ANNUAL REPORT
TO THE COMMUNITY

2013

GROWING JOBS – GROWING IMPACT

Goodwill
Industries of South Central California

GROWING GOODWILL

Dear Friends,

Goodwill Industries of South Central California had a year of growth in 2013 and we are pleased to share the results with you in this Annual Report to the Community. We are proud of the fact that we created new jobs through the opening of stores in Hanford and Bakersfield. We celebrate our employees who entered employment with us and worked hard to promote up into higher paying jobs with more responsibility. And we applaud our colleagues, though small in number, who took the opportunity to promote out of Goodwill into community employment gaining a substantial wage increase and a path to a better future.

In 2013 and into our future, we are working hard to grow Goodwill, primarily through the expansion of our retail stores. Some people assume that we do this solely to raise more money for the organization. But actually, since the founding of Goodwill in 1902, the collection and sale of gently used goods has always been a means to an end, providing employment for people whose options have been limited by disability, a criminal history, low education level, or other significant barrier. The collection and sale of donated goods plays a critical role in our ability to link the business enterprise with our mission services, offering a hand up, not a hand out.

In the following pages, you will read about the impact of Goodwill on the individuals we serve and on our communities, the economy, and the environment. We are grateful to all those who have helped us have such a positive impact.

Dustin Dodgin, Chairman of the Board

Sheryl Chalupa, President and CEO

Our mission is to provide work opportunities and skills development to people with barriers to employment.

www.TheGoodwill.org
Facebook.com/MyGoodwill

Growing Impact

Our Vision

Every person in Kern, Kings and southern Tulare counties has the opportunity to achieve his/her fullest potential through the power of work.

Our Mission

Goodwill Industries of South Central California provides work opportunities and skills development to people with barriers to employment.

Our Values

Accountability, Integrity, Dignity, Diversity, Entrepreneurial Spirit, Excellence, Opportunity, Accountability

The team members of the Stine Road Warehouse and Salvage Team, winners of the 2013 Exceptional Teamwork Award.

DONATED GOODS

New Locations

Opened the Northwest Bakersfield Store at 13121 Rosedale Highway on May 9th, employing 15 people.

Northwest Bakersfield Store

Opened the first Hanford Retail Store at 426 Lacey Boulevard on May 23rd, employing 15 people.

Ribbon cutting ceremony for the Hanford Store

Negotiated lease for a new retail store location on Hanford-Armona Road in Lemoore. On October 29, 2013 executed the sublease on the Lemoore property to open Spring 2014.

By the Numbers

Number of donations: 203,832

Pounds of donations: 15,287,400

Number of retail transactions: 847,889

Number of pounds diverted from landfill: 2,445,984

Number of pounds of electronic waste recycled: 1,109,478

Mission Services

Hire

Goodwill hired 59 people with a vocational disability and 105 people with a vocational disadvantage. 71.6% of all employees have a declared vocational disability or disadvantage and 95% of all employees work in full-time positions.

Promote Up

44 employees promoted up within Goodwill with an average annual wage increase of $3,892. The average length of time for an employee to promote up was 14.6 months.

Promote Out

10 employees promoted out of Goodwill employment into community employment with an average annual wage increase of $27,711. The average length of time for an employee to achieve the community placement was 18.2 months.

Community Services

Placed 25 Department of Vocational Rehabilitation clients into community employment.
Served 8 students from the Taft College Transition to Independent Living Program in retail skills training.
Provided forklift certification training to 6 clients referred by Employers' Training Resource.
Provided store vouchers to 7 community partners for a redeemed value of $40,741.

Sven Heger (third from right), Supervisor at the Coffee Road Store, receives the 2013 Achiever-of-the-Year Award from Board Chair Dustin Dodgin and local representatives of elected officials.

PUBLIC ACCOUNTABILITY

CARF Survey Results

Goodwill completed the triennial CARF (Commission on the Accreditation of Rehabilitation Facilities) Survey and was awarded a three-year accreditation for Affirmative Business Enterprise with Governance Standards Applied. Goodwill received three commendations for exemplary conformance to standards. This was the first time any Goodwill received an Affirmative Business Enterprise accreditation.

Jeannie Reddig (second from right), Manager of the Ridgecrest Store, receives the 2013 Employee-of-the-Year Award.

IRS Audit

Responded to notice received on May 13 from the IRS that Goodwill had been selected for a random audit for the year ending December 31, 2011. Per a letter from the IRS dated November 1, 2013, the audit was closed and no changes to existing tax returns were required; however, future tax returns must allocate joint costs using a percentage of revenue according to a formula proposed by Goodwill.

Corporate Documents

The public may find copies of the IRS 990 (tax return), annual report, audit report, and other corporate documents on our website at www.TheGoodwill.org or at www.Guidestar.org.

ECONOMIC IMPACT

Goodwill Community Placement Summary

In 2013, Goodwill Industries of South Central California placed an aggregated total of 31 people into full-time community jobs.

The average hourly wage per placement was $11.72, working an average of 32 hours per month.

The ripple effect of those jobs throughout the economy generated an additional three jobs for a total of 34 jobs with total wages of $300,000 and a total economic output of $1.2 million.

The fiscal impact generated by the placements was $30,000 for Kern, Kings, and Southern Tulare Counties.

Goodwill Operations Impact Summary

As of December 31, 2013, Goodwill Industries of South Central California employed full time a total of 243 people.

The average hourly wage per employee was $10.52, working an average of 35 per week for 12 months.

The ripple effect of those jobs throughout the economy generated an additional 45 jobs for a total of 288 jobs with total wages of $7.8 million and a total economic impact of $16.7 million.

The fiscal impact generated by Goodwill operations was $790,000 for Kern, Kings, and Southern Tulare Counties.

Economic Impacts
(1) Direct = jobs placed or jobs held by employees of Goodwill.
(2) Indirect = jobs created in industries that provide goods and services to the industry.
(3) Induced = jobs created by the spending of direct and indirect employees.
Study conducted by Elliott D. Pollack & Company

FINANCIAL REPORT

The Community Investment

Sales (including value of donated goods received)	$ 11,309,986
Rehabilitation services	86,618
Public support	9,365
Other revenue (including salvage sales)	1,263,549
Total Community Investment	$ 12,669,518

Goodwill Return to the Community

Salaries and wages	$ 5,374,053
Payroll taxes and benefits	1,355,173
Total payroll related expenses	$ 6,729,226
Supplies and services purchased	$ 887,328
Telephone and postage	103,027
Occupancy	1,804,616
Equipment rental and maintenance	102,528
Other expenses (including value of donated goods sold)	2,742,919
Total Return to the Community	$ 12,369,644
Change in net assets	$ 299,874
Administrative costs	$ 1,821,342
	(14.72%)

Note: During 2006, in conjunction with the refinancing of our owned facilities, we entered into a swap agreement to convert our mortgage loan 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 its related debt be recorded as an operating loss (or gain) and a corresponding long-term liability (or asset). In 2013, this difference was a gain of $291,710 and the cumulative difference (from the inception of the loan through 2013) is a loss of $701,993. 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 any mortgage loans early and anticipates no need to do so. Consequently, we have excluded all such gains and losses from the above presentation to provide the reader with a more relevant depiction of our operating results. *Audit Firm: Brown Armstrong, Certified Public Accountants*

GROWING LOCATIONS

Retail Stores and Donation Locations

Bakersfield

North
1129 Olive Drive (Roberts Lane)
Bakersfield, CA 93308

Southwest
6051-A White Lane (Wilson Road)
Bakersfield, CA 93309

Northwest (New in 2013)
3025 Coffee Road (Granite Falls Drive),
Bakersfield, CA 93312

Rosedale Donation Center
9935 Rosedale Highway (Calloway)
Bakersfield, CA 93312

Northwest
13121 Rosedale Highway (Allen Road)
Bakersfield, CA 93314

East Hills
2671-E Oswell Street (Mall View Road)
Bakersfield, CA 93306

Administrative Office and
Salvage Center/Used Auto Sales
4901 Stine Road (Pacheco Road)
Bakersfield, CA 93313

CSUB Attended Donation Center (ADC)
Camino Media & Roadrunner Drive
Bakersfield, CA 93311

Delano

902 Main Street (9th Street)
Delano, CA 93215

Ridgecrest

880 North China Lake Boulevard
Ridgecrest, CA 93555

Taft

411 Finley Drive
Taft, CA 93268

Porterville

910 W. Henderson Avenue (CA-65)
Porterville, CA 93257

Tulare

1832 E. Tulare Avenue (1/2 mile east of 99)
Tulare, CA 93274

Hanford (New in 2013)

426 W. Lacey Boulevard (N. 11th Avenue)
Hanford, CA 93230

Lemoore (Opening April 2014)

161 W. Hanford-Armona Road, Suite A
(N. Lemoore Avenue)
Lemoore, CA 93245

LEADERSHIP

The Board of Directors

Dustin Dodgin, Chair
Partner, Klein, DeNatale et al

Sharon Peters, Vice Chair
SCPMG Medical Group Administrator, Kern County Medical Center, Kaiser Permanente

Kristen Doud, Secretary
Community Relations Representative
Pacific Gas & Electric

Patrick Hoffman, Treasurer
Shareholder, Barbich Hooper King Dill Hoffman Accountancy Corporation

Samy Abiaoui
VP-Commercial Loan Officer
Mission Bank

Vincent Fong
District Representative
Office of Congressman Kevin McCarthy

Anne Fonseca
Chief Financial Manager, KVS Transportation

Gregory Hash
Vice President
Fallgatter Rhodes Insurance Services

Pamela Holiwell
Assistant Director, Kern County Department of Human Services

J. R. Lewis
Realtor

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

Patrick Paggi
Partner
Daniels, Phillips, Vaughan and Bock, CPAs

Jeff Ross
Director of Student Support Services
Taft College

Joe Schoenstein, Secretary
Division President
Bright House Networks

Cheryl Scott
Vice President, Kern Economic Development Corporation

Richard Thompson
Senior Pastor, First United Methodist Church

The Executive Team

Sheryl Chalupa, President and Chief Executive Officer
James Lambert, Chief Financial Officer
Jake Slayton, Chief Operations Officer