

Goodwill Industries



2003 Annual Report

*Goodwill Industries-Opportunities in Tyler
is dedicated to providing
skills training and vocational opportunities
for people with barriers to employment.*

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“WORKING Together”

Goodwill has a good reputation within our community. We are a good, not-for-profit agency and we do good things. However, when I get the opportunity to explain in more detail all the things we do together with all the people we serve I usually hear, “I had no idea your operation was so big or that you did ALL THAT!” But, how do we do ALL THAT? How do we provide jobs and services? We provide them by *Working Together* with the residents and businesses and civil authorities in our region.

The phrase “*Working Together*” generates a picture of purpose. “*Working*,” as a noun, means “...the process of forming, shaping something.” “*Together*” is used to denote “...in the same place, with one another, not apart.”

By *Working Together* in 2003, 472 people received jobs. In addition, over 2,000 individuals received vocational evaluations, work adjustment training, job coaching and job quest assistance, job placement and other services.

As you read through this report, you will see the wide variety of people touched by Goodwill. Goodwill programs and operations are funded primarily by various subcontracting agreements with local and state agencies as well as local businesses and by funds generated in our stores. Without our stores we would not be able to survive.

Today’s goodwill store is no longer the old-fashioned “thrift” store. We sell quality new clothes at low discount prices, cleaning supplies, personal grooming items, tools, etc. More and more people are discovering that shopping Goodwill is smart shopping.

By *Working Together*, we become a strong team that helps individuals overcome the barriers to employment that they may face. Everyone benefits: the individual, the family, and the community, one job at a time. Thank you.



A handwritten signature in black ink that reads "David Walton".

David Walton, Executive Director

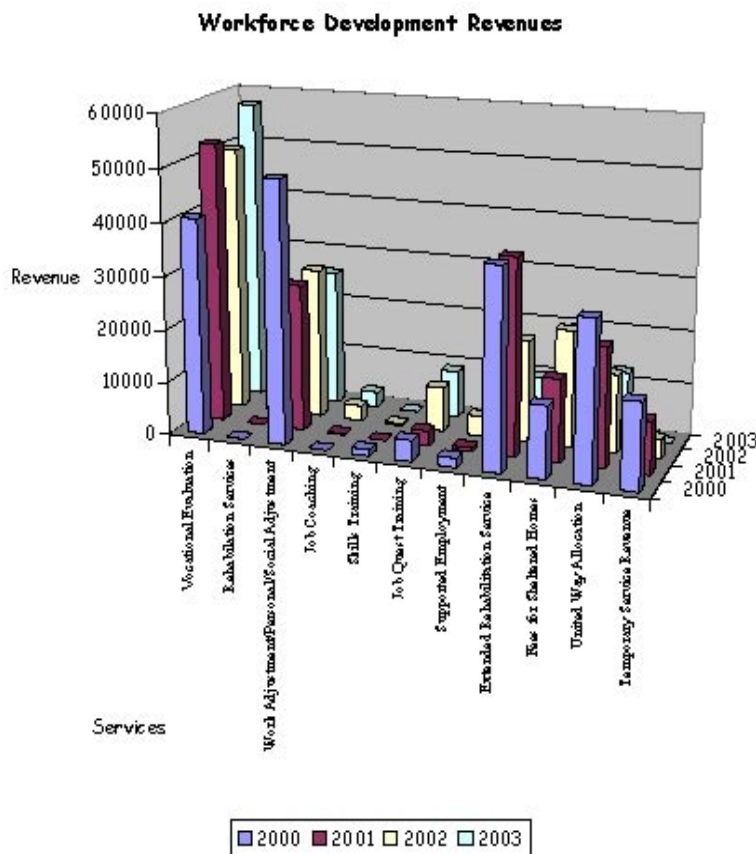


A handwritten signature in black ink that reads "Andy Guinn".

Andy Guinn, Board President

Workforce Development offers a variety of services to the community that mirrors our mission of providing skills training and vocational opportunities for people with barriers to employment. Vocational evaluations, work adjustment training, job coaching, job quest training, placement assistance and supported employment are just some of the services that are provided.

Workforce Development Service's year was a year of shifting priorities. Job Coaching and Job Quest training were up over 90% and Work Adjustment training was down for the year. The increase in job coaching and job quest training was especially gratifying because providing skills training is a very important part of our mission. The year started out strong but ended weak because of the realignment of several state agencies to whom we provide services.



The challenge for 2004 will be finding grants that match up with our mission and services. The reduced amount of government services available will require us to establish additional partnerships with businesses and local school districts. We have an opportunity to help special education students make the transition from school to work. There is a real need for a coordinated strategy for the transition from school to work and by collaborating with businesses and school districts, Goodwill will be able to align itself with the current needs of our youth.

As part of the Gifts In Kind International organization Goodwill formed Gifts In Kind Tyler (GIKT) in the fall of 2002. In 2002 alone, Gifts In Kind International and its 400-plus global affiliates distributed nearly \$800 million dollars in quality products to a network of more than 200,000 charitable nonprofits around the world. GIKT's mission is to save non-profits money while helping them to expand their services.

Our membership goal for 2003 was to have signed up fifty members by the end of the year. GIKT ended the year with over sixty members. The members come from many of the surrounding communities in East Texas, such as Longview, Palestine, Whitehouse and Jacksonville. The membership of GIKT includes The Salvation Army, Texas College, United Way, The Arc of Tyler/Smith County, East Texas Crisis Center and many others. The members saved over \$264,000 in expenses by belonging and receiving product either free or for a nominal administrative fee.

During October of 2003 GIKT distributed over 40,000 toothbrushes to its members at *no cost* thanks to a donation from Oral-B. GIKT gave merchandise to United Way partner agencies and to non-United Way agencies product with a value of:

- East Texas Crisis Center \$34,000
- St. Paul Children's Foundation \$23,661
- County Rehabilitation Center \$16,380
- Meals on Wheels \$ 9,886
- Tyler ISD-Head Start \$ 8,472
- The Salvation Army \$ 8,200
- Tyler Aids Service \$ 4,018
- PATH \$ 4,017
- Parents Anonymous of Tyler \$ 2,952
- Champions for Children-Tyler \$ 2,384

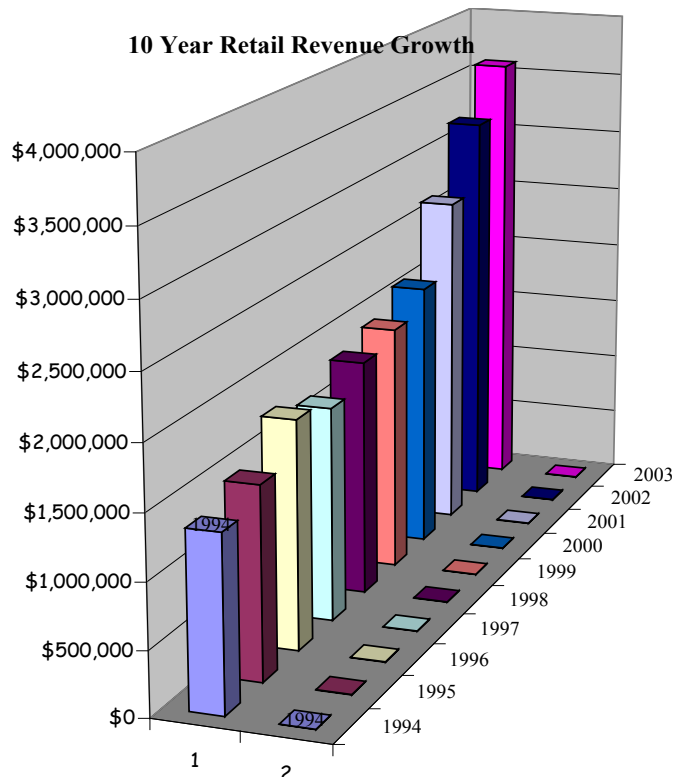
Working together to save money and provide more services to our clients is what GIKT is trying to do for the non-profits in East Texas.



Meredith Harris-Jones from Champions for Children in Tyler picking up one of their orders during the year..

Thanks to generous “East Texans”, Goodwill Industries of East Texas received over 90,000 donations last year. What did we do with these generous donations? We recycled them into sales in our nine stores and salvage operation. We then use the cash to provide jobs, training programs and opportunities for disabled and disadvantaged individuals with barriers to employment. We now have over two hundred and twenty employees and 58 per cent of our total payroll goes to disabled or disadvantaged employees. Over 88 percent of the revenue we generate goes back into the community for jobs and training.

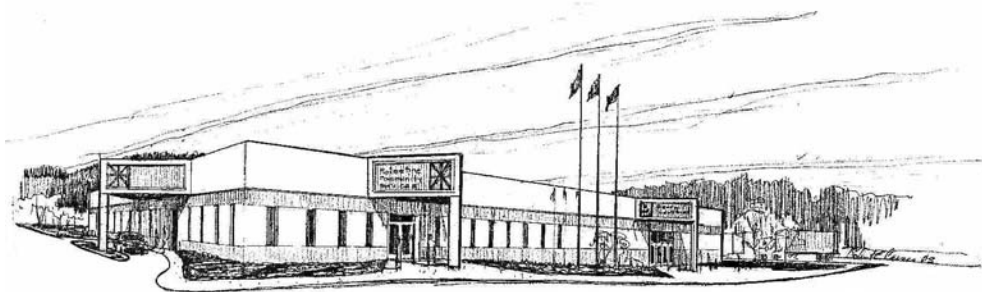
Our retail revenues have grown over 165% in the last ten years with 2003 revenues topping \$3.5 million. Although our donations were even with last year, the quality has decreased which is typical in tough economic times. A large portion of our revenue increase came from the sale of new goods. We are now carrying closeouts from a major retailer, cleaning products from USA detergents, health and beauty products from Lander and other special closeout products. Our “SuperStore” on the loop in Tyler continues to be our flagship store and the store where we test new products. In the fall of 2003 we started selling refurbished computers from “PerScholas”. PerScholas is a nonprofit organization founded by a consortium of foundations and corporations with a mission to bring computers to technology-deprived children and families at the lowest possible cost, to train disadvantaged community residents to become computer technicians, and to provide environmentally responsible recycling of end-of-life computer equipment. Another perfect example of “Working Together” to help disabled and disadvantaged individuals.





ShopGoodwill.com takes merchandise that is either antique or not appropriate for the stores and sells it over the Internet at a website, www.shopgoodwill.com. This website is shared by all of the Goodwills that participate in this on-line sales auction. Items such as cut glass, collector items and designer clothing are placed on the website and sold “as is”. The site allows Goodwill the opportunity to sell many prized items at realistic prices and produce additional income for our programs. Check it out! Shop from home!

**PALESTINE COMMUNITY SERVICE CENTER
&
GOODWILL RETAIL STORE**



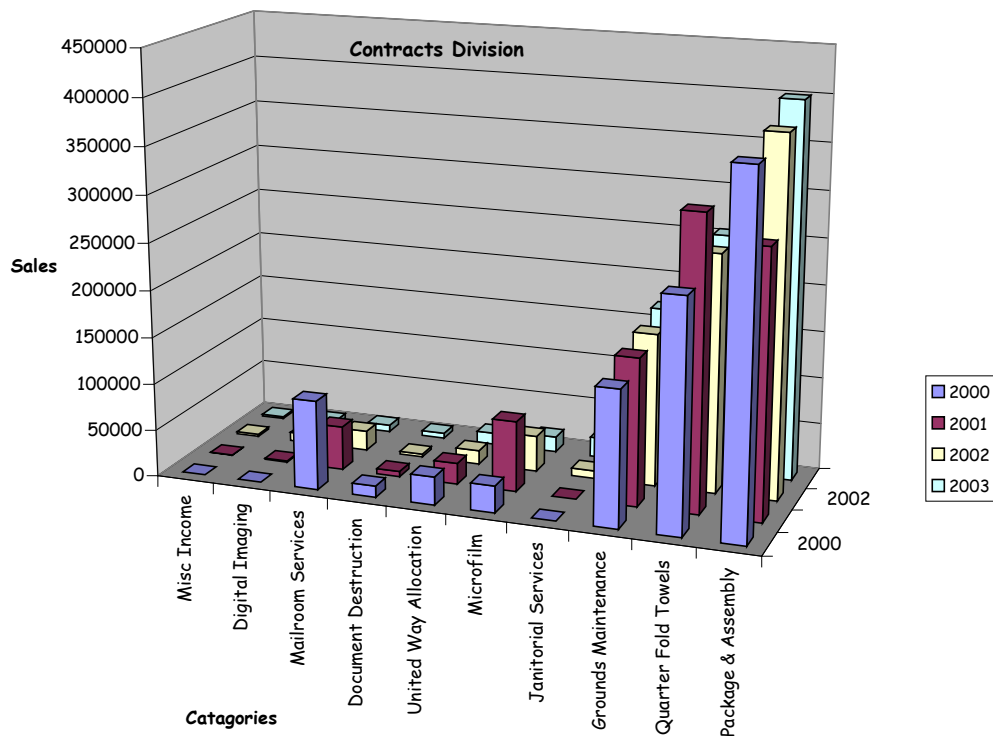
The relocation of the Palestine store, called the “Palestine Project”, is continuing and the process of raising funds for the construction is in full swing. The building, when completed, will be 20,000 square feet in size and one-half of the building will be the “Palestine Community Service Center”. The community service center will have other nonprofit agencies, such as United Way, The Red Cross and Anderson County Champions for Children as tenants. The main part of the community service center will have two training rooms that can be used for basic computer training and local meeting rooms. The other half will be a 10,000 square foot retail store that will be over 2 1/2 times larger than the present store. The relocated retail store will create seven new jobs and the community service center is expected to create nine new jobs in the beginning. That is an initial total of sixteen new jobs created in a community that had a 5.5% unemployment rate in 2002. “Working Together” not only provide jobs and training, but also improves people’s lives.

CONTRACTS

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The contracts division is located on a separate campus on the north portion of Loop 323 in Tyler. There is a sheltered workshop within the contracts division and it employs about sixty physically and mentally disabled and disadvantaged adults. The goal of the contracts division is to provide a high quality, cost effective service to local businesses while providing a way for employees to overcome any barriers to employment. This helps our employees achieve their highest level of personal and economic independence.

The contracts division had a year of learning and educating the community on what services it can provide. In the fall of 2002 digital imaging and janitorial service were targeted as real growth areas for the future. Last year we learned that we needed to do more marketing of these services before the large sales increases could be realized.



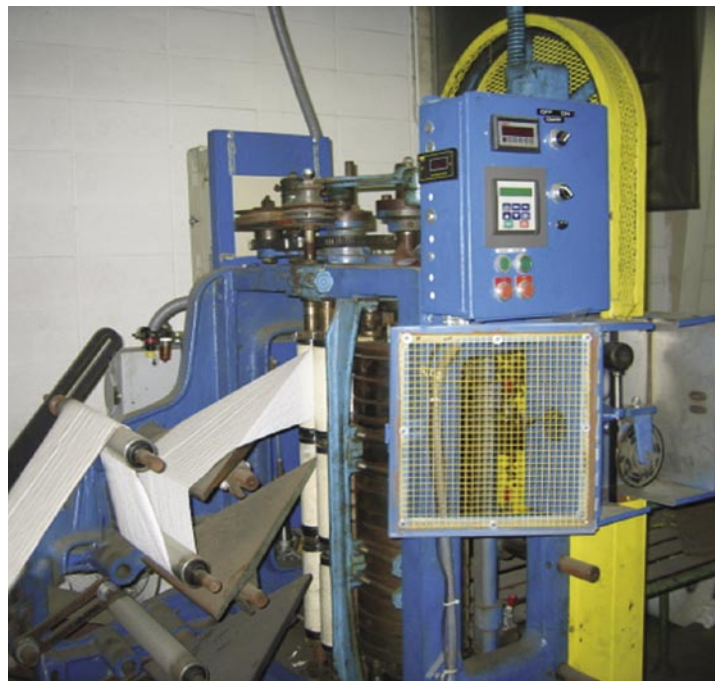
Janitorial services grew at a 160% pace while our other major opportunity area, digital imaging declined in revenue. Package and assembly continues to be our highest volume sales area and does provide several jobs. Package and assembly is an area of strength and in 2004 we will continue to build on it by expanding our services to new companies. Our grounds maintenance business grew at a 5% rate in spite of some business decisions to eliminate some of our contracts. We will continue to look for opportunities in this area.

OPPORTUNITIES IN TYLER

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Over the past several years “Opportunities in Tyler” (OIT), our contracts division, has been the showcase of the work and mission of Goodwill Industries of East Texas. The annual Goodwill Week celebration lunch at OIT was held Wednesday May 7th to raise awareness more than it was to raise funds. “We are not looking for a handout so much as we’re looking to get tools into the hands of disabled people so they can get a specific job done”. To underscore the point, the Goodwill board of directors presented a check for \$30,000 to Horizon Industries for the Quarterfold paper towel machine. When installed and operating at capacity the machine could create as many as four new positions at OIT. The new machine runs six times faster than our current machine. This provides us the opportunity to increase not only our production but add new products to our line of paper towels. These towels can now be sold in our retail stores, to other businesses and to the State of Texas. In talking with the local newspaper reporter about the paper towel machine, David Walton, Executive Director said, “We buy bulk paper, train disabled people to use a machine, and produce, sell the products and pay people who make them”. About 350 people from charitable and professional organizations, the press and Goodwill workers and volunteers attended. Several tours were given of the sheltered workshop and the comments usually were “I did not know you did this type of work”. Walton says it’s a misconception to think of Goodwill as just a used-clothing outlet.

“Community Wealth” has become an important goal for Goodwill Industries-Opportunities in Tyler. What creating community wealth will mean for Goodwill is creating new business opportunities that will provide additional revenue to help fund new training programs and enhance current programs. The new Quarterfold paper towel machine is a perfect example of using funds from a grant to create community wealth. The wealth will be created by the product that the new machine produces when it is sold to new and existing customers. This new revenue will pay wages and benefits for the employees to operate the machine and provide additional revenue for additional training programs.



FINANCIAL STATEMENT

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Financial Information for Year 2003 vs. 2002

	2002	% to Total	2,003	%to Total
Cash	\$ 395,559	8.9%	\$ 385,423	8.8%
Investment	535,370	12.0%	609,739	13.8%
Account Receivable	106,758	2.4%	77,289	1.8%
Inventory	225,877	5.1%	200,467	4.6%
land, Building, Equipment	3,131,269	70.1%	3,065,309	69.6%
Other	72,390	1.6%	66,387	1.5%
Total	4,467,223	100.0%	4,404,614	100.0%
Account Payable	68,961	1.5%	155,045	3.5%
Taxes Payable	108,788	2.4%	47,506	1.1%
Notes Payable	1,274,641	28.5%	894,280	20.3%
Other	5,320	0.1%	9,109	0.2%
Net Assets	3,009,513	67.4%	3,298,674	74.9%
Total Liabilities & Net Assets	\$ 4,467,223	100.0%	\$ 4,404,614	100.0%
Donated Goods	\$ 3,100,310	68.4%	\$ 3,861,621	72.8%
Education & Training	139,187	3.1%	124,720	2.4%
Contracts	877,818	19.4%	883,414	16.7%
Salvage	265,236	5.9%	316,291	6.0%
Public Support & United Way	25,000	0.6%	25,000	0.5%
Other	122,569	2.7%	94,575	1.8%
Total Sources	4,530,120	100.0%	5,305,621	100.0%
Wages, Payroll Taxes & Benefits	1,517,404	33.5%	1,836,797	34.6%
Disabled Wages & Benefits	1,244,231	27.5%	1,289,922	24.3%
Cost of Goods	490,623	10.8%	491,041	9.3%
Occupancy	418,562	9.2%	891,394	16.8%
Transportation	127,208	2.8%	113,379	2.1%
Interest	75,101	1.7%	58,872	1.1%
Professional	17,088	0.4%	17,742	0.3%
Other	42,113	0.9%	49,996	0.9%
Depreciation	200,117	4.4%	218,013	4.1%
Contribution to Community			49,304	0.9%
Contribution to Capital	397,673	8.8%	289,161	5.5%
Total Uses	\$ 4,530,120	100.0%	\$ 5,305,621	100.0%

Goodwill Industries/Opportunities in Tyler Board of Directors

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Tyler Morning Telegraph
United Way of Tyler/Smith Co.
Wagner Cadillac

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