

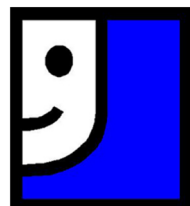
2010
annual report

**Transforming
lives
through
the power
of
social
enterprise**



 **GOODWILL**
of Silicon Valley

Transforming lives through the power of social enterprise



Dear Friends,

When times are tough, it is more important than ever to work collectively and move toward a brighter future for everyone. Our overarching goal at Goodwill Silicon Valley is to help “Transform lives through the power of social enterprise” - through classes, career training, job placement, and school-to-career programs. We are so much more than retail stores—our business operations produce a “triple bottom line” that has a positive, measurable impact on the social, economic and environmental landscape of Silicon Valley and overseas.

This annual report shows a sampling of results and outcomes, and a glimpse of the exceptional people that make it all happen. We extend our deepest thanks to our volunteers, and nonprofit, business, and government partners—thank you for helping to “transform lives” with good jobs and building stronger, healthier futures.

Michael Fox, President and CEO Goodwill of Silicon Valley



*Michael Fox, President and CEO
Goodwill of Silicon Valley*

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009**

| | 2010 | 2009 |
|---|--------------|--------------|
| Public Support and Revenue: | | |
| Retail programs | \$21,338,736 | \$21,175,554 |
| Donated goods | 5,920,267 | 5,629,832 |
| Grants and contributions | 1,288,397 | 1,111,647 |
| Donated services | - | 18,679 |
| Production programs | 1,935,061 | 1,713,935 |
| Rent income | 454,965 | 334,425 |
| Vocational school fees | 283,411 | 298,757 |
| Miscellaneous | 226,557 | 176,377 |
| Investment income (loss) | 93,926 | 128,725 |
| Fundraising | 18,057 | - |
| Total public support and revenue | 31,559,377 | 30,588,021 |
| Expenses: | | |
| Program services: | | |
| Retail programs | 16,788,575 | 18,303,777 |
| Cost assigned to donated goods sold | 5,906,601 | 5,507,137 |
| Production programs | 1,590,016 | 1,182,553 |
| Vocational school programs | 2,562,260 | 1,905,741 |
| Total program services | 26,847,452 | 26,899,208 |
| Supporting services: | | |
| Management and general | 3,469,598 | 2,411,817 |
| Fundraising | 165,582 | 158,385 |
| Total supporting services | 3,635,180 | 2,570,202 |
| Total expenses | 30,482,632 | 29,469,410 |
| Change in net assets before pension plan investment (loss) gain | 1,076,745 | 1,118,611 |
| Pension plan investment (loss) gain | (249,594) | 467,216 |
| Change in net assets | 827,151 | 1,585,827 |
| Net assets, beginning of year | 10,626,356 | |
| Net assets, end of year | \$11,453,507 | \$10,626,356 |

Mission Services Numbers



Retail

Goodwill of Silicon Valley operates 17 Retail Store/Donation Centers as well as 30 Attended Donation Sites serving almost 2 million people in Santa Clara and San Benito counties. Goodwill of Silicon Valley is evolving to better meet the needs of the community. Our team has been working to focus on key strategic initiatives to expand our market share and grow our contributions to support our mission in the communities that we operate. Our growth is exemplified by our new stores at Alum Rock and Silver Creek. In addition, our remodeled stores at Almaden and Santa Clara have received raves and “WOWs” from our customers. Currently, we are working in collaboration with the GAP to further improve our store model. The new prototype will be on display soon in our two remodel store projects. Willow Glen will be complete in time for the 2011 Memorial Day weekend and Cupertino will be complete by the end of June. The new store model will feel and have a more contemporary look appealing to a broader demographic. These “front of the house” initiatives are just part of our movement. The next phase of our evolution will focus on driving efficiencies and capturing maximum value for donated goods. To accomplish this, we are working on two interdependent initiatives. The first is a process improvement program and the second is a focus on units produced and value per unit produced. First, using the Kaizen methodology we are putting together a program and schedule to build an environment of continuous improvement. The program utilizes best practices learned from GII and sister agencies that have used Kaizen successfully in their retail programs. Secondly, utilizing our RIMS technology and data analysis, we are establishing metrics for units produced, pricing, and discounting to capture increased value for our donated goods. Goodwill of Silicon Valley is truly moving forward. Our market expansion and revenue growth – combined with strategic initiatives to increase efficiencies and drive contribution to support our mission – position us as a leading not for-profit in our community.



Silver Creek
Almaden
Alum Rock



MISSION SERVICES

Programs serving Adults

We create solutions to poverty by empowering individuals to overcome barriers through education, training, counseling and job placement. We provide services that equip these individuals with the skills, attitudes and motivation to succeed in the workplace. As this is just the beginning of the journey to self sufficiency, we include in our programs financial literacy, goal setting and cognitive restructuring. We do this via 1) vocational education and 2) transitional employment with wrap around services. Our goal is to place the clients in employment and ensure that the employment is retained. Goodwill's adult programs include: Homeless Veterans Program, Mental Health Wellness Center, Vocational education, employment counseling, job placement and paid work experience.

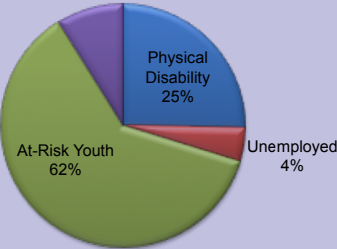
Programs serving Youth

Our youth program's focus is to serve at-risk youth and youth with developmental disabilities. These programs are dedicated to providing activities that help high school students receive the academic support needed to graduate from High School as well as to provide independent living skills so that the graduate is able to succeed on their journey of continued education and/or workforce entry. Goodwill's youth programs include: After School Enrichment and Safety Training (ASSETS) and our Goodhealth program. The ASSETS program provides services to at-risk high school students at the school five days/week, 4 hours/day. This program supplements the education received through the school day to help struggling students achieve academic success. The Goodhealth program works with young adults with developmental disabilities to enhance their independent living skills and to broaden their experiences to enrich their lives.

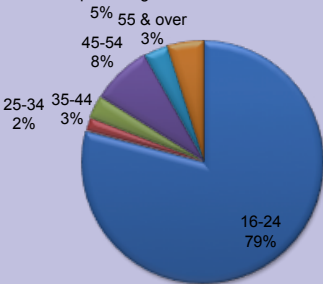


Other Disadvantaging Condition 9%

BARRIER



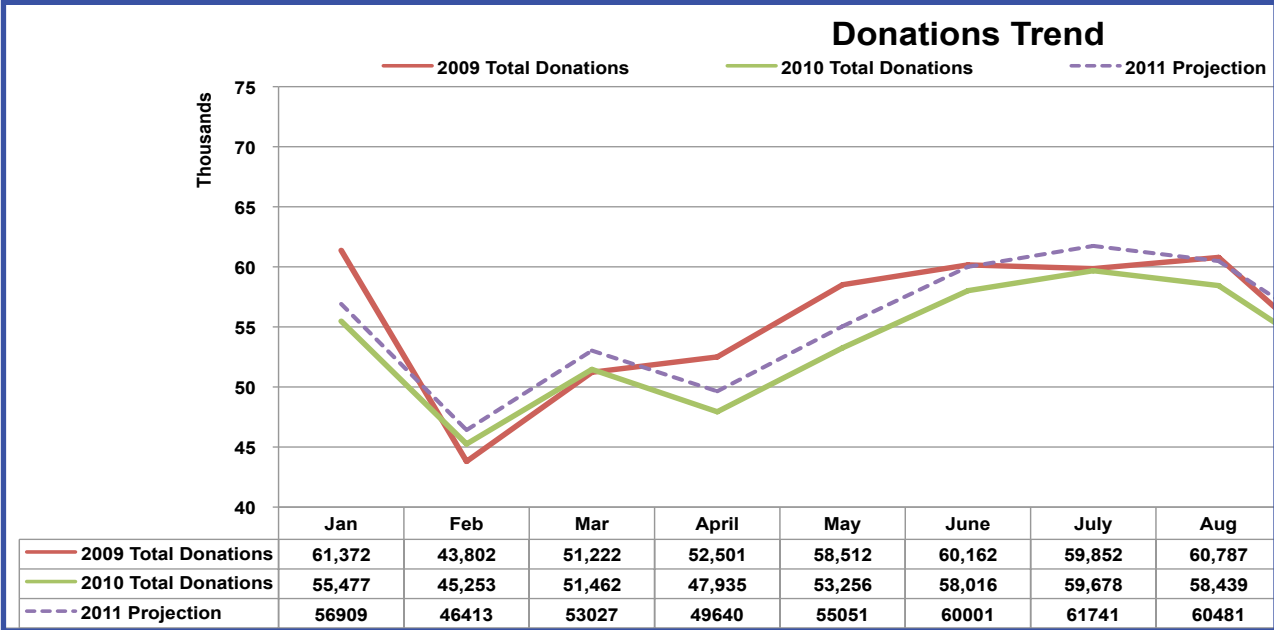
AGE



DONATIONS

REDUCE, REUSE, RECYCLE

Despite the advantages of recycling, Americans still generate about 600,000 tons of trash per day. This means that we are sending 210 tons of garbage to our landfills each year! Most people don't realize that, through the nature of its business, Goodwill is a recycling company. If you decide to donate your old clothes or shoes, you are REDUCING the amount of garbage that ends up in our landfills. And, shoppers at Goodwill can extend the life cycle of those items by purchasing and REUSING them. Even if your donations aren't purchased at our store we have a RECYCLING program where those items can be recycled into new goods or sent to other countries for processing. Think about it—not only are you helping the environment you are helping people in your community by donating to Goodwill.



PARTNERS & BOARD

THANK YOU TO OUR MISSION SERVICES PARTNERS...

- California Department of Rehabilitation
- Catholic Charities
- Center for Employment and Training
- City of San Jose
- Community Health Partnerships
- Eastside Union High School District
- EHC Life builders
- Employers that hire Goovdwill Graduates (too many to name)
- InVision
- Martha’s Kitchen
- Mission College
- Northern CA Laborers’ Joint Apprenticeship Training Committee
- NOVA
- Palo Alto University
- Sacred Heart
- Santa Clara County Collaborative to end homelessness
- Santa Clara County Department of Social Services
- Santa Clara County Housing Authority
- Superior Court of Santa Clara County
- U.S. Veterans Administration
- Wells Fargo Bank
- West Valley College
- Willow Glen High School
- Santa Clara County Department of Social Services
- Work2Future
- Fremont Union High School District
- Gilroy Unified School District
- Santa Clara County Diabetes Association

Board Members

| Board Member Name | Officers & Committee Members | Principal Affiliation |
|---------------------|--|------------------------------|
| Phillip Boyce | Chairman of the Board Executive Committee | Boyce Associates |
| Christopher Schumb | Past Chair & Secretary Executive Committee Finance Committee | Law offices of C. Schumb |
| Brian Shetler | Vice Chair Executive Committee | Berliner |
| Dale Achabal, Ph.D. | Treasurer Executive Committee | Santa Clara University |
| Jim Cunneen | Executive Committee | California Strategies, LLC |
| Erik Hallgrimson | | Cassidy Turley, CPS |
| John Hirokawa | | Santa Clara Sheriff's Office |
| Jeanice Owens | | Civic Leader |
| Inder Sidhu | | Cisco Systems, Inc. |
| Jessica Welker | Finance Committee | San Jose Police Department |



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