

Goodwill

Industries of South Central California



®



2011 Annual Report



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

Dear Friends,

What happens when Goodwill cuts a ribbon? Jobs are created. People have the opportunity to work and learn new skills. Donated goods are recycled into treasures. Communities benefit. What happens when Goodwill cuts two ribbons?

2011 was a year of action... a year of transformation. In our 2010 Annual Report we told you that to fulfill our mission and achieve our strategic objectives there would need to be major (and even painful) changes to the way we do business. During the year we decentralized our donated goods program, which led to the closure of our clearance centers. We closed our centralized workforce development campus and programs, which led to the refined focus on our employment programs. And we cut ribbons for the first time since 2006. We opened two new stores in Porterville and Tulare, which led to the creation of 23 new jobs.

The implementation of our strategic plan, which focuses on people, growth, and efficiency, positions Goodwill for sustained performance in the years ahead. Our historic mission of giving people a hand up, not a hand out by providing employment opportunities to people with barriers is expressed in our new transitional employment model which focuses on hiring, promoting up, and promoting out into community employment.

2011 was a year of action, a year of implementation, a year of transformation. This transformation would not have happened without the leadership of our Board of Directors, the dedication of our staff, and the many supporters who make the mission and success of Goodwill possible. We express our deepest gratitude to each of them for helping us experience the joy of making an impact by cutting ribbons.

Thank you.

Dustin and Sheryl



Mr. Dustin Dodgin
Board Chairman



Mrs. Sheryl Chalupa
President/CEO

2011 Highlights



PEOPLE: we will advance our mission through improving the lives of the people we serve

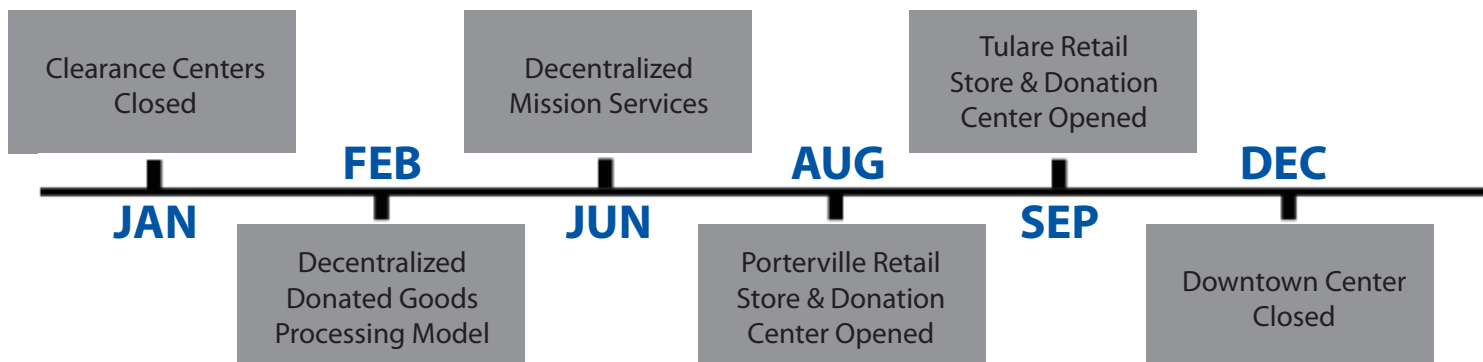
- Total employee count at year end: 228
- Total individuals served: 780
- External job placements: 17

GROWTH: we will advance our mission through the cultivation of resources

- 177,935 community donations of material goods
- Porterville Retail Store & Donation Center opened on August 4th
- Tulare Retail Store & Donation Center opened on September 8th

EFFICIENCY: we will advance our mission through continuous improvement and innovation

- 86 cents of every dollar spent in our retail stores went directly towards Mission Services
- Successfully completed the transition to a decentralized donated goods model
- Transportation costs per donation decreased by 56% as compared to 2010





Mission Services Report

In 2011, Goodwill served 780 clients with barriers to employment

Vocational Programs/Services...

- Customized Employment Services: 5
- Customer Service Program: 190
- Janitorial Skills Training Program: 2
- Retail Skills Training Program: 10
- Situational Assessment Services: 4
- Supported Employment Services: 1
- Transitional Employment Program: 9

(Note: some clients participated in more than one program)

Vocational Barriers
of clients served
illustrated on page 5

Grant/Community Programs...

- Community Service Program: 502
- GoodGuides Youth Mentoring: 4
- Transition to Independent Living: 16
- Volunteer Program: 35

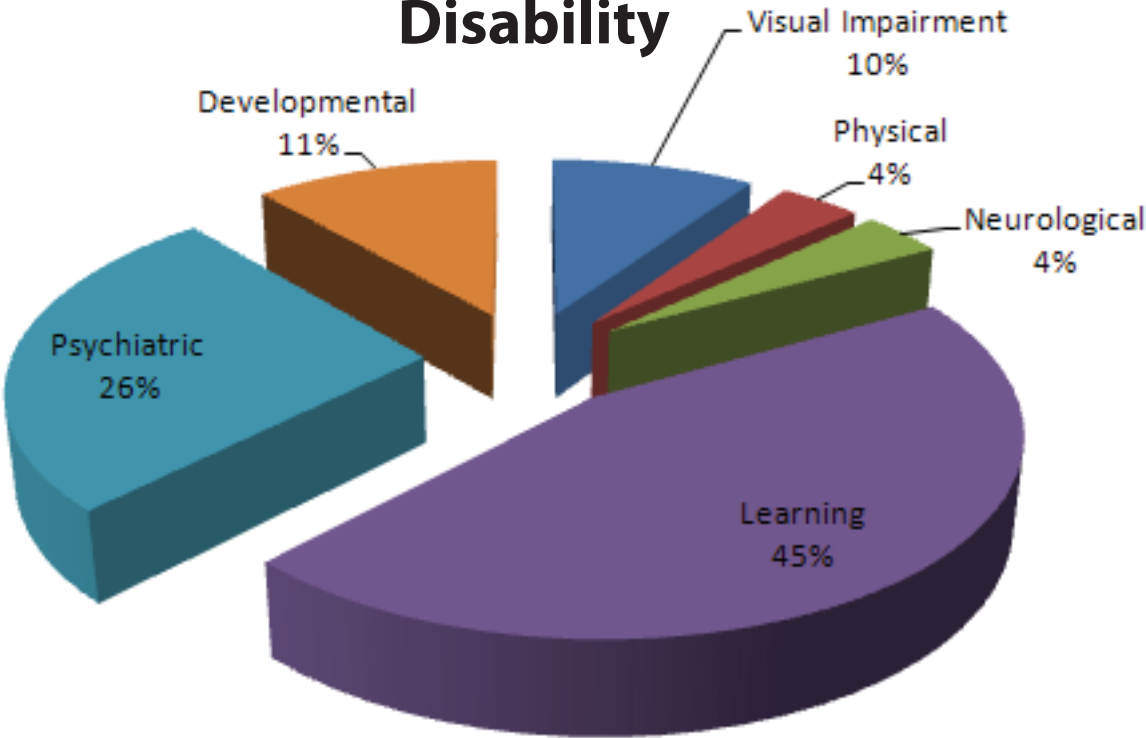
Job Placement Services...

- Total Job Placements: 27
- External Job Placements: 17
- Internal Job Placements: 10
- Average wage of client placed: \$9.88

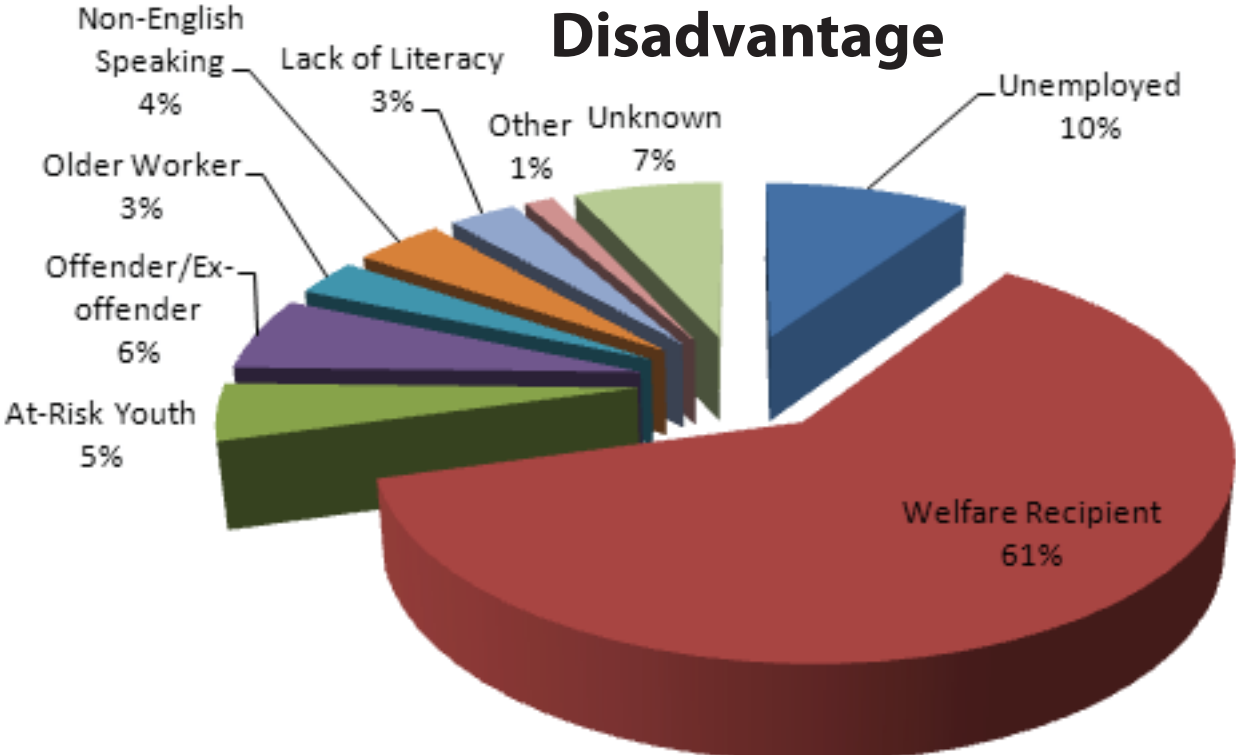
Barriers Report



Disability



Disadvantage





Employee Awards

Employee of the Year - Frances Valenzuela



In 2011, Frances Valenzuela was given the reins to expand, grow, and re-define GISCC's after-retail program. Throughout the year, Frances' steady hand, head for business, and her heart for the mission helped GISCC's Salvage Department generate \$1,061,764 in after-retail revenue. This extraordinary accomplishment was further highlighted by her ability to divert 12.5 million pounds of waste from local landfills. As GISCC's designated "goalie" for not allowing waste to get by her department, Frances received the 2011 "Employee of the Year" Award.

The East Hills Retail Store Clothing Production Team received the 2011 "Exceptional Teamwork" Award because of their commitment to meeting their daily production goals as well as their highly motivated work attitude & overall Goodwill pride.

Exceptional Teamwork - East Hills Production



Outstanding Customer Service - Betty Uribe



At anytime throughout 2011 you could find Betty Uribe greeting customers at her Coffee Road Retail Store with enthusiasm and genuine warmth. Betty always thanked customers for coming to Goodwill and offered any assistance they needed. Betty's outstanding customer services resulted in a fan club of customers who came back and shopped at Goodwill because of her. Betty is a terrific cashier and her personality and ongoing commitment to GISCC's mission is why she received GISCC's 2011 "Outstanding Customer Service" Award.

Financial Report



Community Investment

Sales (including value of donated goods received).....	\$	9,654,365
Rehabilitation Services.....	\$	329,454
Public Support.....	\$	105,258
Other Revenue.....	\$	1,024,351
Total Community Investment.....	\$	<u>11,113,428</u>

Goodwill Return to the Community

Salaries & Wages.....	\$	4,982,544
Payroll Taxes & Benefits.....	\$	1,513,206
Total Payroll Related Expenses.....	\$	<u>6,495,750</u>
Supplies & Services Purchased.....	\$	640,367
Telephone & Postage.....	\$	109,194
Occupancy.....	\$	2,114,806
Equipment Rental & Maintenance.....	\$	109,003
Other Expense (including value of donated goods sold).....	\$	2,717,213
Total Return to the Community.....	\$	<u>12,186,333</u>

CHANGE IN NET ASSETS..... \$ **(1,072,905)**

Administrative Costs..... \$ **1,721,215**
(14.1%)

Notes:

• The 2011 audit was performed by Brown Armstrong McCown Starbuck & Keeter 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 2011 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 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 2011, this difference was a loss of \$158,005 and the cumulative loss from the inception of the loan through 2011 is \$1,114,313. 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.



Porterville Grand Opening

The Porterville Retail Store & Donation Center became Goodwill Industries of South Central California's 1st location outside of Kern County.



Opened:	08/04/2011
Address:	910 W. Henderson Ave
Location:	Porterville, CA 93257
Total Sq. Ft.:	5,895
Retail Sq. Ft.:	4,695
Own/Lease:	Lease
Lease Term:	07/30/2015
Employees:	11

In August 2011 the city of Porterville had an unemployment rate of 14.9%. By opening a retail store, Goodwill brought job training & employment services to a community in need.

Tulare Grand Opening



Opened: **09/08/2011**
Address: **1832 E. Tulare Ave**
Location: **Tulare, CA 93274**
Total Sq. Ft.: **4,228**
Retail Sq. Ft.: **2,610**
Own/Lease: **Lease**
Lease Term: **09/01/2014**
Employees: **12**

The Tulare Retail Store & Donation Center became Goodwill Industries of South Central California's 2nd location in Tulare County.





Future: Mission Services

Beginning January 1, 2012, Goodwill Industries of South Central California will implement a self-funded Transitional Employment Program designed to hire local individuals with barriers to employment; promote those individuals up through the Goodwill career ladder utilizing on-the-job training; and then promote those individuals out into the community in higher paying, highly successful careers...



Board of Directors



Chair - Dustin Dodgin

Partner,
Law Offices of Klein DeNatale et al.

Treasurer - Patrick Paggi

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

Immediate Past Chair - Harry Bryant

Owner,
Bryant Insurance Services

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

Sarah Freeman

Senior Group Leader MLP,
Target

Greg Hash

Vice President,
Fallgatter Rhodes Insurance Services

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

Sheryl Chalupa

President & CEO,
Goodwill Industries of South Central California

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

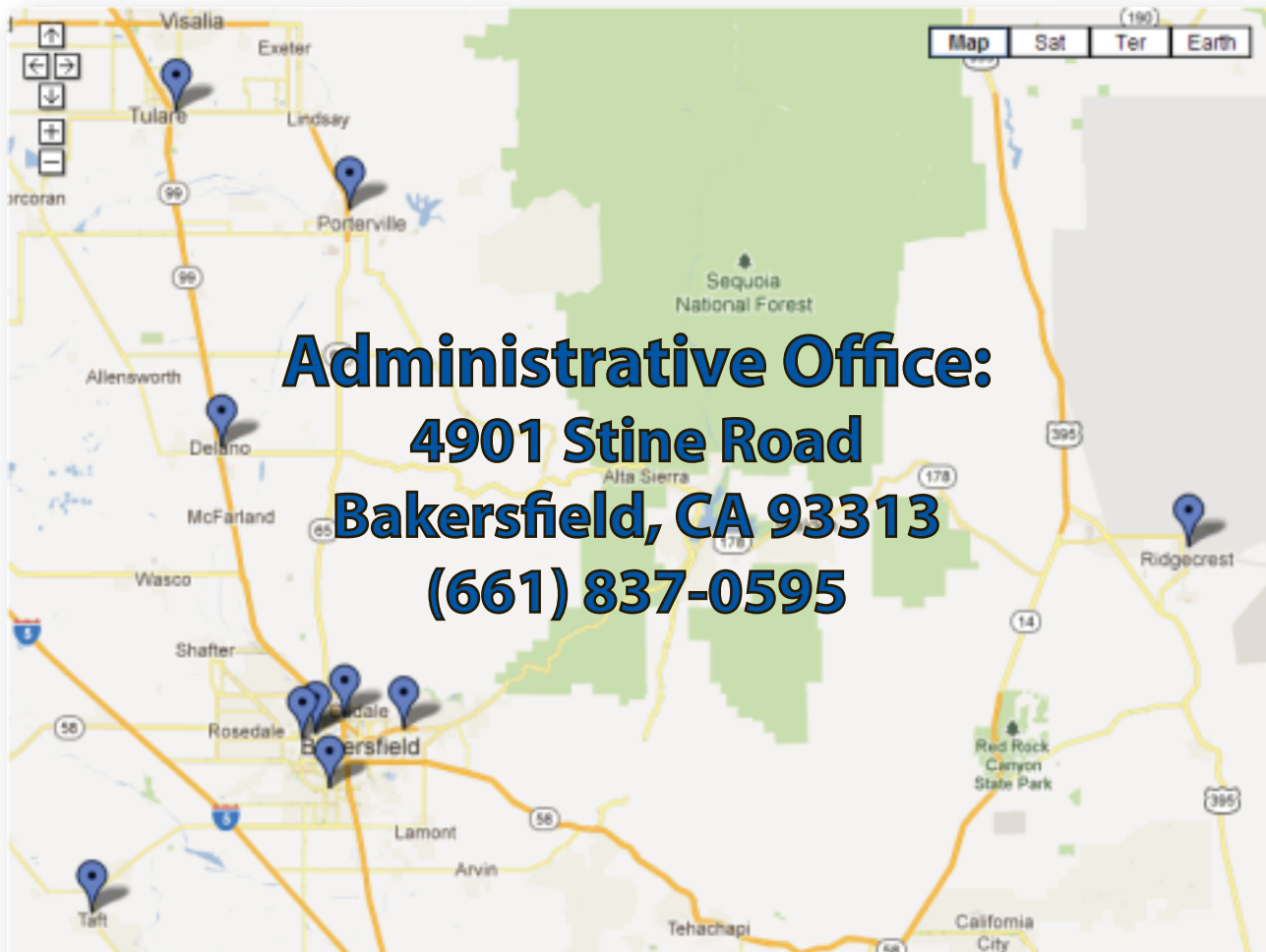
Senior Pastor,
First United Methodist Church

Goodwill

Industries of South Central California



®



Website: TheGoodwill.org
Facebook.com/MyGoodwill

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