

BUILDING A BETTER COMMUNITY



Annual Report 2005

Mission

TO HELP PEOPLE WITH DISABILITIES AND DISADVANTAGES
OVERCOME BARRIERS TO EMPLOYMENT AND TO PROVIDE COMPREHENSIVE
SERVICES FOR ACHIEVING AND SUSTAINING INDEPENDENCE.

A Message to the Community

When 19-year-old Catherine Wood was honored as our Graduate of the Year at our annual banquet, her four-year-old daughter called from the audience "Way to go Mommy!" It has also been a year to cheer "Way to go Goodwill of the Valleys". Retail growth continued with the addition of new stores in Harrisonburg and Waynesboro and a reopening of the Hollins store in a new, larger and more contemporary facility. Two of our stores, Christiansburg and Vinton, topped the million-dollar mark in sales for the year.

Our 20 retail stores generated more than \$14 million in revenue and supplied jobs to about 400 people.

The success of our stores is the foundation for the success of our mission—helping disabled and disadvantaged people gain and maintain jobs. Catherine, who is featured elsewhere in our report, was our Graduate of the Year in the Workforce Development program. She is one of about 1,900 people served last year through the various programs that are the Goodwill mission.

Goodwill Industries of the Valleys has more than 1,100 employees and puts \$11.3 million back into the community through salaries and wages. We continue to supply outsourcing services to our business partners, saving them time and money.

State Farm Insurance and Marshall's Department Store are recognized as our businesses of the year for projects that provide jobs in our work centers and in the community.

We began our partnership with The Foundation for Rehabilitative Equipment and Endowment this year. FREE supplies medically adaptive devices for qualifying adults in need. GIV uses its collection system to help FREE get more donated items like wheelchairs, walkers, and other mobility devices.

Finally, a proposal to set a \$500 limit on the IRS deduction value of donated goods did not make it before Congress. It is an idea that GIV opposed and will continue to oppose should it resurface. Nearly a half million donors supported our stores by leaving goods at our donation sites last year.

We move ahead with pride and commitment. Goodwill of the Valleys is all about building better communities...from Harrisonburg to Wytheville!



Joseph B. Wright
Chair, Board of Directors

Bruce Phipps
President and Chief Executive Officer



Education

Catherine Wood became a single mom at age 15. Living at home with four siblings, she had little hope for a successful future without the necessary skills. Catherine's goal was to enter the nursing field, however without financial support she felt her dream was not possible. She was faced with the realization that she needed to work to support her family.

In May of 2004, prior to her June graduation from high school, Catherine enrolled in the Workforce Investment Act (WIA) youth program housed in the Salem facility of Goodwill Industries of the Valleys. Upon graduating she was able to enter a Certified Nursing Assistant (CNA) training program. Catherine was provided, through the WIA program, the opportunity to develop work skills at Marshall's Department Store, our Community-Based Employer of the Year, while she began her training to be a CNA. WIA paid for her tuition, supplies, books and childcare.

In September of 2004, Catherine graduated and by October was working full-time

as a CNA. Through the WIA program offered at Goodwill Industries of the Valleys and the training she received, Catherine is able to provide for herself and her child and is no longer dependent on others.

Catherine took the initiative to seek assistance through the Workforce Development Division and remained steadfast in attaining her goal. She graduated with outstanding grades and although she has full time employment she intends to continue her training in the medical field.

In May of 2005 Catherine was named Goodwill Industries of the Valleys Graduate of the Year. During her acceptance she recognized Goodwill and her case manager Wanda Anthony for the support she was given, "Without their help I would never have had my CNA license and be on my way to a career in the medical field. They have helped me to begin my life after graduation."



Determination

In 1970 Linda Perry was riding high with a dream job as a flight attendant, a nice apartment, new clothes, and everything a young, single woman could enjoy. Little did she know how her life would soon change and the struggles she would have to overcome.

A serious mental health issue forced Linda to quit her job and turned her life into one of dependency. For the next 20 years, she lived in and out of mental health facilities and adult care homes. In 1994 Linda made up her mind to change her life. She came to Goodwill Industries of the Valleys where she was given a chance to do just that.

Upon entering Goodwill's Work Adjustment Program Linda was provided assessment and training opportunities. After just a year, Linda was transferred to the

Goodwill provides employment and training opportunities and programs to help people with disabilities and social and economic disadvantages become contributing members of the community. These programs are the essence of our mission and provide participants with the level of support needed to succeed.

Organizational Employment program and eventually was placed in a new job as the receptionist at a Goodwill work center. After much determination, she now has her own apartment and a new life of self-sufficiency. She admits it has been a struggle, but believes her future is brighter than ever from the chance she was given at Goodwill. Named Goodwill's Achiever of the Year in May of 2005, Linda is the perfect example of what the mission of Goodwill is seeking to accomplish. Upon accepting her award Linda stated, "Goodwill has been behind me 100%. Working everyday has strengthened my confidence and has enabled me to be more independent."

BUILDING A BETTER COMMUNITY THROUGH

Collaboration



George McAleer's life changed in 1985. Having always led a very active lifestyle he was faced with the fact that he would live his life with a disease that would severely limit his activities: multiple sclerosis.

As the years went by, day to day activities, such as going to the gym or even the grocery store, became harder and harder. But thanks to the alliance formed by the Foundation for Rehabilitation Equipment & Endowment (FREE) and Goodwill Industries of the Valleys, George now has what he needs to continue to live the active lifestyle he was accustomed to prior to his diagnosis.

The goal of this exciting partnership between FREE and Goodwill is to help people with disabilities become more independent through the collection, recycling, and distribution of mobility-related rehabilitative equipment. Additionally, Goodwill program participants receive work opportunities as they perform necessary sanitation procedures on items donated at Goodwill stores in Roanoke, Salem, and Vinton.

From the program's inception in April of 2005 through the end of June 2005 an estimated \$90,000 of equipment was col-



Involvement



The Goodwill workforce goes far beyond the walls of the work centers located in our Central, Southern, and Western divisions. In fact in the past year our workforce has gone inside the walls of top companies and into the heart of the communities served by Goodwill Industries of the Valleys.

In Blacksburg the Western Division has teams that work daily at Virginia Tech, Tetra, and Montgomery Regional Solid Waste Authority (MRSWA). At Tetra, the Goodwill enclave of five workers is responsible for running a production line to package specific products. They are expected to produce at the same rate as any other Tetra line, and they succeed. At Virginia Tech, housekeeping and parking grounds work has been done by a Goodwill team since the mid 1980s. The MRSWA utilizes its Goodwill team to dispose of bottled and canned drinks. This four-person team completes its quota each day.

The Southern Division is able to provide a two to three-person housekeeping team to a local church, the town's community center, and to the Town of Rocky Mount for the Farmer's Market. Supervised by a Goodwill team leader, the team enjoys the opportunity to be involved in the community through its work at such visible town landmarks.



Goodwill is committed to the communities we serve. Through partnerships with service and funding agencies we work to meet the needs of those communities. These partnerships, as well as our relationships with local businesses, are vital to the success of our mission.

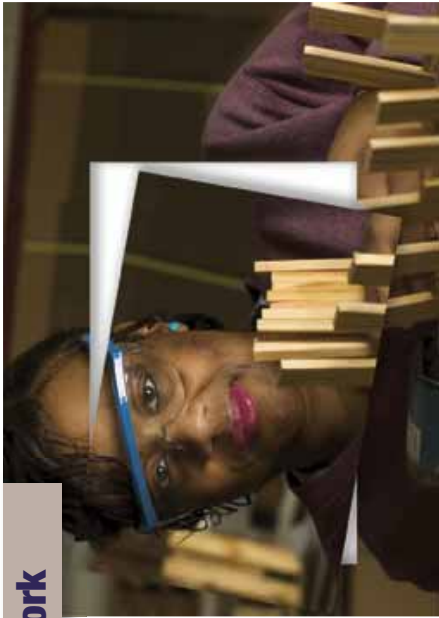
BUILDING A BETTER COMMUNITY THROUGH



The Poff Building in Roanoke has benefited from the involvement of Goodwill Industries for over 10 years. An initial custodial contract for a portion of the building has grown to include 241,000 square feet on 14 floors as well as grounds maintenance. Workers clean tile floors, carpets, bathrooms, and more each day.

The companies that employ Goodwill workers benefit from a hard working, committed, determined work force. The individuals with disadvantages and disabilities that we serve benefit from the dignity they earn through work in the community. This involvement of Goodwill workers in the companies and communities where they work is a win-win for everyone.

Teamwork



From dog bones, pigs and rabbits to wine and picnic, the baskets created by Goodwill Industries of the Valleys come in many different shapes, sizes and colors. Over the years they have made great corporate gifts, Christmas presents, and recently, gifts for newborn children and mothers in Saudi Arabia. How can our baskets be so diverse and meet so many needs? The dynamic team behind their creation day after day is the reason.

The management team in the Southern Division understands the capabilities of the individuals with disabilities and disadvantages that Goodwill serves in the workshop. They also understand their intense desire to work. The basket operation allows individuals to work with their hands and create a beautiful product, but most importantly offers everyone involved the opportunity to work for a living.

Whether the baskets are being made from an existing pattern or being created for the first time at the request of a customer, each one is hand made with care and pride. The multi-step process involves building the frame, painting, wrapping and weaving each basket. Often as many as three to four people work on an individual basket from start to finish.



In fiscal year 2005 the basket operation generated more than \$40,000 in revenue to help support the mission of helping individuals with disabilities and disadvantages to overcome barriers to employment. It also provided continuous work opportunities for those in the workshop.

The success of the basket operation in the Southern Division is not the result of one person. It is the result of the hard work and dedication of the individuals with disabilities and disadvantages that Goodwill serves, the employees who always look for new ideas and ways to improve the product, and the community that has supported the basket program over the years.

Industry



Goodwill Industries of the Valleys works with companies who seek dependable employees. For more than a decade Goodwill and Tetra, a global company that supplies the aqua pet industry, have worked together in the New River Valley.

Goodwill's Western Division manufactures small, smiling turtles for Tetra that are actually water conditioners for aquariums. Leigh Ann Wilson is the quality control inspector for the turtles. As Leigh Ann puts it, a turtle has to have "four feet and a smile" to be a Tetra turtle!

Our Western Division also works with Volvo Trucks North America making components for luxury sleeping cabs in the big rigs. In addition, workers cleaned a quarter million plastic tubs for Volvo Group Logistics last year.

Consumers in our Southern Division assemble kits that are shipped directly to State Farm agents and assist them in their marketing efforts. This partnership with State Farm, our Center Based Business of the Year, has created approximately 2,000 hours of work for the individuals with disabilities and disadvantages that we serve. Long time relationships with MW Windows and Doors, and Uttermo also provide consistent job opportunities at our



Expansive facilities, capital equipment, worker training, and managed productivity mean turnkey outsourcing solutions for companies of any size. Goodwill's workforce is flexible and able to assist with needs including repacking, labeling, assembly, woodworking, cleaning, collation, and sorting.



Rocky Mount center. In Roanoke, the Central Division of Goodwill provides a strong workforce for industrial partners including Harlan Sprague, ITI, Graham White, Xpedex, and Home Shopping Network.

The Goodwill mission is to provide training and work opportunities for the individuals we serve. GIV is constantly looking for new projects and programs with business and industry to support the hundreds of people who look to Goodwill for these employment opportunities.

Recycling



The 495,000 donors who left items at Goodwill Industries of the Valleys' donation centers last year represent more than one third of the 1.4 million people who live in the 31 counties served by GIV. Because of this generosity, merchandise in the retail stores is constantly being rotated so customers can find new bargains in stores every day.

Donations of household goods, clothing, and small appliances are accepted at the blue and white buildings that are Goodwill's Attended Donation Centers. These buildings dot the landscape of Southern, Western, and Central Virginia, providing employment for the individuals who staff them. Additionally, each of the 20 retail locations also houses a donation center.

The recycling doesn't stop with the collection and sale of the donated items. Garments not sold in the retail store are exported to countries throughout the world. Goodwill Industries of the Valleys has invested in equipment at each of our four geographic divisions that compresses the surplus clothing into 1100-pound bales, making transport easier. This recycling process last year prevented an

additional seven million pounds of material from being deposited into landfills in the communities we serve.

The compacted bales are sold for a variety of purposes. In addition to providing clothing in third-world countries, they also use it for custodial material. In certain areas the surplus becomes an ingredient in construction or paving materials.

Goodwill is paid by the pound for the surplus and that money comes back to support the mission of Goodwill.

Through the execution of our mission, Goodwill Industries of the Valleys is consistently working to help protect and preserve the environment of the counties that we serve.

Commitment



Goodwill Industries of the Valleys' retail presence continued to grow during the last fiscal year. With the support of nearly a half million donors, our stores sold more than \$14 million in recycled merchandise.

When a Goodwill store opens in a community it provides on average 20 new jobs. With 20 retail stores, and more to come, in the 31 counties served by GIV, we provide approximately 400 jobs. This year saw the addition of two stores and the remodeling of another.

The Waynesboro store opened in January 2005 in a new retail area near Interstate 64. This is the first Goodwill store in Waynesboro. An additional store was opened in Harrisonburg close to the James Madison University campus. In Hollins, the Goodwill store remains in the same shopping center but was relocated into a comfortable, bright retail space that is

In addition to the household goods, clothing, and antiques, Goodwill also accepts vehicle donations. These donations are sold several times during the year at auctions, which are open to the public. Vehicle donations offer tax-deductions for those donating and another important revenue source to help support the mission of Goodwill.



much larger than the previous location. The contemporary look of the exterior of the store is inviting and fresh.

Another milestone for Goodwill Industries of the Valleys retail operation came this year when stores in Christiansburg and Vinton exceeded \$1 million in gross sales. Strong community support and solid performances by store employees were key to the stores' success.

The revenue generated from the sale of donated goods through the retail stores provides growth opportunities for the individuals that we serve. The communities we serve will continue to see retail growth in the coming year. The individuals that we serve will continue to benefit from the programs of Goodwill and the mission of Goodwill will reach further into each community.

Financial Report

Balance Sheet

As of June 30 (In thousands)

	2004 - 2005	2003 - 2004
Assets		
Cash and investments	4,045	2,442
Accounts Receivable	1,148	1,426
Inventories	209	226
Property and equipment	5,481	5,532
Other Assets	1,503	1,526
Total	\$12,386	\$11,152
Liabilities and Net Assets		
Accounts payable	305	336
Accrued payroll and other liabilities	1,051	1,397
Long term liabilities	2,890	3,329
Total	\$4,246	\$5,062
Net Assets	8,140	6,090
Total	\$12,386	\$11,152

Income Statement

Year end June 30 (In thousands)

	2004 - 2005	2003 - 2004
Revenue and Support		
Donated goods	\$14,650	\$11,488
Industrial Contracts and Services	5,217	6,052
Programs and Services fees and contracts	4,160	4,373
United Way and public support	250	274
Other Revenue	170	254
Total	\$24,447	\$22,441
Expenses		
Donated goods	10,590	8,461
Industrial operations	5,514	6,568
Programs and Services operations	3,387	3,666
Administration and overhead	2,906	2,316
Total	\$22,397	\$21,011
Increase in Net Assets	2,050	1,430

A Glimpse at Our Community Impact

The mission of Goodwill Industries of the Valleys cannot be achieved without quality programs. Programs offered include:

- Organizational employment (center-based services)
- Employee development
- School to work adjustment
- Specialized day support
- Adult developmental learning skills
- Supported employment
- Temporary Assistance to Needy Families (TANF) welfare to work
- Workforce Investment Act Title I adult and youth programs

In regards to these programs, every year Goodwill sets goals to indicate the success of programs and services offered. Last year there were 98 different indicators established to determine efficiency, effectiveness and satisfaction levels. At the end of the year Goodwill successfully achieved or exceeded 62% of these goals.

Several key indicators of note:

1. A goal was established that the average daily attendance in center-based services would be 82%. The actual outcome was 84%.
2. A standard was established that 90% of the individuals served in center-based services would earn a paycheck. During the last fiscal year, 98.16% earned a paycheck on a monthly basis.
3. The satisfaction level of those individuals placed in supported employment within the community, is paramount to their success. When surveyed, 92.6% were pleased with the experience. Additionally 90% of the community employers were also satisfied. These outcomes far exceed the goals in both areas of 77%.

2004-2005 Fiscal Year

People Served in Goodwill Programs	1892
People Served Daily (average)*	916
People Placed in Competitive Employment	159
People Employed to Support Program Services	611
Total Number of Donors	494,947
Total Retail Store Locations	20
Approximate number of jobs created for every Goodwill store that opens in a community, stimulating the local economy.	20

* Based on an average attendance rate of 80%

Retail Operations



Goodwill Industries of the Valleys operates 20 retail stores in the 31 counties that we serve. Additional stores are planned to open during the next fiscal year. All stores operate seven days a week to serve both shoppers and those making donations. Store hours are Monday – Saturday 8:00 am – 9:00 pm and on Sunday from 12:00 pm – 8:00 pm. Donations can also be made at one of the many Attended Donation Centers throughout the valleys.

- Central Division**
- Cave Spring – Roanoke
3206 Electric Road, SW
(540) 774.1000
- Covington
1252 South Craig Avenue
(540) 962.9455
- Hollins
7210 Williamson Road
(540) 366.4765
- Lexington
8 Woodcott Lane
(540) 464.1117
- Salem
1493 East Main Street
(540) 986.1319
- Vinton
907 Hardy Road
(540) 857.0280
- Southern Division**
- Bedford
1128 Lynchburg Salem
Turnpike East
(540) 586.6228

- Lynchburg
2420 Wards Road
(434) 239.6637
- Madison Heights
238 Amelon Square Plaza
(434) 929.6763
- Martinsville
284 Commonwealth Blvd.
(276) 638.5100
- Rocky Mount
1045 North Main Street
(540) 483.9217
- Western Division**
- Christiansburg
255 Peppers Ferry Road, NE
(540) 381.1544
- Galax
949 East Stuart Drive
(276) 236.3452
- Pulaski
1130 East Main Street
(540) 980.9790

- Wytheville
1155 North Fourth Street
(276) 228.8200
- Northern Division**
- Charlottesville
1242 Richmond Road
(434) 295.3967
- Harrisonburg
2475 South Main Street
(540) 434.6050
- Harrisonburg, North
1740 East Main Street
(540) 432.9600
- Staunton
1104 Greenville Avenue
(540) 886.8910
- Waynesboro
132 Lucy Lane
(540) 941.8526

Support

The support that Goodwill Industries of the Valleys receives from the communities that it serves is paramount to achieving the mission. Companies that utilize our industrial services, individuals that volunteer their time, those who generously donate goods and funds, the customers in our stores, the families and individuals with disabilities and disadvantages that we serve, the referral agencies, the dedicated staff of Goodwill and countless other groups and individuals all deserve the credit for the success of the past year.

How can you continue to support Goodwill and the community?

- Hire a Goodwill graduate.
- Refer someone to Goodwill's programs and services.
- Become a partner by providing work experiences for Goodwill program participants.
- Become a partner by contracting with Goodwill to provide valuable outsourcing and industrial services.
- Tour a Goodwill work center.
- Invite a Goodwill representative to speak to your organization.
- Become a Goodwill volunteer.
- Sponsor a Goodwill special event.
- Donate new or gently used clothing and household items to Goodwill.
- Donate your car, truck, boat or recreational vehicle to Goodwill.
- Shop at Goodwill's retail stores.
- Make a bequest to Goodwill.
- Make a financial contribution to Goodwill.
- Tell others about the mission of Goodwill.

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Joseph B. Wright
Carlton Health Systems
- Vice-Chair
Jeff L. Irby
First Bank of Virginia
- Secretary
Dr. Helen M. Harvey
Retired-Virginia Community College System
- Treasurer
Edward Garner
Retired-Norfolk Southern Corporation
President & CEO
Bruce Phipps

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- Linda Copenhaver
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Optical Cable Corporation



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Specific programs
accredited by

