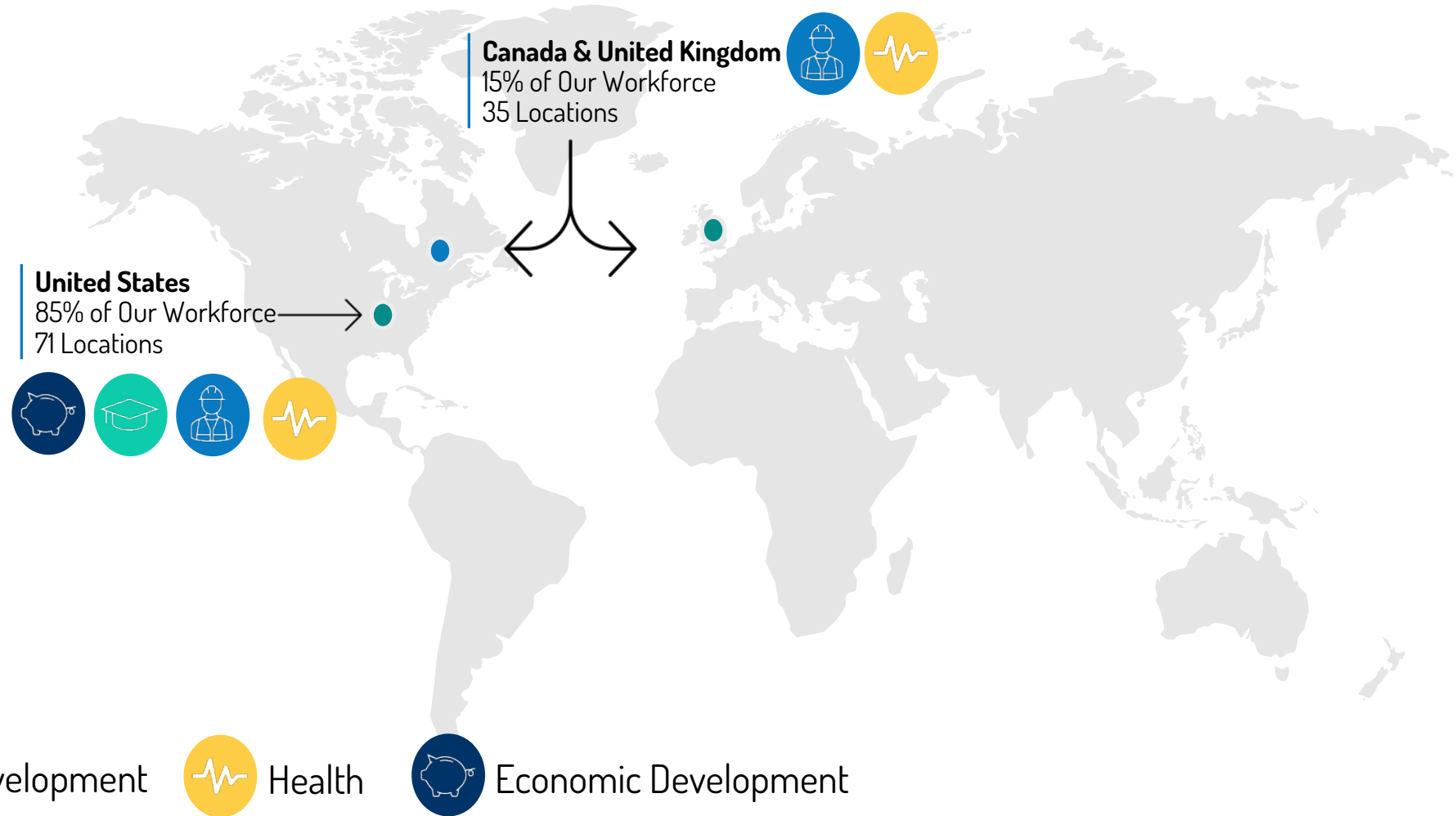
>>> 3,345 Employees

>>> 3 Countries

>>> 23 Organizations

>>> 106 Locations

>>> 300 Contracts



## Company Practice Areas

-  Education
-  Workforce Development
-  Health
-  Economic Development





**Our People, Our Values**  
**40%** of our team represents minority groups and nearly **half** are women.





# SUSTAINABLE DEVELOPMENT GOALS



## Our People, Our Values

Fedcap has aligned with the UN Sustainability Framework

Example: Fedcap Rehab TFM **diverted 71.7% of waste (764 tons)** from landfills to recycling this past year for all properties the company manages.



# Our Guiding Principles



## Sustainability.

Strategic financial management – meticulous planning, prudent investment, and a steadfast dedication to maintaining fiscal health over time.



## Relevance.

Prioritizing long-term innovation within a dynamic and ever-changing landscape to serve as the catalyst for transformative progress for individuals, communities, and systems alike.



## Impact.

Working within the government systems, inoculating them with small enhancements, intending to yield scalable results.





# FHFY24 Program Performance

THE **FEDCAP** GROUP



# Topline Summary for First Half FY24

Fulfilling Our Mission

146,331

Total Served

4.3%

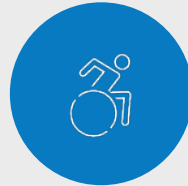
Increase From FH23

## Who We Served During the FHFY24



1,143

Children



867

Individuals with Special Needs



6,244

Veterans



1,795

Criminal Justice Involvement



# Exemplary Delivery of Program & Services Through Our Four Practice Areas



## Education

We are dedicated to education as a means of fostering economic and social mobility. Our commitment starts with newborns and extends through adulthood, offering a diverse range of customized programs tailored to every stage of an individual's educational path, from cradle to career.



## Health

We are focused on eliminating health barriers to economic well-being through integrated care coordination and community health initiatives.



## Workforce Development

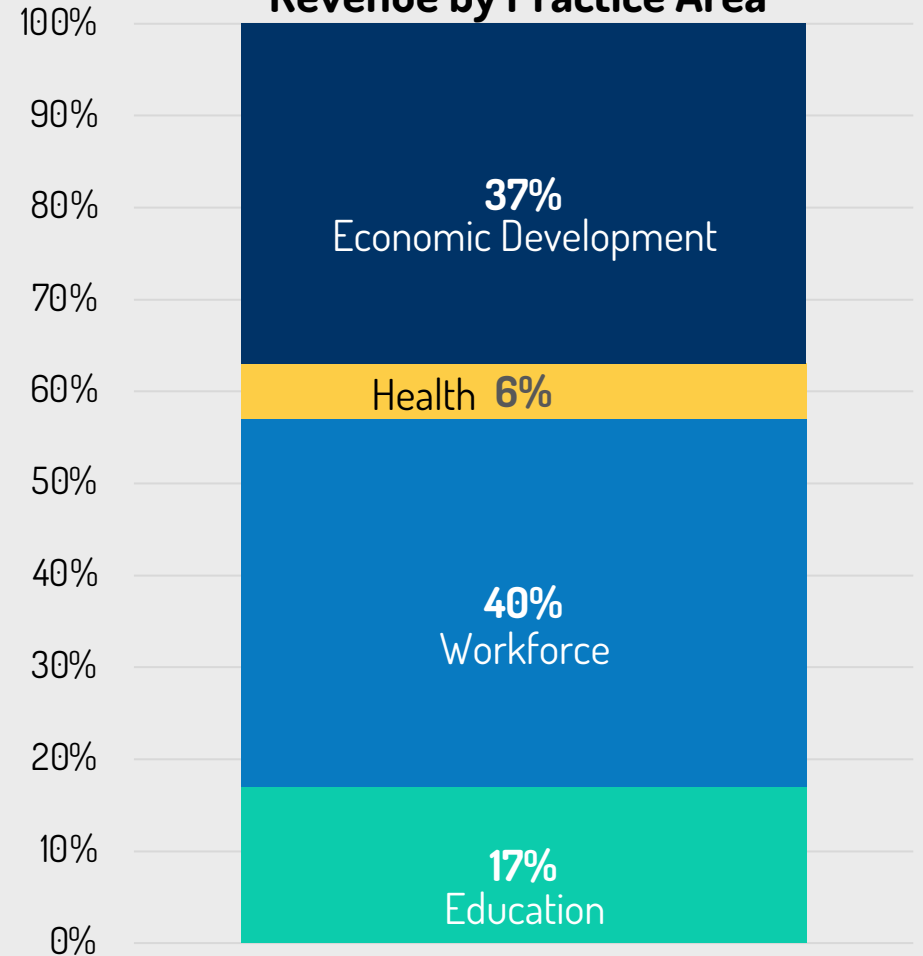
We have crafted a comprehensive solution for cultivating a skilled workforce, delivering trained talent that is "ready to work." Collaborating with over 10,000 businesses across our international footprint, spanning the US, Canada, and the UK, we address critical staffing requirements for employers.



## Economic Development

We enhance the economic well-being and quality of life for individuals facing barriers by implementing strategies centered around job creation. This involves the establishment of a Community Development Financial Institution (CDFI) and the operation of social business enterprises tailored to provide employment opportunities specifically for those with barriers.

### Revenue by Practice Area





# Education Practice

**\$29M**

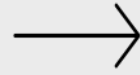
Portfolio (FHFY24)



## KPIs

»»» **2,200**

Enrolled



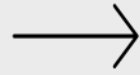
»»» **20%**

Increase From FH23 (Apex)



»»» **18**

Total Programs



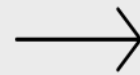
»»» **3**

New Programs Launched



»»» **78%**

Post Secondary Completion Rate



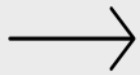
»»» **43%**

Community College Completion



»»» **77%**

Job Placement



»»» **4%**

Increase From FH23



# Education Practice Highlights



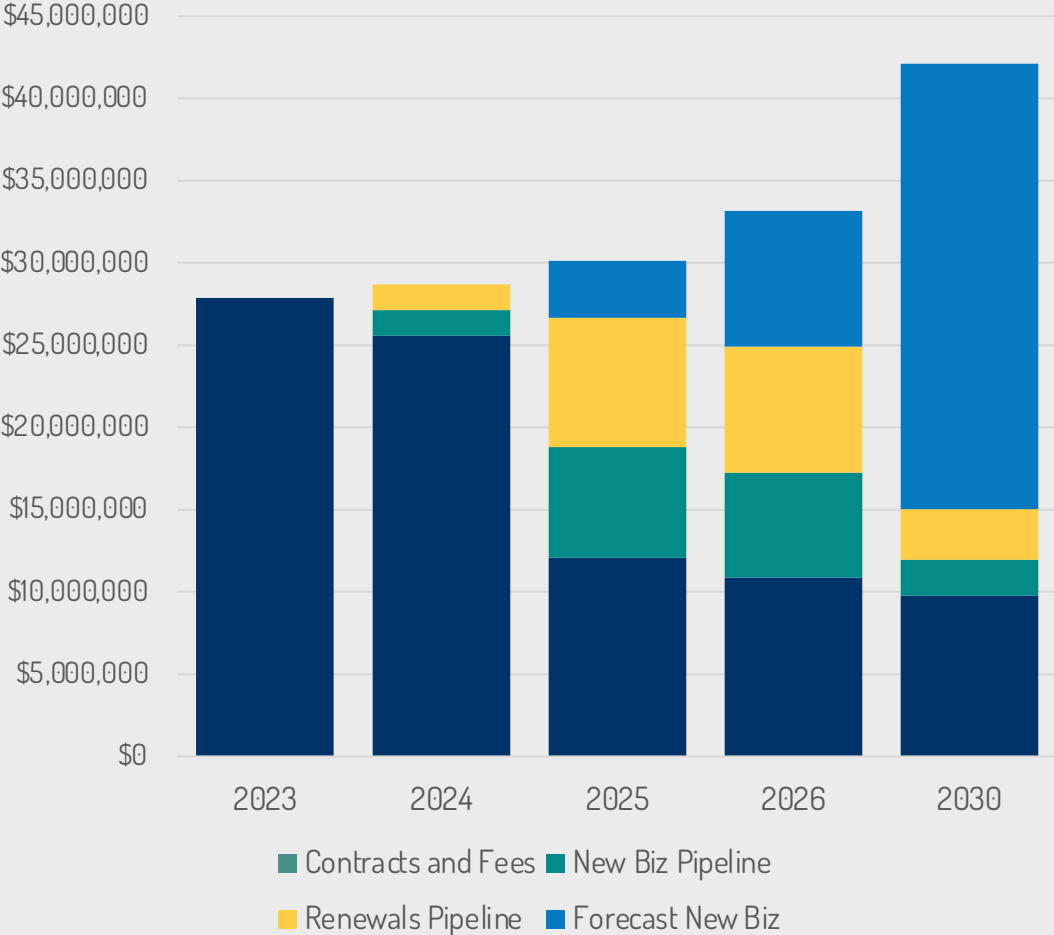
## Summary

- Continued to exceed industry standards in completion across program areas as well as job placement
- Official launch of programs in priority areas: Civic Hall @ Union Square in NYC (digital skills) and Apex Clean Energy Workforce Training Center in Brooklyn, NY
- Strong revenue growth from Apex Technical School (+2M revenue/20% enrollment growth)
- Entered new geographic territories with the acquisition of TACT (trade school for individuals with autism in Denver, Colorado)

## Priorities

- Continue expansion of education programs in Fedcap’s US footprint, particularly childhood development, trades program, and focus on I/DD community
- Position for breaking into the international market, starting with pilot programs in clean energy in the United Kingdom
- Acquisition or creation of a post-secondary degree-granting institution

## Pipeline





# Workforce Development

**\$69.1M**

Portfolio (FHFY24)



## KPIs

### Job Placements

»» **12,378**

Individuals Place Into Jobs

»» **113%**

Increase Since 2021



### Job Retention Rates

»» **89%**

30-Day Retention Rate

»» **81%**

90-Day Retention Rate

»» **79%**

180-Day Retention Rate

# Workforce Development Practice Highlights



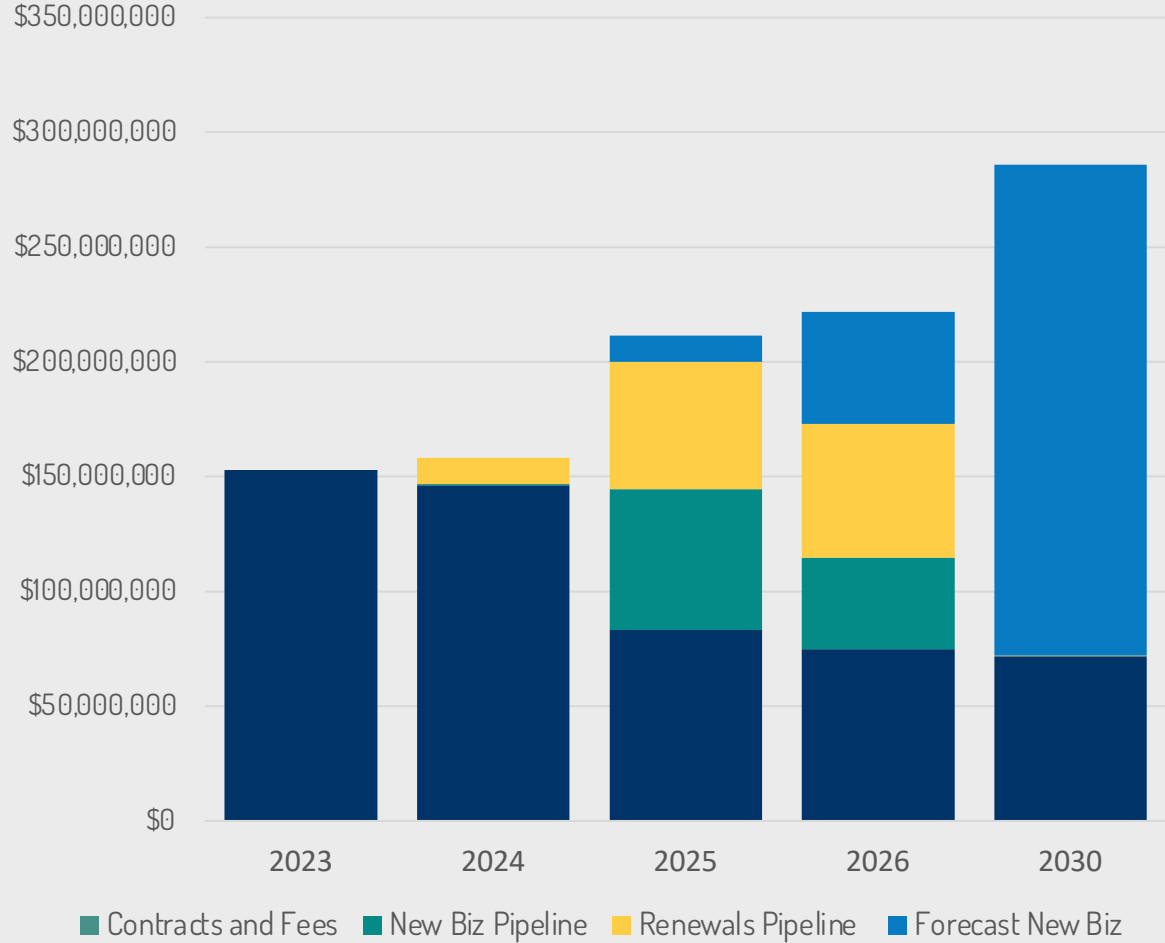
## Summary

- Our largest UK contract, Restart—which serves the long term unemployed—has been extended for two years
- Won a workforce contract in a new state—Tennessee
- Successfully imported our UK “Restart” Jobs program to the state of Maine with an official launch in October
- Piloting new model to reach “economic absentees” not on any benefit, out of labor force (US)
- Building a new “work pays” calculator to help Canadians navigate job income and its impact on benefits and sustainability

## Priorities

- Position UK to deliver services that support some of the 2.8M people currently on sickness benefits into sustainable employment
- Leverage existing Fedcap service territories for expanded workforce development programs (e.g. Mississippi, Oklahoma)

## Pipeline





# Health Practice

**\$10.7M**

Portfolio (FHFY24)



## KPIs

Single Stop

»» **30,200**

Screened for Benefits/ Single Stop

»» **22.3%**

Increase From FH23



**\$19,000**

Avg Household Benefit



Health and Wellness

»» **24,753**

Individuals Rec'd Wellness Services

»» **4.2%**

Increase From FH23



**84%**

Of Restart Clients  
Experienced Improved  
Health Outcomes



# Health Practice Highlights



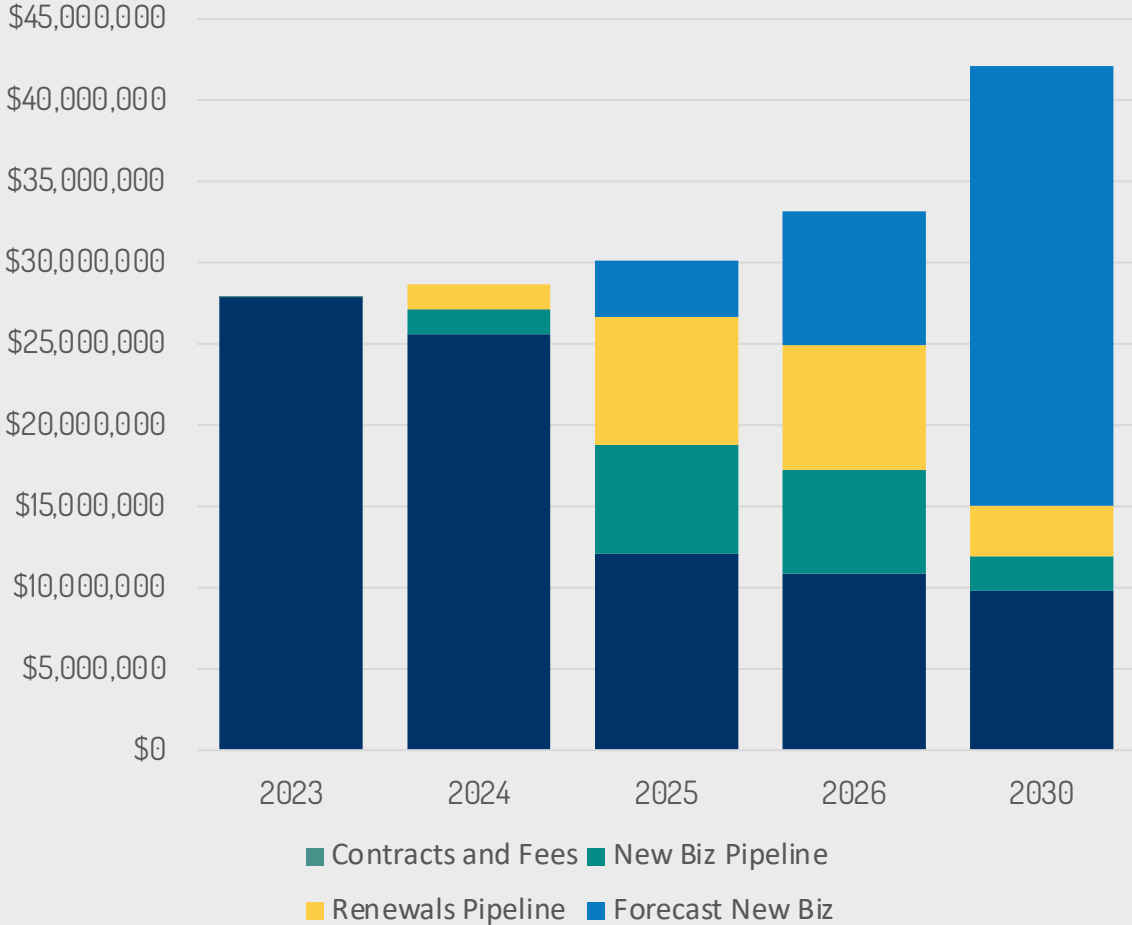
### Summary

- Our Single Stop benefits screening and case management platform continues its strong performance. For every dollar an organization spends on licensing Single Stop’s technology, their clients receive a return valued at \$301 in benefits and resources.
- Our Clubhouse model continues to be a high performer, led by our newly launched program in the UK.

### Priorities

- Expand ID/D services, particularly individuals with autism
- Implement our “whole system” approach centered on health and work, drawing on current UK and US best practice as well as innovating to meet demand
- Focus on expanding substance misuse services, securing long-term funding for clubhouse mental health services across our service footprint
- Explore creation of a new managed care practice

### »» Pipeline





# Economic Development

**\$62.6M**

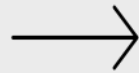
Portfolio (FHFY24)



## KPIs

1,060

Directly Employed by a Company of The Fedcap Group



\$42,550

Average Salary of Fedcap Employee Directly Employed



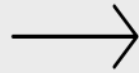
30%



Higher than an annual salary at a \$15 minimum wage

3,871

Employees/Retirees Participating in Fedcap's Retirement Plan



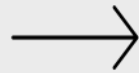
57%

Increase From FH23



\$137.8M

Total Retirement Assets Under Fedcap Management



10.7%

Increase From FH23



# Economic Development: Building Employee Wealth



## 403(b) Plans in Aggregate

	2010	2022	2023	2024
<b>Total Assets Under Management</b>	\$8M	\$111M	\$124.4M	<b>\$137.8M</b>
<b>Total Employee Participants</b>	374	1,474	2,459	<b>3,871</b>

The Fedcap Group has worked to build retirement wealth for its employees across its global footprint. In 2010, only 374 participated in the company's 403(b) plans and that number has increased more than 10-fold to 3,871 active employees and retirees. The total retirement value for employees has grown more than 17-fold since 2010.



### By Sex

>>> **50.2%** Male  
>>> **49.9%** Female

### By Race/Ethnicity

>>> **34.7%** Black/AA  
>>> **18.6%** Hispanic/Latinx

>>> **21.9%** White  
>>> **24.8%** Other/  
Unspecified



# Economic Development Highlights



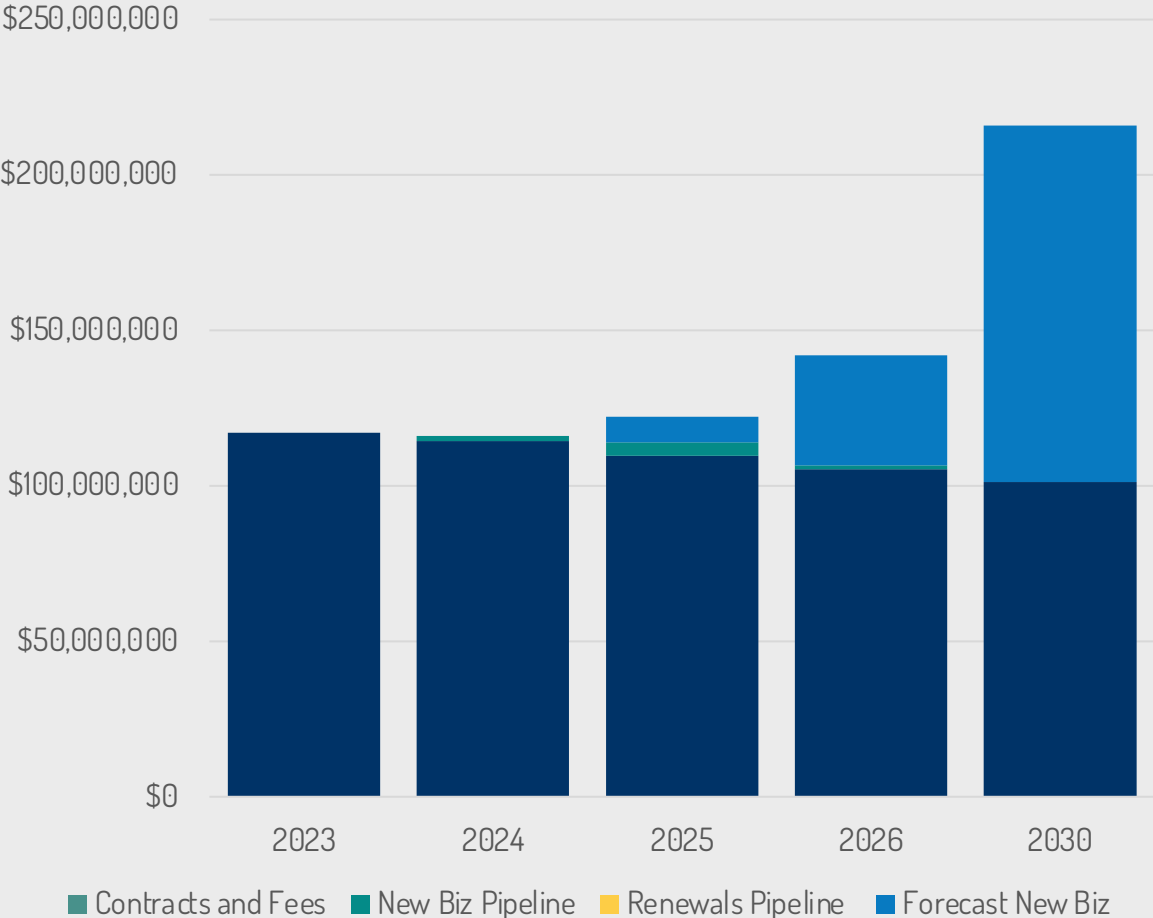
### Summary

- Continued to exceed wage standards for individuals employed by a Fedcap company
- Demonstrating commitment to sustainability by reducing carbon footprint in TFM operation
- Planning stage underway for new Fedcap CDFI

### Priorities

- Capitalize Fedcap’s new CDFI
- Expand TFM operation into the clean energy/sustainability market, including placement opportunities for individuals with I/DD
- Expand TFM services into international footprint (Canada/UK)
- Go to market with enhance business services products (e.g. printing)

### Pipeline





# FHFY24 Financial Report

THE **FEDCAP** GROUP



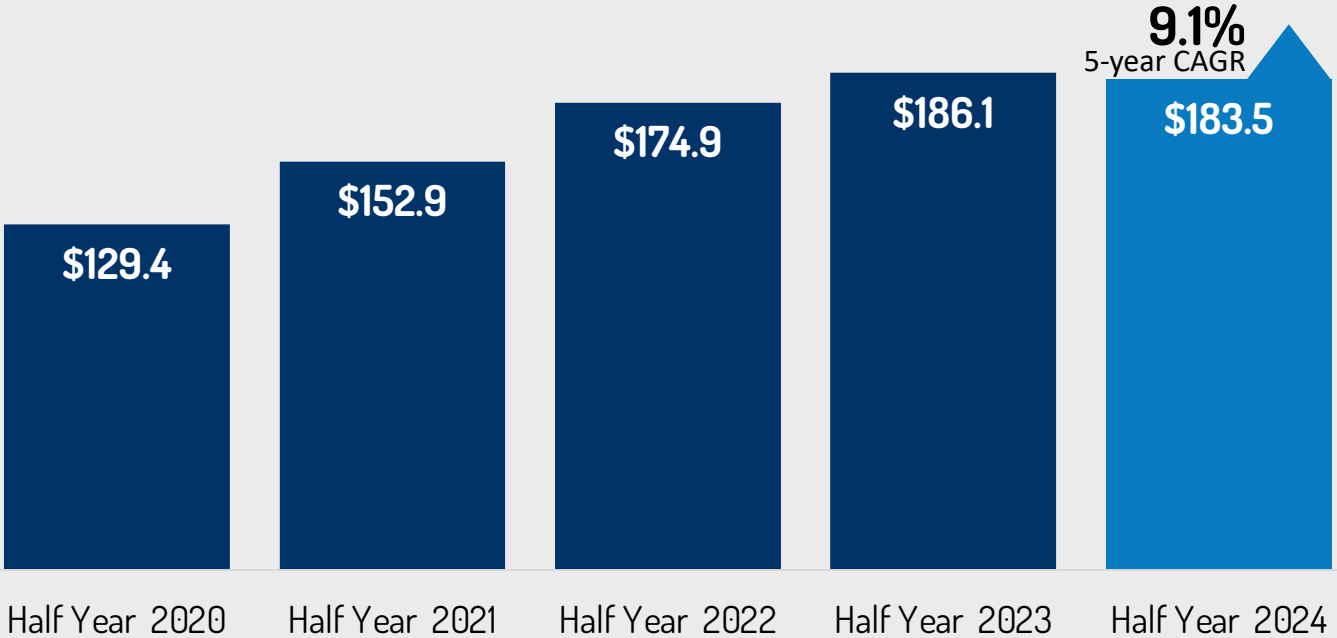


# Financial Summary

First Half FY24



**\$183.5M**  **\$375M\***  
Total Revenue (projected for FY24)



# Financial Summary

First Half FY24



(\$MM)	Half Year 2020	Half Year 2021	Half Year 2022	Half Year 2023	Half Year 2024
Cash and Investments	\$15.9	\$33.7	\$50.2	\$47.4	\$27.5
Total Assets	\$181.3	\$190.0	\$213.7	\$364.8	\$409.9
Long-Term Debt	\$97.1	\$107.7	\$115.3	\$152.0	\$158.3
<b>Net Assets</b>	<b>\$36.1</b>	<b>\$38.6</b>	<b>\$45.1</b>	<b>\$50.7</b>	<b>\$98.6</b>



# Key Financial Ratio

First Half FY24



## Income Statement

»»» **1.15%**  
Operating Margin

»»» **53%**  
Personnel Cost Ratio

»»» **88%**  
Program Expense Ratio

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## Balance Sheet

»»» **1.77%**  
Debt Coverage Ratio

»»» **1.65%**  
Current Ratio

»»» **71-Days**  
Avg. DSOs

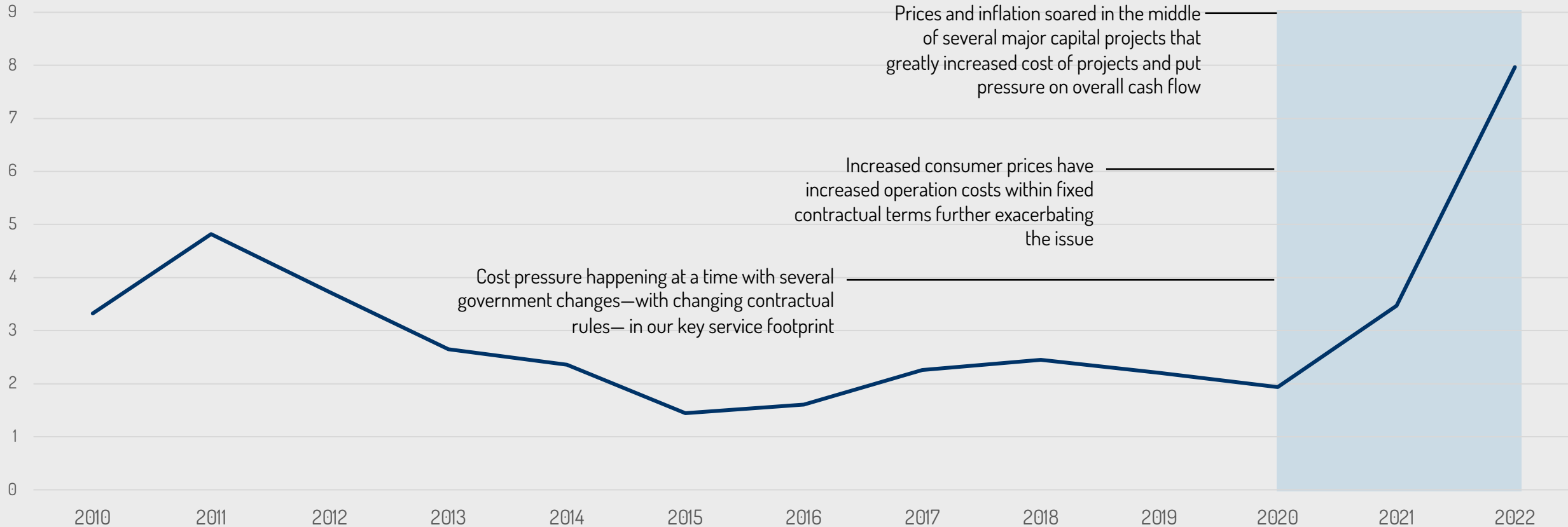


# \*Global Financial Headwinds

Continue to put pressure on Cash Flow and Revenue Opportunities



## Annual % Change in International Inflation, Consumer Prices (aggregate)



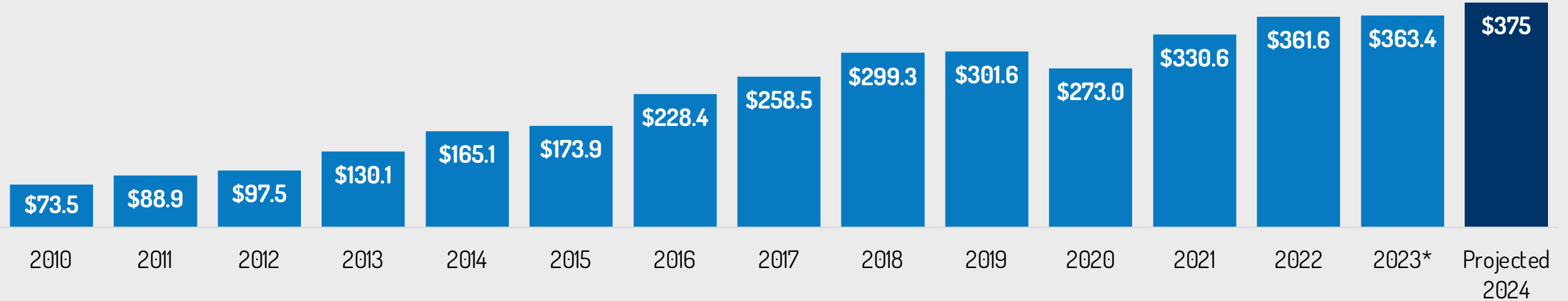
Source: International Monetary Fund, International Financial Statistics and data files.

# Our Growth Strategy



## Goal: Achieve Year-Over-Year Continued Growth

(In Millions)



### Organic Growth

Expansion of Programs in existing service footprint or new areas

60%

### Acquisition

Attaining existing mission-aligned organizations that can be leveraged within organization

25%

### New Programs

Launching new programs, products, or services in high demand areas

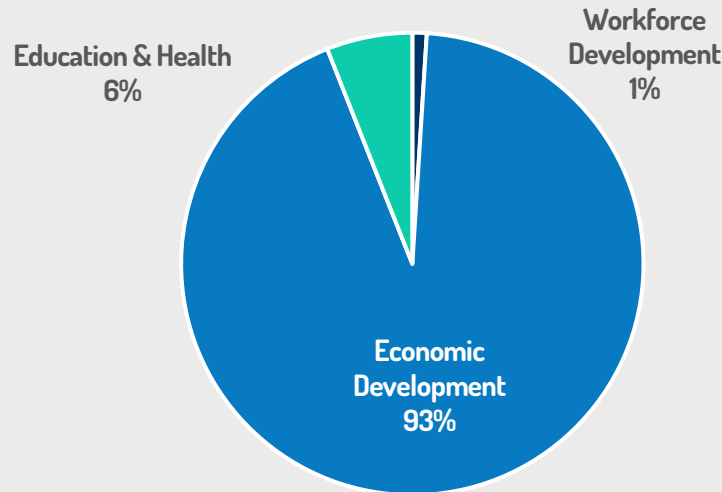
15%

# Strategic Growth in Program Diversification

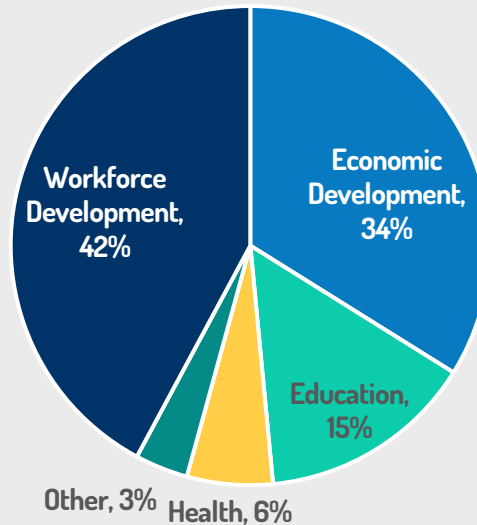
By Practice Area



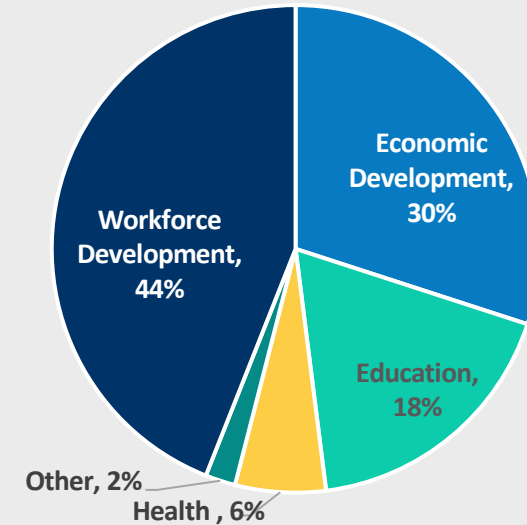
FY2010: \$74 Million



FY2023 363 Million



FY2024 375 Million (projected)

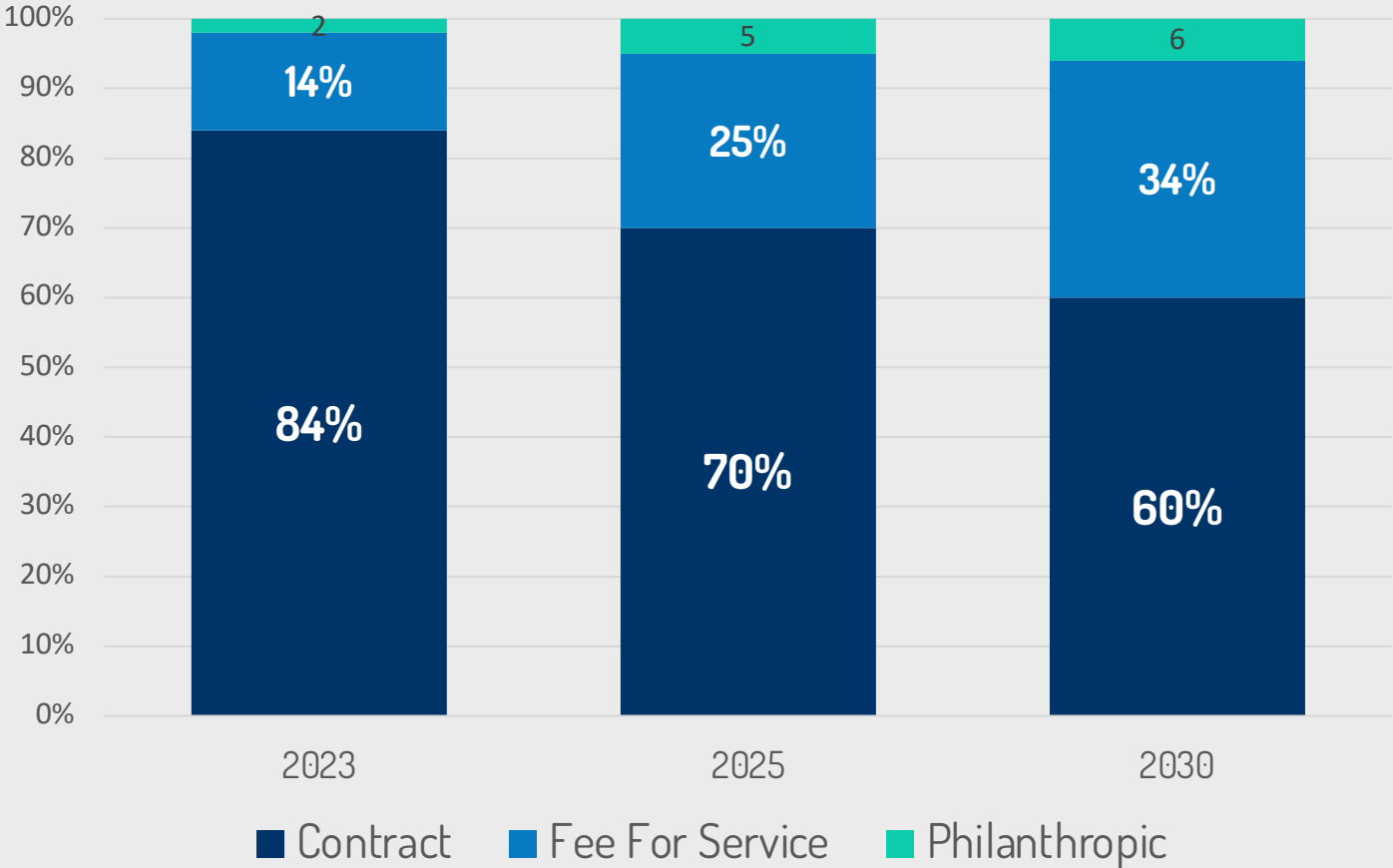


Since 2010, we have diversified organizations and programs in the four practice areas. Workforce's rapid growth has made it the largest practice in the company. Education is now the fastest growing practice in the company thanks to a balanced approach of acquiring education organizations and launching new programs across our service territory in high demand areas such as clean energy and technology/innovation. We are now focused on health given the increased robust funding opportunities, especially in ID/D starting with key leadership hires in our sister organization, Easterseals.



# Continued Focus On Revenue Diversification

By Funding Source



A diverse array of government and other institutional contracts continues to be our primary source of revenue, making up 84% of our total revenue.

While we will aggressively continue to pursue contracts, because of uncertainty and fluidity in governments across our footprint, our growth strategy includes a strong push through revenue diversification, particularly greater balance of fee for service in education and health. The growth of our education practice has allowed for a greater diversification of revenue through tuition, and we project **34%** of our total revenue will be fee for service by 2030.



# Strategic Growth Opportunities

THE **FEDCAP** GROUP



# Healthy Pipeline and Strong Win Rate

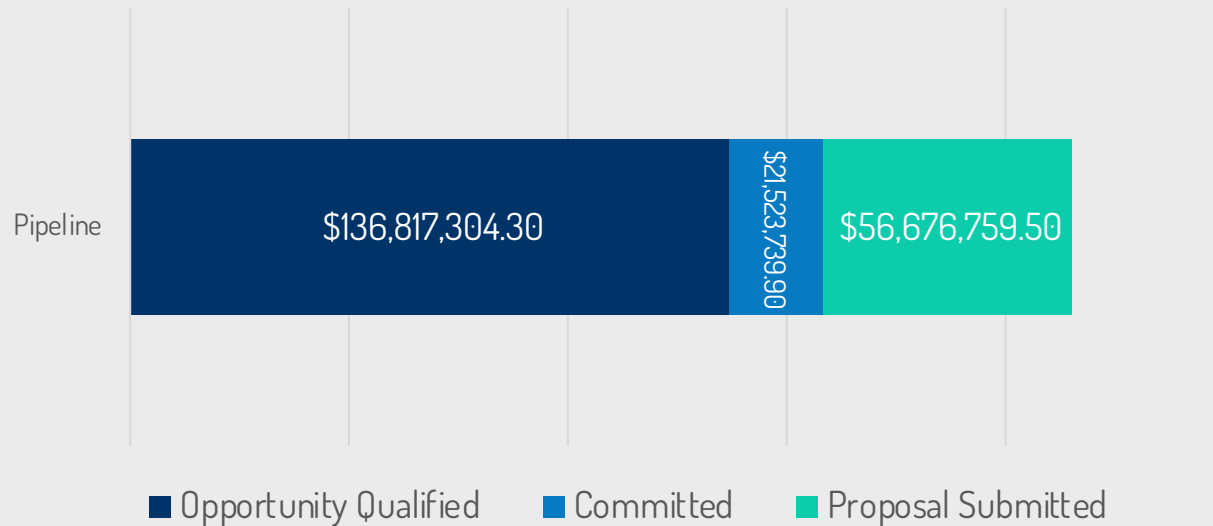


»»» **\$215,017,803**


Current Qualified Pipeline


»»» **\$536,508,608**

Prospects In Development



## Pipeline by Region

 \$159,604,653

 \$7,665,182

 \$47,747,968

Fedcap's robust pipeline and diversity of contracts is a bulwark against market fluctuations. For the remaining FY24 we are working to increase our current pipeline another **20%**

»»» **95%**

Win Rate on Recompetes

»»» **33%**

Win Rate on New Business



# Growth Strategy to Achieve Revenue Goals



## Major Forces Driving Industry Change

- Emerging populations in need of additional interventions (e.g. neurodivergent, justice involved, mental health and wellness)
- Evolving requirements for government funding
- Rapid technological advancement (e.g. AI)
- Continued global financial pressure and uncertainty



## Staying Ahead of the Change

- Scaling best practices globally
- Bolting data-driven interventions into all programs to increase individual success (e.g. parenting education and financial literacy)
- Increased program standardization to nimbly be first to market in emerging sectors
- Continuation of strategic acquisitions
- Key leadership hires on emerging growth areas (e.g. health)
- Continuation of a portfolio of diversified revenue sources



# Focusing on New Market Opportunities: Medicaid and International Health Program Innovation Case Study



## The Opportunity

»»» **\$4.5T**

Healthcare spending in US

»»» **\$805B**

Medicaid Spending

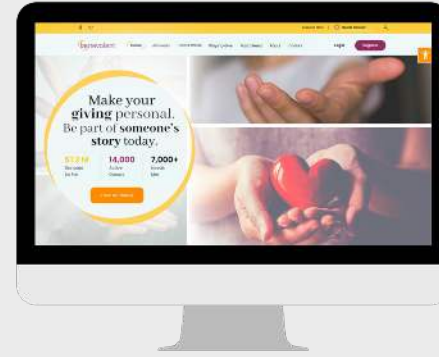
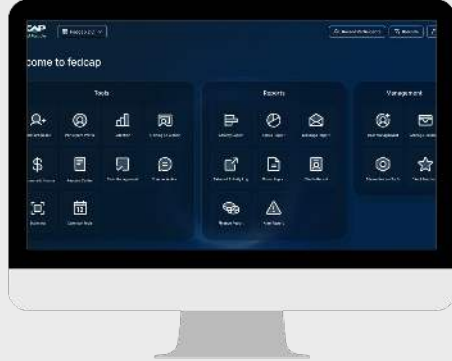
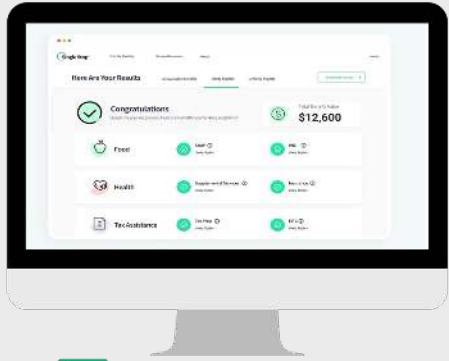
»»» **\$1B**

UK Health Funding Opportunities

- Utilizing initiatives like the 1115 Medicaid Waiver program, we are strategically fostering partnerships across our service footprint in 20+ states. Our focus extends to addressing critical issues such as substance misuse, health equity, and IDD, aligning our efforts with ongoing state adjustments to their federal Medicaid waivers to meet evolving areas of demand
- There is also more than \$1B in health funding available in the UK alone that we are actively pursuing



# Focusing on New Market Opportunities: Technology



We build state-of-the-art SaaS platforms that are proven to move the dial to economic well-being. We will continue to aggressively look at potential new software product solutions to fill service and program gaps, including new AI technology



# Discussion

Q&A

## Contact

 @fedcapgroup

 FedcapGroup

 [www.fedcapgroup.org](http://www.fedcapgroup.org)







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# Appendix

A blurred photograph of a kitchen or food service area. Several staff members wearing white coats and dark caps are working at stainless steel counters. The background shows shelves with various food items and a blue-tinted overlay on the left side.



# Consolidated Statement of Activities

For the Period Ended March 31, 2024 & 2023

	2024 Unaudited	2023 Audited
<b>REVENUE</b>	\$ 183,453,743	\$ 186,059,451
<b>EXPENSES</b>		
Salaries and benefits	\$ 96,035,362	\$ 96,626,671
Occupancy	16,031,407	12,415,538
Subcontractors	16,920,855	18,320,797
Depreciation and amortization	4,122,298	3,762,494
Interest expense	3,124,578	3,149,454
Other expense	45,111,455	49,384,057
<b>TOTAL EXPENSES</b>	\$ 181,345,955	\$ 183,659,011
<b>OPER PROFIT/(LOSS)</b>	\$ 2,107,788	\$ 2,400,440

## Operating Ratios

Net operating ratio	1.15%	1.29%
Program Expense Ratio	88%	88%
Personnel cost ratio	53%	53%

# Consolidated Statement of Financial Position

As of March 31, 2024

	2024 Unaudited	2023 Oracle Unaudited
<b>ASSETS</b>		
Cash and short-term investments	\$ 27,532,603	\$ 47,403,126
Accounts Receivable (net)	71,015,737	58,455,385
Restricted Current Assets	2,772,958	-
Inventories (net)	431,609	381,693
Prepaid Expenses and Other Assets	3,679,193	4,356,848
<b>Total Current Assets</b>	<b>\$ 105,432,101</b>	<b>\$ 110,597,051</b>
Fixed Assets (net)	149,546,296	132,036,836
ROU Assets	92,666,217	106,078,979
Restricted Assets	41,586,051	-
Beneficial Remainder Trust	5,243,759	4,604,131
Other Assets	15,487,547	11,531,491
<b>Total Assets</b>	<b>\$ 409,961,971</b>	<b>\$ 364,848,488</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 39,028,546	\$ 38,758,371
Notes Payable	1,219,854	1,149,088
Advance from Government Agency	-	86,022
Financing Lease Liabilities	1,384,407	863,266
ROU Liabilities	10,280,139	11,561,557
Other Current Liabilities	11,976,185	11,750,523
<b>Total Current Liabilities</b>	<b>63,889,131</b>	<b>64,168,828</b>
Long Term Debt	\$ 102,262,471	\$ 104,135,230
ROU Liabilities	89,158,740	97,935,529
Line of Credit	40,651,429	29,345,101
Other Liabilities	15,451,907	18,579,368
<b>Total Liabilities</b>	<b>311,413,678</b>	<b>314,164,056</b>
<b>Net Assets</b>		
Without Donor Restrictions	\$ 43,202,216	\$ 41,702,439
With Donor Restrictions	55,346,077	8,981,993
Total Net Assets	\$ 98,548,293	\$ 50,684,432
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 409,961,971</b>	<b>\$ 364,848,488</b>



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