

Goodwill

Industries of South Central California



2012 Annual Report



Message from the President/CEO & Chairman of the Board of Directors

Dear Friends,

One thing has remained constant with Goodwill since it was founded in 1902 – a focus on employment. Fundamental to Goodwill’s mission is the belief that people want to work to provide a better life for themselves and their families. Slogans such as “We Believe in the Power of Work” and “A Hand-Up, Not a Hand-Out” were created as communication tools to help the public understand that Goodwill supports an individual’s right to work and prosper regardless of his or her barrier to employment.

As we were updating our strategic plan in 2011, we were faced with extremely high unemployment rates. California’s rate was 12.1%, Kern County’s was 14.4%, Kings County was 15.3%, and Tulare County’s was 15.7% - all significantly higher than the 9.1% national unemployment rate. Thus, the most important goal for us was clear: in order to meet the needs of individuals living in Kern, Kings, and southern Tulare Counties, Goodwill needed to get back to its roots and create more job opportunities for individuals who were unemployed, on welfare, or lacked the job/life skills necessary to compete for the few jobs available in the private sector. To accomplish this goal, we identified two key strategies: 1) open new retail stores in underserved markets; and 2) develop a self-funded Transitional Employment Program designed to hire, promote up, and promote out as many local individuals with barriers to employment as possible. We developed a retail expansion plan to create job opportunities and in late 2011 we opened two new retail stores in Tulare County. Our new Transitional Employment Program officially launched in January 2012. We adopted the slogan, “Hire, Promote-Up, Promote-Out” to help the public understand the program.

In this report you will read about the results of our first year of the Transitional Employment Program. We are proud of the results we had in creating new jobs and hiring individuals who were having difficulty finding employment elsewhere. We are also pleased with our success in preparing employees for promotional opportunities and, though the numbers in the first year were modest, our employees who promoted out to community employment opportunities gained a substantial wage increase, putting them well on the path to a better future. We ended the year with continued progress on the retail expansion plan, negotiating new leases for stores in Hanford and West Bakersfield which will result in the creation of 37 new jobs. Those stores are expected to open in mid-2013. We are thrilled to be able to deliver on the original promise of the Goodwill mission, to Hire, to Promote Up, and to Promote Out.

Thank you,

Dustin and Sheryl



***Mr. Dustin Dodgin
Board Chairman***



***Mrs. Sheryl Chalupa
President/CEO***

Financial Report



Community Investment

Sales (including value of donated goods received).....	\$	10,615,192
Public Support.....	\$	8,292
Other Revenue.....	\$	1,386,521
Total Community Investment.....	\$	12,010,005

Goodwill Return to the Community

Salaries & Wages.....	\$	4,712,832
Payroll Taxes & Benefits.....	\$	1,363,810
Total Payroll Related Expenses.....	\$	6,076,642
Supplies & Services Purchased.....	\$	661,468
Telephone & Postage.....	\$	97,906
Occupancy.....	\$	1,596,864
Equipment Rental & Maintenance.....	\$	127,079
Other Expense (including value of donated goods sold).....	\$	2,504,329
Total Return to the Community.....	\$	11,064,288
 CHANGE IN NET ASSETS.....	 \$	 945,717
 Administrative Costs.....	 \$	 1,692,308
		(15.3%)

Notes:

- The 2012 audit was performed by Brown Armstrong Accountancy Corporation of Bakersfield and is available for inspection in the CEO office at 4901 Stine Road, Bakersfield, during regular business hours or on the GISCC website at www.TheGoodwill.org
- IRS 990 information may be found by visiting the State of California Attorney General's website (look under Charities Search) or at Guidestar.com. It is also available for inspection in the CEO office at 4901 Stine Road, Bakersfield, during regular business hours or on the GISCC website at www.TheGoodwill.org
- The complete 2012 Outcomes Measurement Report is available for inspection in the CEO office at 4901 Stine Road, Bakersfield, during regular business hours or on the GISCC website at www.TheGoodwill.org
- The most recent CARF Survey Report is available for inspection in the CEO office at 4901 Stine Road, Bakersfield, during regular business hours or on the GISCC website at www.TheGoodwill.org
- Other Expense does not reflect gains or losses attributable to our interest rate swap agreement. In conjunction with the refinancing of our owned facilities in 2006, we entered into this swap agreement to convert the interest rate from variable to fixed. Generally accepted accounting principles for non-profit organizations require that any difference between the current value of such an agreement and the related debt be recorded as an operating loss (or gain) and a corresponding long-term liability (or asset). In 2012, this difference was a gain of \$120,610 and the cumulative loss from the inception of the loan through 2012 is \$993,703. However, no payment for the loss is required to be made to the mortgage lender unless the loan is retired early. Management does not intend to retire the loans early and anticipates no need to do so. Consequently, we have excluded these losses from the above presentation to provide the reader with a more-relevant depiction of our operating results.



Mission Services Report: Hire

*In 2012, Goodwill hired 131 individuals,
70% of which had a barrier to employment.*

Community Recruitment:

- Interviewed from Referral Agency (#)..... 144
- Hired from Referral Agency (#)..... 54
- Referral Agency Interview-to-Hire Ratio (#)..... 2.7:1
- % of Total Hired from Referral Agency (%)..... 41.2%

Employment:

- Total Hired (#)..... 131
- Avg. Wage of all Hired (\$/hr)..... \$8.43
- % 'Full-Time' Status of all Hired (%)..... 99.2%

Vocational Barrier Report:

- Hired w/ Declared Barrier to Employment (%)..... 70.2%
- Hired w/ Declared Disability (#)..... 33
- Hired w/ Declared Disadvantage (#)..... 59

Orientation:

- Total Orientations (#)..... 302
- Community Service/Volunteers (#)..... 620



Mission Services Report: Promote Up



In 2012, Goodwill promoted 34 individuals, resulting in an average wage increase of 15.1%.

Job Development:

- Assessments/IDPs Created (#)..... 108
- Hours of Job Development (#).....341.0

Vocational Training:

- Hours of On-the-Job Training (#).....362,417

“Full Range” Support Services:

- External Referrals (#)..... 30

Internal Promotions:

- Internal Promotion Rate (%).....38.6%
- Internal Promotions w/ Wage Increase (#).....34
- Avg. Wage Increase (\$/yr).....\$2,573
- Avg. Wage Increase (%).....15.1%
- Avg. Length of Time (months).....10.4





Mission Services Report: Promote Out

In 2012, Goodwill placed 9 individuals into competitive community employment, resulting in an average wage increase of 54.0%.

Job Search:

- Sign-Ins at Career Resource Center (#).....177
- Hours at Career Resource Center (#).....223.5

Interview Preparation:

- Hours of Interview Preparation (#)..... 82.0

Job Placement:

- Passive Community Placements (#).....11
- Avg. Wage (\$/yr).....\$24,896
- Employee Community Placements (#)..... 9
- Avg. Wage (\$/yr).....\$29,883
- Avg. Wage Increase (\$/yr).....\$2,573
- Avg. Wage Increase (%).....54.0%
- Avg. Hours (#/wk).....40.0
- Avg. Length of Time (months).....17.9

Job Retention...

- 90 Day Retention (%) 71.4%



Board of Directors



Chair - Dustin Dodgin

Partner,
Law Offices of Klein DeNatale et al.

Treasurer - Patrick Paggi

Partner,
Daniel, Phillips, Vaughan, and Bock, CPAs

Samy Abiaoui

VP - Branch Manager,
Mission Bank

Rick Davis

Retired,
Kern County Board of Trade

Kristen Doud

Community Relations Representative,
Pacific Gas & Electric

Vincent Fong

District Representative,
Office of Congressman Kevin McCarthy

Anne Fonseca

Chief Financial Manager,
KVS Transportation

Greg Hash

Vice President,
Fallgatter Rhodes Insurance Services

Patrick Hoffman

Shareholder,
Barbich Hooper King Dill Hoffman Accountancy Corporation

Pamela Holiwell

Assistant Director,
Kern County Department of Human Services

Vice Chair - Cheryl Scott

Vice President,
Kern Economic Development Corporation

Secretary - Joseph Schoenstein

Division President,
Brighthouse Networks

JR Lewis

Sales Manager,
RE/MAX Magic

Tony Martinez

Community Relations Specialist,
Bakersfield Police Department

John Means

Associate Chancellor: Economic & Workforce Development,
Kern Community College District

Greg Muir

Partner,
The Law Offices of Young Wooldridge, LLP

Diana Burton Owens

Financial Advisor,
Zuk Financial Group

Sharon Peters

SCPMG Medical Group Administrator,
Kern County Medical Center: Kaiser Permanente

Jeff Ross

Director of Student Support Services,
Taft College

Richard Thompson

Senior Pastor,
First United Methodist Church

Sheryl Chalupa

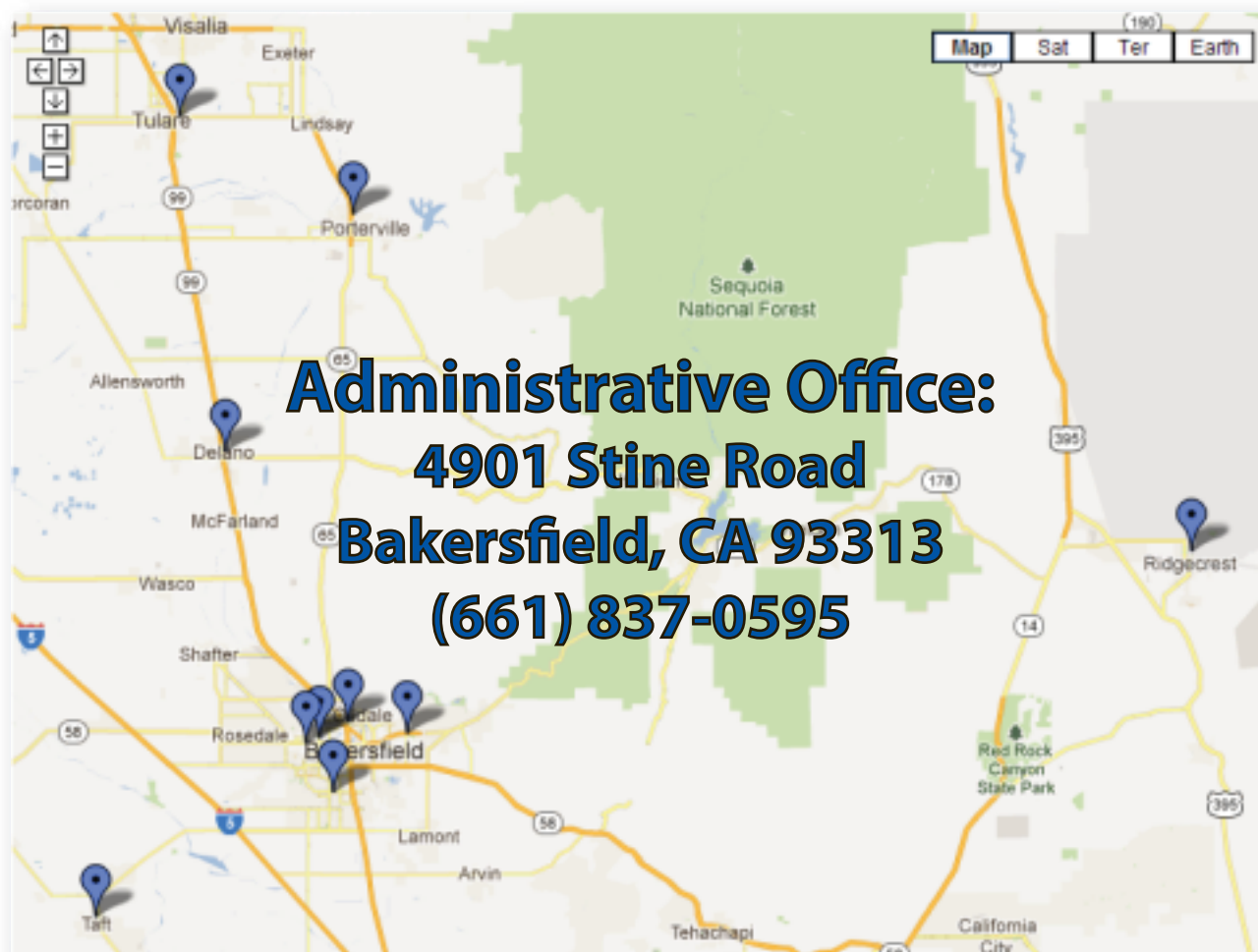
President & CEO,
Goodwill Industries of South Central California

Goodwill

Industries of South Central California



®



Website: TheGoodwill.org
[Facebook.com/MyGoodwill](https://www.facebook.com/MyGoodwill)

Mission: provide work opportunities and skills development to people with barriers to employment