

Goodwill

Industries of South Central California



2014

ANNUAL REPORT TO THE COMMUNITY



2014 REPORT

Dear Friends,

The foundation of Goodwill's mission is the fundamental belief that people want to work to provide a better life for themselves and their families. At Goodwill Industries of South Central California we work hard every day to make it possible for people to have an opportunity to work. We are pleased to share our results with you in this 2014 Annual Report to the Community.

We are proud of the fact that we created new jobs through the opening of a store in Lemoore. We celebrate our employees who entered employment with us and worked hard to promote up into higher paying jobs with more responsibility. And we look forward to a future of continued growth and job creation, 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.



Patrick Paggi, 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](https://www.facebook.com/MyGoodwill)

OUR PURPOSE



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



Goodwill Industries of South Central California has earned the Gold participation level through the Guidestar Exchange, a testament to our organization's commitment to data transparency.



Goodwill Industries of South is accredited by CARF (Commission on the Accreditation of Rehabilitation Facilities) for Affirmative Business Enterprise with Governance Standards Applied.



PROGRAM SERVICES

Donated Goods Retail Program

Goodwill's Donated Goods Retail Program provides multiple benefits to the community. It provides a low cost, high quality shopping alternative for consumers, a convenient recycling alternative that keeps useable items out of the landfill, and most importantly, it provides a vehicle for employment and job training programs. Through the collection and sale of donated clothing and other household items, critical revenue is generated to support the mission through needed jobs in the communities served. The retail stores, donation centers, and warehouses employ hundreds of people. In 2014 Goodwill operated 15 locations in Kern, Kings, and Tulare Counties.

New Location

The Lemoore Retail Store opened at 161 W. Hanford-Armona Road, on April 10th, employing 11 people.



Lemoore Store Opening

Donated Goods Retail Program By the Numbers

Number of donations: 206,390

Pounds of donations: 15,479,250

Number of retail transactions: 911,877

Number of pounds diverted from landfill: 8,304,924

Number of pounds of electronic waste recycled: 1,136,699

MISSION SERVICES



Employment Programs

Goodwill hired 20 people with a vocational disability and 101 people with a vocational disadvantage which accounted for 79.6% of all hiring. Additionally, 99.3% of all employees hired work in full-time positions. 38 employees promoted up within Goodwill during the year with an average annual wage increase of \$3,471 or 20.8%. The average length of time for an employee to promote up was 8.3 months.

Community Services

We increased our services to the community by opening the Success Center, a workspace open to the public where those who need assistance with skills attainment, job searching, and resume building can get help. In 2014, 87 people logged 225 hours in the Center.

We expanded our services to clients from the Department of Rehabilitation, placing individuals in jobs and providing assessments and IDP creation for 16 people.

We continued our partnership with the Transition to Independent Living (TIL) program, a post-secondary educational experience for adults who have developmental or intellectual disabilities at Taft College. The program provides the instruction, training, support and career skills necessary for students to live a productive and independent lifestyle. Goodwill employed 16 students in 2014 and in the ten years of partnership with the program, approximately 100 students have received their work experience at Goodwill.

With a generous grant from PG&E, Goodwill developed the ENERGY (Educated and Engaged Responsible Goodwill Youth) program with a goal to promote, encourage, and expose youth to careers in the energy, oil and gas, and petrochemical industries. ENERGY is housed at Sunset Middle School in Bakersfield and served 35 students who attend seven sessions throughout the school year, as well as field trips to the PG&E Diablo Power Plant and Cal Poly San Luis Obispo.

We provided store vouchers to numerous community partners for a redeemed value of \$47,089 to support local services to the community.



AWARD RECIPIENTS



Virginia Mandujano, Retail Clerk at the Northwest Store, receives the 2014 Achiever-of-the-Year Award from COO Jake Slayton, Bakersfield City Councilman Chris Parlier, and representatives of Congressman Kevin McCarthy and State Senator Jean Fuller.



2014 Achiever-of-the-Year, Michelle McKnight, Stock Clerk at the Taft Store, receives her award.



Robert Arnold, Jr. Material Handler at the East Hills Store, receives the 2014 Employee-of-the-Year Award from CEO Sheryl Chalupa.



Abraham Suarez, Costco employee, received the 2014 Graduate-of-the-Year Award.



The team members of the East Hills Textile and Wares Production Team, winners of the 2014 Exceptional Teamwork Award.



Workforce Development Administrator Nichol Thomas presents the 2014 Employer-of-the-Year Award to representatives from Wal-Mart on Rosedale Highway in Bakersfield.

ECONOMIC IMPACT



Goodwill Community Placement Summary

In 2014, Goodwill Industries of South Central California placed an aggregated total of 35 people into community jobs. The average hourly wage per placement was \$10.00, working an average of 20 hours per week.

The ripple effect of those jobs throughout the economy generated an additional job for a total of 36 jobs with total wages of \$200,000 and a total economic output of \$0.4 million.

The fiscal impact generated by Goodwill community placements was \$10,000 for Kern, Kings, and Southern Tulare Counties.

Goodwill Operations Impact Summary

As of December 31, 2014, Goodwill Industries of South Central California employed full time a total of 279 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 \$9.5 million and a total economic impact of \$20.5 million.

The fiscal impact generated by Goodwill operations was \$770,000 for Kern, Kings, and Southern Tulare Counties.

Goodwill Construction Impact Summary

In 2014, Goodwill Industries of South Central California invested \$231,849 in capital improvement (construction) projects resulting in one direct job and two indirect jobs created, total wages of \$200,000 and a total economic impact of \$500,000.

The fiscal impact generated by Goodwill construction was \$30,000 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 Gave to Goodwill (Revenues)

Sales of goods contributed by the community	\$9,459,556	62.3%
Proceeds from surplus, salvage and recycling programs	3,531,306	23.2%
Donated merchandise – value of goods received	1,972,473	13.0%
Fees for professional rehabilitation services	185,104	1.2%
Cash contributions from the community	40,535	0.3%
Total Community Investment	\$15,188,974	100.0%

Goodwill Gave Back to the Community (Expenses)

Salaries, benefits, taxes and related expenses	\$ 8,418,836	53.8%
Occupancy, utilities, telephone and insurance	2,233,235	14.3%
Donated merchandise - value of goods sold	1,972,473	12.6%
Supplies, services, dues, fees, and cost of goods sold	1,698,826	10.9%
Vehicles, travel, equipment rental and maintenance	623,272	4.0%
Depreciation	384,896	2.5%
Advertising, printing, publications, postage and fundraising	211,108	1.3%
Other	103,989	0.7%
Total Return to the Community	\$15,646,635	
Change in net assets	(\$ 457,611)	100.0%
Administrative costs	\$ 2,080,169	13.3%

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 2014, this difference was a gain of \$245,490 and the cumulative difference (from the inception of the loan through 2014) is a loss of \$453,503. 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: Mayer Hoffman McCann P.C.*

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.

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

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

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

Lemoore (Opened April 2014)

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



LEADERSHIP

The Board of Directors

Patrick Paggi, Chair

Partner, Daniels, Phillips, Vaughan & Bock, CPAs

Dustin Dodgin, Vice-Chair

Partner, Klein, DeNatale et al

Kristen Doud, Secretary

Government Relations Representative
Pacific Gas & Electric

Patrick Hoffman, Treasurer

Shareholder, Barbich Hooper King Dill Hoffman
Accountancy Corporation

Samy Abiaoui

VP-Commercial Loan Officer
Mission Bank

Steve DeBranch

Vice President, Bolthouse Properties, LLC

Vincent Fong*

District Representative
Office of Congressman Kevin McCarthy

Gregory Hash*

Vice President
Fallgatter Rhodes Insurance Services

Pamela Holiwell

Assistant Director, Kern County Department of
Human Services

Shaun Kelly

Managing Member, Tolman & Wiker Insurance
Services

J. R. Lewis

Realtor

Patricia Marquez

Program Manager/Foundation Liaison
Kern Economic Development Corporation

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

Joe Schoenstein*

Division President, Retired
Bright House Networks

Cheryl Scott*

Vice President, Kern Economic Development
Corporation

Richard Thompson

Senior Pastor, First United Methodist Church

Douglas Wade

Assistant VP – Fiscal Services, CSU Bakersfield

*Termed expired on June 30, 2014 ** Resigned/Relocated

The Executive Team

Sheryl Chalupa, President and Chief Executive Officer

James Lambert, Chief Financial Officer

Jake Slayton, Chief Operating Officer