



# **GOODWILL INDUSTRIES** **of East Texas, Inc.**

## **Facing Challenges**



**Hurricane Katrina**

**OPPORTUNITIES IN TYLER**

**2005 ANNUAL REPORT**



## Our Mission

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

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## EXECUTIVE STATEMENT



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Every day there are challenges, barriers, hurdles, and obstacles placed in our path. Some are so small that they aren't noticed. Others are so big that one's strength and courage are tested to their ultimate extent. Naturally, when you read about the challenges of others, those don't seem so bad. But when the challenge is to you or your household directly, it is very serious indeed. In 2005, we were challenged on several fronts.

Early in the year, a major expansion project, the construction of a modern multi-agency, community service center in one of the surrounding towns was cancelled. The accounting term is "*abandoned*" and that classification, according to GAAP, resulted in a material charge to the Income Statement for 100% of already incurred expenses.


Then came Hurricanes Katrina and Rita in late August and September. Those catastrophes cause thousands of evacuees to descend on Tyler. In a demonstration of our commitment to support sister agencies and serve the community, Goodwill marshaled its workforce and processed thousands of pounds of donations. Since all of the goods were given away rather than sold, the cost was not recovered in revenues.

And, right in the middle of the hurricane emergency, we had a fire in one of our largest storage areas. Our South Superstore was closed for 3 ½ days and thousands of pounds of donated goods were lost to smoke and water. Thank goodness our preventive alarm and sprinkler systems worked and only donated goods were lost. However, once again, we incurred excess labor expenditures with no offsetting income.

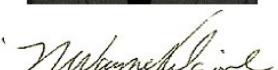
In spite of all these challenges, we did not weaken. We did not give up, but in spite of our efforts finished the year with a significant operating loss. As a result of good cash management, however, we were able to maintain our fiscal strength. As a team we became stronger. The positive, do-not-give-up attitude and unified outlook to foster the agency is a joy to behold.

At the same time that we were facing challenges, we knew we would recover and we continued planning for the future. We centralized our Workforce Development area to enable us to increase the number of training slots. The Contracts Department developed two new products for introduction in 2006. We improved the store operations as we reduced operating costs. The outlook of all the Goodwill employees is positive and I am certain that 2006 will be a rebound year!



  
David Walton, Executive Director



  
Wayne Kilgore, Board President

At the heart of Goodwill is our Mission, and the Workforce Development Department assists the Agency in fulfilling this goal. It is our job in WFD to assist individuals with barriers to employment, usually a mental or physical disability, to realize their full economic potential and achieve independence. We accomplish this by providing services such as Vocational Evaluation, Work Adjustment Training, Vocational Skills Adjustment Training, Personal Skills Adjustment Training, Placement and other programs. Individuals are referred to Goodwill by the State of Texas, TISD and various other local entities.

The Workforce Development Department made advances in 2005, which enabled us to increase the number of people served. Referrals to WFD were up 45%. Additionally, we experienced a 39% increase in the number of Vocational Evaluations performed and a 200% increase in the number of consumers participating in the Work Adjustment Program. The expansion of WFD services in 2005 was made possible by two major strategic actions.

First, we centralized our WFD services in our downtown facility. In order to accomplish this, Goodwill renovated a 4,200 square foot area that was formerly used for storage into a Work Adjustment Training area. This new area offers our consumers a wider variety of training assignments and is a much more conducive atmosphere for training. The area is climate-controlled so individuals whose disability does not permit them to work in an environment with temperature extremes or particular allergens are not excluded. Because of the extra space this afforded us, and with using the downtown store as a training area, we were able to increase our capacity and simultaneously serve a greater number of individuals. Also, an additional trainer was added to our staff to meet State of Texas consumer to staff member ratios.

Second, we revamped our Vocational Evaluation process. Goodwill Industries is one of only two entities in the East Texas area that is qualified to perform these evaluations. Through software upgrades, the introduction of new tests, testing customized to the individual and more precise reporting techniques, we are able to provide our customers with a higher quality, more informative skills evaluation summary. To accommodate the rapidly increasing demand for this service, we will add staff in this area in 2006 and maintain our quality improvement trend.

The Workforce Development Department plans to continue to increase the number of people served while, expanding the types of tests, evaluations and services available.

## RETAIL OPERATIONS



The year 2005 tested the limits of the Retail Division of Goodwill. Two hurricanes and a fire made for a very uncommon year. However, our retail employees rose to the task and conquered the challenges set before them.

Hurricanes Katrina and Rita took a huge toll on the Tyler area where thousands of evacuees moved for shelter. The Goodwill Retail division moved to the forefront to provide clothing and household items for the evacuees. We agreed to become the central donation drop-off spot for several other non-profits in the Tyler area. We picked up, sorted, stored, delivered and dispensed donations. We were able to provide over \$35,000 of goods to evacuees plus donate countless hours of labor towards the relief effort.

On September 16, 2005, right after Katrina hit at the end of August and as Rita approached to hit mid-September, we had a fire at our Superstore on the South Loop where the majority of hurricane donations were stored. The fire started due to spontaneous combustion and while we were fortunate not to sustain damage to the facility we lost over 100,000 pounds of donated clothing. Goodwill kept up its relief effort in spite of losing goods donated for hurricane victims, and allowed evacuees to “shop the store” using vouchers issued by a first-responder non-profit agency.

The communities in the Goodwill territory were of great assistance during this relief effort. Donations to Goodwill rose to 118,000 versus 102,000 in 2004, an increase of over 15%. In turn, the retail staff reached out to the communities where our nine retail stores are located. Retail managers became involved in community events and local chambers of commerce. They provided clothing for elementary school children; toys, books and stuffed animals to the children’s ward of various hospitals; and blankets to local humane societies. In addition, the retail staff held a quarterly fashion show for graduates of a program that prepared displaced women to reenter the workplace. The outfits in the fashion show were then given to participants, along with vouchers to help them build a professional work wardrobe.

The Retail Division is looking forward to the coming year and to a continuation of the assistance provided to people in need.



## OPPORTUNITIES IN TYLER



The Contracts Division grew 15% in 2005. The 15% growth came from the addition of an animal-treat baking project, new hanger sorting project, and expansion of projects with our current customers.

### Wildflower and Stormy's Doggone Goodwill Dog Cookies

A packaging project that started with Wildflower Horse Treats turned into a new venture. Wildflower wanted to move the baking portion of their business from California. They asked us if we would be interested, which we were. With a grant from the East Texas Council of Governments for training and start-up materials, and a donation from Brookshires Grocery Company of a baking oven, we began the baking venture and added 5 new jobs. Board President Wayne Kilgore and Executive Director David Walton formulated a plan to join forces with the Humane Society of Smith County and CBS 19 who had adopted Stormy the weather dog as a mascot. From this partnership came Stormy's Dog-gone Goodwill Dog Cookies.

### Packaging and Assembly

In the packaging and assembly area, a clothes hanger sorting and repackaging contract was started. This project was useful in that it allowed us to put 6 Katrina evacuees to work during their stay in Tyler. Gordon Brothers continued their partnership with a contract for sorting, repackaging, and shipping 70,000 pairs of shoes. We partnered with Express Personnel to supply 20 people with 2 weeks of employment. Gordon Brothers then sent 600,000 bars of soap to sort, package, and ship. We kept 6 ladies from the Crisis Center working for four weeks.

During the summer, Stone Container was requiring more production of the corner posts for Trane packaging than could be produced by the one machine that Stone Container had given to us. To resolve that problem, Stone Container supplied us with an additional machine. By the end of 2005, we were able to keep up with their production requirements.

During 2005, we partnered with Cherokee County Mental Retardation Association in packaging over 3.4 million chips for Wilsonart to use in their displays.

OIT continues to supply labor to meet our customers' needs, continues to seek out growth opportunities, and continues to supply our employees with an opportunity to participate to their fullest capability.



During 2005, Goodwill continued its efforts to serve community needs. We maintained our Gifts In Kind and school-to-work programs. We modified the voucher program to relate more closely to our mission. And, we added several programs to serve even more people.

### **Maintained programs:**

**Gifts In Kind Tyler (GIKT)** had another year of growth--going from one hundred members at the end of 2004 to just under two hundred at the end of 2005. This year alone, we distributed \$322,565 worth of product, free to members and organizations. A majority of these products were used to support Tyler organizations sheltering Hurricane Katrina evacuees. We even sent products to help the Goodwill in Lafayette, LA during their recovery period.

Whitehouse ISD and Chapel Hill ISD continued their programs of bringing special education students to our South store and to OIT. These students come to our facilities and perform some actual work. This allows the students to leave the learning environment and demonstrate their work capabilities. This program has allowed OIT to meet the students and if possible, offer them a job upon graduation. This year we hired two from Chapel Hill.

### **Changed Programs:**

Goodwill's mission caused us to review our **voucher program**. We decided to offer a "work for voucher program" that was aimed at providing the individual in need the dignity to earn versus receiving a hand-out. If the individual was in need of clothing or other goods, that individual was requested to work in hour increments to receive vouchers in the amount of \$5.50. Participation required only a referral letter from a community non-profit partner or a church. If the individual wanted to go to work and he/she demonstrated good work habits, that person was considered when a position opened up. This program helped to fulfill our mission and statement **"We put people to work."**

### **New Programs:**

A conversation with Nancy Crawford, Executive Director of the Literacy Council, brought to our attention that there was a long waiting list of individuals wanting to attend English as a Second Language classes. Facilities to provide this service were scarce. David Walton, Executive Director of Goodwill Industries, offered our downtown facility which is in an area close to many that need the service. On Tuesday and Thursday evenings, you will find the conference room utilized by the Literacy Council providing the ESL services.

We also responded to a community need of businesses and organizations to provide light-duty work for individuals injured on the job who are receiving workers compensation. This allowed the organizations to keep the individuals working so that they are more likely to return to full productivity.

## COMMUNITY DONORS



Goodwill Industries - Opportunities in Tyler received many types of donations during 2005. The main donations consisted of the 118,000 donations of clothing, housewares, and other goods that supplied our stores with items to sell. These donations provide the bulk of funds that support our programs and allow us to fulfill our mission.

Other donations and support came in the form of cash, grants and in-kind donations from individuals and businesses. The following list is to recognize these donors.

Brookshires Grocery Company  
Robert Carnes  
Carrier  
CBS 19  
Cluett Corporation  
Cutter Equipment  
Danco Packaging  
East Texas Council of Governments  
Express Personnel Services  
Freedom Automotive  
D. Freeman  
Gordon Brothers Group, LLC  
Mr. & Mrs. John T. Gregory  
Hall Buick  
Billy Hobbs  
Holly Springs Methodist Church  
Holly Tree Chapel  
M. Hutchins

KTBB Radio  
Linda K. Jackson  
Robert & Terry McRae  
Mary Morris  
Kurt Morrison  
Nicholas Pappas  
Fritz & Shirley Smith  
Southside Bank  
Strategic Fulfillment  
Frances & Thomas Swann  
Helen Thompson  
Threlkeld & Co.  
Total Wrecks  
Tyler Paper  
Wal-Mart - Palestine  
Carolyn Wells  
A. Wilson  
Mary Cowan

A special thanks to Mr. John Mattson. Mr. Mattson has spent countless hours at Opportunities in Tyler volunteering his time and labor to build and repair equipment that has enabled our contract employees to be more productive and efficient.

We also need to recognize the dedicated volunteers who serve on our Board of Directors. Their time and support to the organization is invaluable and greatly appreciated.

**Thank you everyone!**

# GOODWILL WORKING



# Goodwill At Work



# FINANCIAL STATEMENT



	<b>2,004</b>	<b>% to Total</b>	<b>2005</b>	<b>% to Total</b>
Cash	497,133	11.00%	361,938	8.10%
Investment	631,983	14.00%	703,876	15.70%
Accounts Receivable	103,571	2.30%	151,795	3.40%
Inventory	255,315	5.70%	212,264	4.80%
Land, Building, Equipment	2,959,185	65.60%	2,980,322	66.70%
Other	65,121	1.40%	58,620	1.30%
<b>Total</b>	<b>4,512,308</b>	<b>100.00%</b>	<b>4,468,815</b>	<b>100.00%</b>
Accounts Payable	154,826	3.40%	117,467	2.60%
Taxes Payable	121,726	2.70%	144,442	3.20%
Notes Payable	698,778	15.50%	811,555	18.10%
Other	3,331	0.10%	3,809	0.10%
Net Assets	3,533,647	78.30%	3,391,542	76.00%
<b>Total Liabilities &amp; Net Assets</b>	<b>4,512,308</b>	<b>100.00%</b>	<b>4,468,815</b>	<b>100.00%</b>
Donated Goods	4,123,060	75.20%	4,088,210	73.70%
Education & Training	76,766	1.40%	83,717	1.50%
Contracts	885,410	16.20%	1,006,947	18.10%
Salvage	329,262	6.00%	323,954	5.90%
Public Support & United Way	25,000	0.50%	44,814	0.80%
Other	41,005	0.70%		
<b>Total Sources</b>	<b>5,480,503</b>	<b>100.00%</b>	<b>5,547,643</b>	<b>100.00%</b>
Wages, Payroll Taxes & Benefits	1,968,259	35.90%	1,888,792	34.00%
Disabled Wages & Benefits	1,253,370	22.90%	1,651,554	29.80%
Cost of Goods	678,688	12.40%	762,473	13.80%
Occupancy	748,809	13.70%	722,114	13.00%
Transportation	201,757	3.70%	322,565	5.80%
Interest	39,307	0.70%	48,072	0.90%
Professional	15,642	0.30%	24,972	0.50%
Other	60,396	1.10%	4,554	0.10%
Depreciation	212,403	3.90%	187,623	3.40%
Contribution to Community	66,904	1.20%	77,029	1.40%
Contribution to Capital	234,968	4.30%	-142,105	-2.70%
<b>Total Uses</b>	<b>5,480,503</b>	<b>100.00%</b>	<b>5,547,643</b>	<b>100.00%</b>

# BOARD OF DIRECTORS



## **Goodwill Industries/Opportunities in Tyler Board of Directors**

### **Board Officers**

### **Board of Directors**

Wayne Kilgore  
Board President  
Retired

Michael Ace  
Board Vice-President  
Attorney

Judy Robinson  
Board Secretary  
UTHCT

Jack Peppard  
Board Treasurer

Andy Guinn  
Cornerstone Brokerage

Don Cothorn  
Attorney

Mike Edwards  
KTBB Radio

Jeff Jones  
Retired

Ed Kennedy  
Retired

Thomas Smith  
Henry & Peters

Dan Delgado  
CBS 19

Martha Coyle  
Registered Nurse

Randell Roberts  
Roberts & Roberts

Alan Shumate  
Retired

Hank Stuth, Jr.  
Anderson Automotive Supply

Betty Waters  
Tyler Courier Times-Dispatch

Steve Czurak  
Morgan Stanley

Helen Brewer  
Retired Teacher

Christy Roach  
Douglas Elementary

Dan Bochsler  
Palestine Representative

### **Executive Staff**

David Walton  
Executive Director

Mary Cowan, SPHR  
Director of Organizational Development

Rick Hyatt  
Director of Fin. & Admin.

Gail Gray  
Director of Donated Goods



# goodwill industries opportunities in tyler

## **Administrative Offices and Employment Center**

409 West Locust  
Tyler, Texas 75702  
(903) 593-8438  
Fax: (903) 593-8774

E-mail Address: [general@tylergoodwill.com](mailto:general@tylergoodwill.com)

## **Industrial Contracts Campus and Extended Employment Center**

500 ENE Loop 323  
Tyler, Texas 75706  
(903) 593-2481  
Fax: (903) 592-7262

E-mail Address: [mike@tylergoodwill.com](mailto:mike@tylergoodwill.com)

### **Mission Statement**

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

