

MY JOB TELLS WHO I AM.



I like the idea that we are working towards the goal of providing help for people with barriers to working. It gives me a sense of purpose in my life.

I love the people, staff, clients and customers that I work with daily. Each day is fresh and challenging. Goodwill adheres to its mission which mirrors my own.

It is a company that treats everyone with respect and does not judge people based on their race, gender or age.

Living Life the Goodwill Way

2007
Annual Report
to the Community

I like helping customers in the community that I live in by taking things they donate and by selling them affordable merchandise. I like helping the clients succeed in their job duties at Goodwill.

I am honored to work at Goodwill. It is an outstanding company and I am 100% behind the mission. The people are great, the wages and benefits are outstanding, and the culture is a perfect fit for me. I don't get the Sunday evening blues about going back to work. I'm actually happy and I look forward to going. I love my job.

*I love my
job and
the impact
I have on
individual
lives.*

I believe in the mission. I have seen the fruits of my labor and it is very rewarding to help someone that has nothing to become very successful.



The mission of Goodwill Industries is to advance the social and economic well-being of people who experience barriers to independence.

The statements highlighting the cover of this Annual Report are attributed to staff members of Goodwill of the Heartland. The anonymous quotes were submitted in 2007 as a part of the Employee Satisfaction Survey.

From Our Leaders

Dear Friends,

What is Goodwill? We ponder that question almost every day. Are we a successful service agency that happens to have retail stores? Are we a retail store with an extensive service component? As we see it, we are both and more. In fact, we believe that Goodwill is a way of life.

Hence, we choose this year to share the details of our year in a report titled "Living Life the Goodwill Way." Through the next few pages, we will show you the many facets of the Goodwill Way. Our organization has woven itself into the tapestries of our individual communities, not only through those we serve, but through our donors, funders, shoppers, business connections, staff, friends and associates. We believe that having Goodwill hard at work in our communities makes them better places for individuals and families to live, grow and prosper.

The transparency of our operation, through this Annual Report and our website www.goodwillheartland.org, is yet another facet in Living Life the Goodwill Way. We believe it is your right to know what we do and how we accomplish our work. We appreciate the oversight, interest and support of those who live and work in our communities. Together, we are building better communities...as we Live Life the Goodwill Way.

Thank you for your continued support.

Dick Schwab
Chairperson



A handwritten signature in black ink that reads "Richard J Schwab".

John Watson
President



A handwritten signature in black ink that reads "John Watson".

“Living Life the Goodwill Way”

Overall, 2007 was an unbelievable year in terms of helping people to work toward a better life by living the Goodwill way. Once again, we set records in three key service areas. We served 1,291 individuals—an increase of 4 percent from 2006’s record. We developed 561 new jobs for individuals—an incredible increase of 29 percent from 2006’s record. We supported 348 individuals on their jobs—a 33 percent increase over our 2006 record. We fell short of meeting our fourth goal, reducing our waiting list, which increased slightly from 109 to 116 persons.

Building on our services for veterans, we exceeded our performance targets and earned a second year of funding for our major Department of Labor program working with homeless veterans

“I believe in the mission and enjoy the challenge of helping others.”

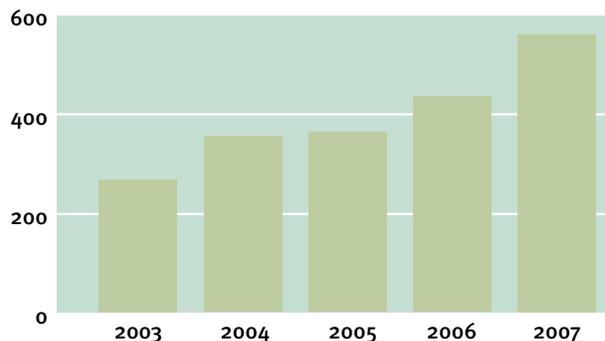
in our Eastern Region (Quad Cities, Muscatine and Clinton). We have been able to expand our employment services for individuals who have served our country. We offer a comprehensive approach to enhancing the quality of life of veterans. As part of that approach, we offer case management services that assist with issues in all life areas which make success on the job more likely. Our retail stores in Davenport, Moline, Rock Island, Bettendorf, Muscatine and Clinton have played a large part in the success of this program.

We also continued to expand Career Connections, a school-district funded program offered in cooperation with Grant Wood and River Bend Area Education Agencies.

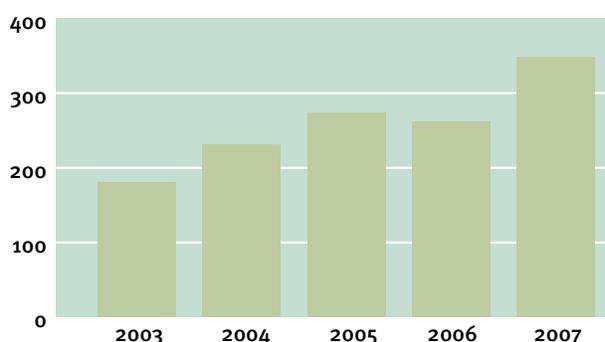
Career Connections offers transitional employment services for high school students during their fifth year of special education. These services are targeted at high school students in the College Community, Benton Community, Vinton Shellsburg, Iowa City Community, Clear Creek Amana, Solon, West Branch, North Scott and Pleasant Valley School Districts.

We began a productive partnership with

Job Placements



Jobs Maintained



Walgreens Drug Store in Cedar Rapids. Supported by an \$11,700 grant from the Staples Foundation for Learning, Goodwill worked with Walgreens to offer hands on retail skills training for high school students with disabilities. We hope to expand this service to Iowa City/Coralville and our East Regions.

Once again our CARF survey was a very positive experience. In March, five surveyors visited us for three days. They surveyed our programs at 17 locations. Our report contained a handful of minor recommendations and singled out our succession planning, our

performance evaluation system and our Career Connections program as among the finest in the nation. In addition, we became one of the first organizations to become accredited under CARF’s newly-developed governance standards.

We have much to be proud of. Because of the combined efforts of Goodwill staff, funders, people receiving services, employers and others, many individuals with barriers to independence have been able to Live Life the Goodwill Way.

Craig Pagel

A part time job at Lemme Elementary School in Iowa City has been a terrific fit for Craig Pagel.

In November 2007 Craig achieved his Goodwill service goal by gaining part-time employment as a Lead Food Service Assistant with the Iowa City Community School District. Monday through Friday Craig works the lunch shift at Lemme.

Obtaining that job goes a long way in helping Craig to increase his independence—especially his

“It is just an all around great job.”

financial independence. Craig had been employed at Barnes & Noble for several years (as a graduate of Goodwill services) but was working fewer hours. He needed to find a job that would offer more hours and a stable work schedule.

With the help of Goodwill staff, Craig persevered throughout a long and difficult job search for a new cashiering position with better hours or for other work

that he would be able to complete from a seated position. Craig remained optimistic and persevered with his job search as he filled out applications, went to interviews and checked out physical accessibility.

Finding exactly the right job match was very important. Craig needed to consider physical accessibility to the business, the work and break areas, as well as the match between the job duties and his own interests and skills. Many times Craig and Goodwill Program Director Lora Morgan Dunham found that Craig had the skills required for the job duties, but his wheelchair would not allow him to access the work station or work equipment.

At Lemme Elementary access to the building or equipment was not a challenge.

Craig did not have specific experience working with children prior to starting at Lemme, but his relationship with the children at the school is an important part of his job and is an aspect that he enjoys very much.

Craig now is holding down two jobs. He got his Barnes & Noble shift moved to Saturdays, and he works Monday through Friday at Lemme.



While at school Craig is responsible for entering student meals into the school district’s computerized program for tracking lunch orders, credits and payments and then preparing the bank deposit.

Craig has several years of cashiering experience and uses a computerized cash register at Barnes & Noble, but the school district’s system uses a laptop instead of a traditional register. He learned the school system very quickly, and he is also responsible for setting up and taking down his equipment for each shift.

He has arranged a combination of public and SEATS transportation so that he can be at his job on time and also carry out the additional duty of making bank deposits independently.

Lemme offers a wonderful school environment, with supportive

students, teachers and staff, and Craig has made a great transition to being part of their team. Craig embodies the values of treating everyone with respect as well as providing a great role model for the students—working hard, enjoying your work, and being friendly and courteous to everyone.

The best parts of the job, Craig says are “the kids and the teachers and staff.”

The elementary students smile and wave “hi” to “Mr. P” when they see him in the building. Craig continues his personal goal to learn the names and faces of each child.

“It is just an all around great job,” Craig says. He is so satisfied with the position that he already went ahead and signed on for the next school year.

Dan Stubbs

Working to become more independent sometimes means leaving behind the comforts of home. Dan Stubbs of Davenport, a Career Connections student from North Scott High School, experienced that first hand.

Dan lived with his parents in McCausland, Iowa, a small river town with the population of approximately 300. Transportation was Dan's

[Shopgoodwill.com](#), our on-line auction that sells vintage and unique merchandise, reached a new sales record in 2007. Shopgoodwill sold 7,351 items for \$223,954.

largest barrier. His home town was a half hour drive into town, and Dan, who had minimal work experience, does not drive.

With the assistance of Career Connections and the Work Experience Coordinator from North Scott, Dan began rolling silverware at Bennigan's Grill and Tavern in Bettendorf. A job coach offered him training and transportation home.

Dan seemed comfortable relying on his parents for his basic living needs and on Career Connections for

his work needs. At the end of his first year of working with Goodwill, Dan would have been discharged from the program but there was not another service to support him in the work environment.

Dan's team brainstormed about ways to assist him. One idea would involve a huge step toward independence for Dan, and it meant he would move into Davenport, leaving the comforts of home. Dan wanted to try that option.

In the summer of 2007, Dan moved into Davenport with a family friend and began paying rent out of his Social Security check. About the same time, Bennigan's management changed, and Dan was let go.

Career Connections staff began a job search

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with Dan and set up part-time job shadows so that Dan could try working at potential employers.

Dan heard about open interviews at the West Kimberly Hy-Vee. Dan and the Career Connections staff met with Hy-Vee Human Resources staff members who were looking for workers for an upcoming project.

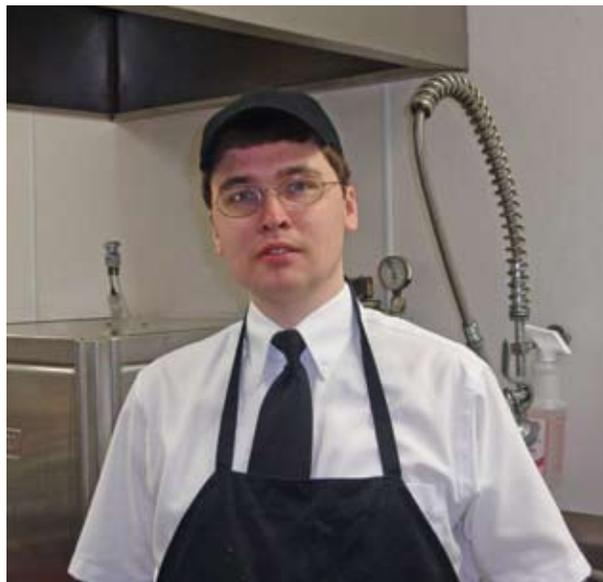
The Scott County jail is being remodeled, and Hy-Vee has the contract to provide three meals a day. The team thought a

job washing the trays and insulated bags used for meal delivery would be a perfect fit for Dan.

Dan started working in September 2007. Goodwill job coaches helped Dan learn how to navigate the city bus system, and they worked with Dan in dressing appropriately for work and getting there on time.

Today Dan works at his own pace, and Hy-Vee is pleased with his performance. When the jail contract ends, Dan will be added to the staff team responsible for busing the dining area and washing dishes at Hy-Vee.

Dan moved to Davenport for its opportunities, but when he is not working he makes regular trips home to McCausland. Dan's parents have shared their thanks for the opportunities Goodwill discovered with Dan, and they are pleased by the growth and independence that he demonstrates.



Jade Bruyere

Jade Bruyere of Cedar Rapids says that having a job has given her focus in her life. It's also gotten her off the couch.

Jade recalls life without a job. "It was a nightmare," Jade says. "I did not want to do anything. I would not leave the house."

Working has offered Jade focus, a social network and money in her pocket.

Jade has excellent computer skills, is detail oriented, and a quick study. But even with her extensive skills, the symptoms of her disability, Organic

improving her behavior in order to move ahead. Support from Goodwill offered Jade a lifeline on the road to increased independence.

In fact Jade's co-workers at one work site were sure that Goodwill Employment Specialist Glenda Brislawn was Jade's mother since Glenda visited the workplace so often. The two women laugh about that assumption now.

"She is my lifeline," says Jade. Glenda has worked with Jade in using coping techniques and recognizing the triggers that might set off a



dependent on Goodwill staff and her family members.

Jade works to handle her stresses as they arise. She has grown personally and professionally.

Jade shares that she learned a great deal while working in the Goodwill store, but she says, "I think in the long run, I should be working with computers."

She contemplates applying for jobs

where she can put her computer and customer service skills to use.

"Over the last few years, we have been polishing Jade," shares Glenda, "making her as shiny and polished as she can be." She is ready for the next step—competitive employment.

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Personality Disorder, were barriers that kept her from retaining her past jobs.

Jade started sheltered training at the Goodwill store in 2006. Under stress, Jade experiences unpredictable and intense emotions. She has had difficulty handling frustration and would have angry outbursts on the job.

She knew she needed assistance in managing her symptoms and

behavior episode.

As she has grown to have greater control over her behaviors and emotions, she has become more positive, confident and less

In fall 2007 Goodwill of the Heartland began working on Family Strengthening opportunities for our clients and staff. Family Strengthening is a philosophy which recognizes that when someone in the family goes to work, it impacts the whole family. Through Family Strengthening, Goodwill is exploring activities to help families move toward greater financial independence.

Andrew “Andy” Hooton

Andrew “Andy” Hooton of Iowa City enjoys his jobs—all four of them.

As a professional janitor, Andy is the type of employee that every employer would appreciate. Andy has a positive attitude, a dependable work ethic, a personable demeanor and the desire to do his job well.

He enjoys his job and approaches it with gusto.

Andy’s work takes him to four different sites. He cleans restrooms at the Department of Transportation on Saturdays.

During the work week, he cleans restrooms at the Iowa City Goodwill Store, the Iowa City Center and the Bloomington Street Laundry.

At the laundry, Andy also cleans the washers and dryers, and he takes out the garbage.

What does he like about his jobs? “I know when I go in there to clean (in the restrooms); I’ll get the job done. And it will look clean when I am done!” he says with enthusiasm.

Andy has the use of

only one arm and uses a crutch, but he doesn’t let it get the better of him. He has lost his balance and fallen on a number of occasions. A commotion in the hall or the bathroom brings people to help in a blink. Andy can be found righting himself and brushing off expressions of concern. “Just the clumsy janitor again,” he says with a twinkle in his eye.

Andy finds ways to perform his job, using various tools to make aspects of his job easier. A reaching tool has made a big difference in two of his jobs. He also has the ability not to take himself too seriously, poking fun at himself occasionally to lighten the mood.

Andy has great pride in being a professional janitor, and he puts effort into ensuring that his jobs are done with quality and spirit.

He hums and sings to himself while on the job. “Anybody in here?” he calls out before entering the restroom. “Just making sure,” he says out loud to no one in particular.



*As a professional janitor,
Andy is the type of
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employer would appreciate.*

2007 BY THE NUMBERS

12 Retail Stores

1,291 persons served

561 job placements
for our clientele

■ **209** in Quad City
Area

■ **184** in Cedar Rapids
Area

■ **168** in Iowa City Area

19 Counties in our
territory

■ **16** Iowa Counties

■ **3** Illinois Counties

89 cents of each dollar
is re-invested in our
mission

\$950,001 in Payroll
Taxes paid in 2007

\$1,087,023 in wages
paid to Goodwill clients
in 2007

\$191,530 paid in
landfill costs

17,712,735 pounds
of goods recycled by
Goodwill in 2007

27,028,200 pounds
of donations collected

Andy is always willing to take on extra duties, and says he would think about even another job if his counselor thought he could handle it and asked him to consider the possibility.

He is asked, “What is the best part of working?” Andy considers for a moment and then responds with a big grin, “That I actually get paid to do this work!”

Britta Fitzgibbons



Britta Fitzgibbons, 24, of Cedar Rapids is pursuing a job that would allow her to communicate with hundreds or perhaps thousands of television viewers each week.

With the assistance of Goodwill Industries, Britta is training to finish Closed Captioning (CC) course work and to pass the test at the completion of her training. Britta's ultimate goal would be to provide Closed Captioning for a television station.

After seeing a story on television about Closed Captioning, Britta wanted to learn more. The closest place in Iowa to find training was in Des Moines so Britta and her parents searched the internet and located a home study program. The Division of Vocational Rehabilitation is

paying for a portion of the program's tuition and purchased the steno unit for Britta to use.

Daily, Britta practices using the home study course while she trains at Goodwill. A Goodwill Job Coach serves as her proctor and works with her to review progress.

In order to complete Close Captioning, Britta must familiarize herself with the tools

In order to complete Close Captioning, Britta must familiarize herself with the tools and language that court reporters or stenographers utilize. That means Britta is learning a new language to communicate.

and language that court reporters or stenographers utilize. That means Britta is learning a new language to communicate.

Britta says she is anxious to move ahead with the process. "I thought I would be practicing with the steno machine right away," Britta says. Since Britta began the program in June 2007, most of her time has been spent on the computer, familiarizing herself with the keyboard and learning Close Captioning language.

Learning all the letter combinations is "quite a bit different," says Britta. For example in the new language, the letters PW used together translate into a B. The letters PL become M.

Britta, who has Asperger's Syndrome, says "It is not easy doing it, but I am not giving up. Even with Asperger's, I am determined to get through this."

V-/DKUPB, Britta types.

That is the steno language equivalent of "Have Fun."

Our Goodwill again participated in the twice-annual Bon-Ton Goodwill Sale, better known locally as the "Goodwill Sale." The spring and summer sale generated 115,362 pounds of donations for our organization. For nearly 15 years, the Goodwill Sale has provided an incentive for donors to contribute high-quality, gently-used merchandise that could be resold in Goodwill retail locations and has greatly assisted Goodwill's sales. Thank you for your support of the Goodwill Sale!

Life in the Retail World

Our traditional report about the Retail at Goodwill usually involves highlighting the current number of stores and total store sales for the year. While again those are impressive numbers, we are delighted this year to share how our 12 stores assisted men and women in Living Life the Goodwill Way in 2007.

Some of our Goodwill retail stores have always been mission rich. Nine years ago, Goodwill envisioned someday offering training opportunities in all of our retail stores. We are most proud to announce that we accomplished that goal in 2007.

During 2007 421 Goodwill trainees worked at one of our 12 retail stores and another 306 Goodwill trainees worked in retail-related support operations in one of our three facility-based operations in Cedar Rapids



The weather in July was fine when staff cut the ribbon outside the new Washington Store location.

and Iowa City. And those numbers do not include the workers with disabilities who arrive to work at our Goodwill stores through collaborations with other organizations. Four workers come daily to the Rock Island Goodwill Store from the ARC of Rock Island County and have for almost five years. In July 2007 a relationship began with Advanced Services in

Washington to offer daily work opportunities for three to five individuals.

Goodwill retail staff members have pride in knowing that they supply 70 percent of the operating revenue for our Goodwill. They also now celebrate the amount of work and training taking place in retail stores for those we serve.

Our retail world grew again in March 2007 with the opening of the

long-awaited Clinton Goodwill Store, which set the tone for its very successful year right from the start on opening day. Customer comments indicated how happy shoppers and donors were that the Goodwill Store finally had come to their community.

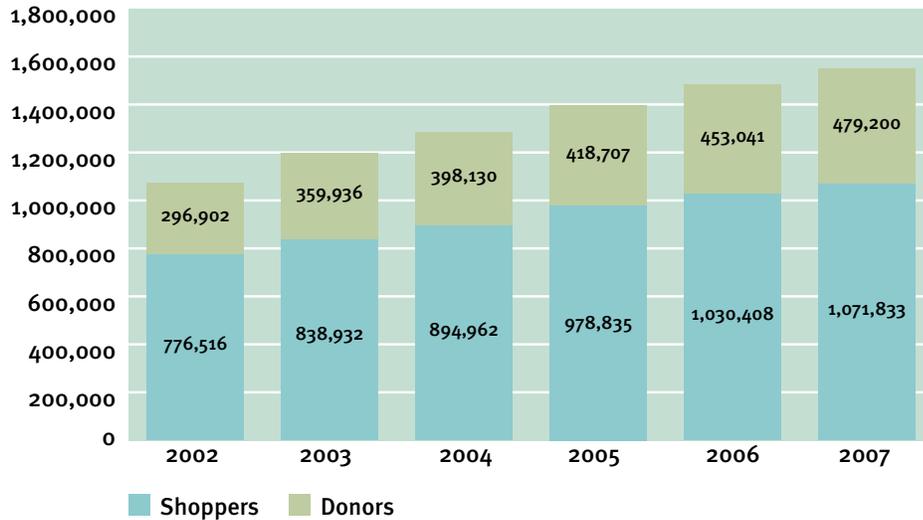
Long before the store doors opened, there was excitement in Clinton about the new store. When Goodwill hosted



The Washington Store has had only three managers since it opened in 1986. Retired managers (from left) Judy McKowen and Marnie Simmering joined President John Watson and Manager Shelley Allison at the store grand opening.

"I have fun at my job, work with well rounded people from all walks of life and enjoy helping customers and clients."

GOODWILL CUSTOMER MOMENTS



a job fair in the community to find prospective employees, 107 individuals applied for 11 jobs that would be created.

The Goodwill Store in Washington also underwent a change in 2007. After being located on the town square in Washington for 20 years, Goodwill officially closed its former store location and moved to a newly-remodeled location on East Washington Street. The new store affords a covered donation drive-thru for donor convenience, more retail space for shoppers and a meeting room available to the community for use.

Within the year, our staff shared more than 1.5 million Goodwill customer moments with shoppers and donors at one of our 12 retail stores.

We thank all who visited a Goodwill location in 2007 to donate items or shop. Our customers are important threads in the tapestry that allows each of us to Live Life the Goodwill Way.



The Clinton Store crew cuts the ribbon at the grand opening of their new store.



Making balloons is a delightful task at the Goodwill Store grand opening.

Business Partners of the Year

Each year Goodwill Industries selects business partners who have helped our Goodwill mission by offering employment and training opportunities for workers with a wide range of skill levels while successfully working toward their own business goals. Here are details about our partners.

**Employer of the Year
Cedar Rapids Area:
ARAMARK at
Mount Mercy College**



The selection of ARAMARK as the Cedar Rapids Employer of the Year is not surprising because of the company's commitment to work with Goodwill. The relationship began after a casual conversation between neighbors.

Zach Stenfeldt, the Director of Dining Services, identified the need for additional help in the kitchen of Mount Mercy College. He shared his staffing struggles with his neighbor, a Goodwill staff member. She suggested that he consider Goodwill's Employment Services.

The wheels were in motion. Our staff determined that Goodwill could help meet the needs at Mount Mercy, and a four-person crew began working Monday through Friday. The scope quickly expanded.

The partnership with ARAMARK today offers 11 part-time positions and is the second largest revenue-producing contract in Cedar Rapids.

Zach and the rest of the Mount Mercy staff have been excellent to work with and very accommodating to Goodwill client needs.

**Employer of the Year
Quad City Area:
McDonald's
Restaurant,
Bettendorf**



From the very beginning, the staff at McDonald's in Bettendorf has been pleased to have Goodwill workers as part of their restaurant crew. Manager Marc Bonjour initially approached Goodwill about individuals they might employ. After the hire was made, the entire staff at McDonald's has been understanding and willing to accommodate the two individuals we have working at the business.

Although it can be hectic working at a popular fast food restaurant and challenges can arise, the staff at McDonald's has been great in working to make the placements successful. The crew offers our clients and job coaches respect, and they treat them as a valued part of the staff as well.

McDonald's staff understands the differing abilities of our Goodwill clients and has accommodated those in order to work toward the greatest level of success. Marc is a great role model for the clients and works right along with them. That fosters a relationship which teaches that they can go to him with any problems or concerns.

**Employer of the Year
Iowa City Area:
Hy-Vee Food Store**



The Hy-Vee Food Store on First Avenue in Iowa City was selected as the Employer of the Year for several reasons: the longevity of the relationship; the connection with so many different Goodwill services; the number of different counselors who have had significant relationships with the store; and of course, the number of trainees that Goodwill has had and currently has working at the store.

Hy-Vee has accommodated internships, job shadows, community worksite assessments, direct hires, and job coaching for nearly every aspect of our vocational services. Currently 10 Goodwill clients are putting "a helpful smile in every aisle" at Hy-Vee.

We have been able to count on Hy-Vee to support workers with disabilities in ways that some businesses would never consider. Hy-Vee management is always receptive to our requests, is committed to hiring people with disabilities, and does all they can to make working at Hy-Vee a positive experience for our clientele.

**Contract Partner of the Year
Nordstrom Direct
Cedar Rapids**

NORDSTROM

Goodwill was awarded an on-going contract to assemble eight different gift wrapping kits for Nordstrom Direct in August 2006, and that work was a mainstay of contract activity in 2007. If you ordered holiday gifts online from Nordstrom Direct in 2007, you likely received a product assembled by our Goodwill workforce for Nordstrom's order fulfillment center.

On average, 10 to 15 Goodwill workers were dedicated to gift kit production on a daily basis during the peak season. And a second Nordstrom contract offered Goodwill workers the opportunity to assemble product identification tags for the fulfillment center.

Nordstrom is open to ideas to expand the partnership in ways that make sense for their business and our mission. The company has employed Goodwill job seekers directly by hiring them as seasonal employees at their facility to assist with forming boxes for merchandise that must be gift wrapped before shipping.

Industrial Contracts Department

During 2007 the staff in the Industrial Contracts Department invested energy in helping the department become ISO certified. Certification does not come overnight, and Goodwill staff recognizes there are benefits that make certification well worth the investment of time.

ISO is a quality management system which is an international standard and is highly



respected in the manufacturing industry. Our staff has committed themselves to ISO as one of our many activities to expand our contracts division.

The journey toward ISO Certification included the development of a Quality Policy and Manual and the creation of seven procedures that cover the gamut...from request for a quote, to corrective action, to retention of records.

Another step in the process has been the

OUR QUALITY POLICY

Goodwill Industries of the Heartland strives to continuously improve our processes to meet or exceed customers' expectations. We are committed to delivering quality products and services on time, every time.

development of key measures to support our goal of customer satisfaction. What does a customer want? Key measures allow us to define what customers expect from us and how we are working toward their satisfaction. On time delivery and defect-free products are important, but in today's competitive world, customers are expecting more. We plan to deliver.

With the assistance of Mike Dean, Contracts and Industrial Services Consultant, CQA with Goodwill Industries International, we are well on the way to certification in 2008.

We have realized many benefits from the process so far. We are more consistent in the way we do work, and our employees better understand the importance of quality and their role in satisfying our customers. ISO means that we work to set systems to prevent errors rather than simply reacting to them after they have been made.

In the meantime, 2007 offered Goodwill the opportunity to complete work for 24 area businesses while at the same time providing employment and training for 192 individuals.

Among the variety of jobs was one for U.S. Corrugated, Inc. of Cedar Rapids, the leading independent corrugated packaging producer in the United States today. Goodwill has been working with U.S. Corrugated since 2006 on a variety of projects including a contract that involves attaching bands to boxes that the company produces for the meat packing industry.

Square D of Cedar Rapids was back in partnership with the Contracts Division in 2007 for three assembly projects. And Whirlpool Corporation, a global manufacturer and marketer of major home appliances, became a Goodwill partner in late 2007. In April and May of 2007, Goodwill submitted

19 quotes to the Amana facility for refrigerator component subassemblies. Work on the first project—drain funnel assemblies—began in December, and a total of 39 clients had the opportunity to complete assemblies in that month alone. A second project for Whirlpool is scheduled to begin in April 2008.

Contracts partners in 2007 include:

Allegra Print & Imaging
Benco Manufacturing
Big River Packaging
CABS
Cedar Graphics, Inc.
Cedar River Paper
Conductive Containers, Inc.
DMB Supply
Frontier Natural Products Co-Op
Iowa City Coralville Convention & Visitor's Bureau
Iowa Fluid Power
Lil' Drug
Linn County Elections
MetroGroup Marketing Services, Inc.
Nordstrom Direct
OHE Industries, LLC
Rockwell Collins
Square D — Schneider Electric
TruArt Color Graphics
U.S. Nameplate
U.S. Corrugated, Inc.
Whirlpool Corporation
WrapItFast

Farewell John



John Watson, our leader, mentor, colleague and friend, is retiring in June after 29 years as the CEO of Goodwill of the Heartland.

When John joined us in April 1979, we were—like many local Goodwills at the time—in a state of controlled chaos. We were often scrambling to meet payroll, our Cedar Rapids facility was a dump, turnover was rampant, and we lived from crisis to crisis.

John brought a sense of quiet competence and the tools to run a not-for-profit organization in an ethical, business-like manner. His insistence that we fulfill our mission was contagious. Not surprisingly, the tide began to turn.

Mike Townsend, Senior Vice President, remembers, “During John’s first year, we were feverishly preparing for our first CARF survey—both of us fairly clueless because everybody who had a part in the previous

survey had left. As we were preparing over a weekend, one of John’s boys was crawling around in diapers on the part concrete, part chipped linoleum floor at the Iowa City Center office. That is when I first experienced John’s gift to us. He has always truly encouraged trial and error. It’s okay to make mistakes and then learn from them. He expects us to Go For It. Create a vision, take some risks and our clients will reap the rewards.”

Rewards indeed! The list of our accomplishments during John’s tenure is lengthy. We are much bigger and we are much better! Because of his leadership and vision, we now serve veterans, homeless individuals, people with brain injuries, and people who live in public housing—in addition to people with physical and mental disabilities. In 1978 we developed 30 jobs for people; last year 561. Our supported employment program is Iowa’s largest.

Our retail program has grown dramatically. John inherited two unattractive underperforming stores. Today we have a Retail Support Center and 12 attractive stores that contributed more than \$500,000 to our

services last year and provided employment and training for more than 200 clients. In addition, for the last four years we have owned and operated Snackers2, a restaurant in downtown Muscatine.

Recycling has been John’s middle name. In addition to diverting millions of pounds of salvage donated goods from the landfill, we operated a very large beverage container recycling service that processed approximately 80 million containers per year for almost 20 years. John has been the inspiration for the establishment of GAIN—Goodwill Association of Iowa and Nebraska. GAIN is a seven-Goodwill collaboration that recycles donated computers.

John has led two successful Capital Campaigns that have helped us upgrade the appearance and efficiency of our centers in Cedar Rapids and Iowa

City. In order to give back to the community, John established our voucher program in every area where a Goodwill store is located. Last year we provided \$70,000 worth of clothing for individuals and families with emergency needs.

John has long been a highly respected member of the international Goodwill family. He has served on the board of Goodwill Industries International and has won two coveted GII awards: the P.J. Trevelyan Award that is presented annually to a Goodwill CEO with an acclaimed staff training program and the J.D. Robbins Distinguished Career Award that honors one Goodwill executive each year.

It has always been “we,” never “I.” He has always asked, “Is this good for people?” and “Do our communities benefit?” Above all, John leaves us with an exceptional model for Living Life the Goodwill Way.

“I enjoy working for a company that is helping so many other individuals.”

My Job Tells Who I Am

We believe that committed employees are one of the most critical resources in helping people Live Life the Goodwill Way.

In fall 2007, Goodwill conducted a comprehensive Employee Satisfaction Survey to



Dressing up for Halloween is always popular.

better understand the ideas and impressions of our 335 employees. Overall, the responses were heartening with 98 percent of respondents indicating that they understood how their position actively contributes to Goodwill's mission.

Here, in their own words, are a few quotes from the employee survey, which offer glimpses of why employees Live Life the Goodwill Way.

"I feel valued for my contributions and I believe strongly in the mission of Goodwill. I feel like I am allowed to make a difference."

"I believe in the mission that Goodwill serves and feel like a valuable member of a team that is capable of making a meaningful difference in the lives of the clients of whom we serve."

"Even though I am not working directly with clients, I know my job contributes to helping others who would not have a job without the services Goodwill offers. I feel good about the people we help."

Employees are split about equally in their area of work responsibility at Goodwill: 175 employees work in Goodwill's 12 retail stores; 160 employees in non-retail tasks, including service provision and administrative functions.



Shoe Box turkeys come in many shapes and sizes.



Hawaiian shirt day. Every hard-working crew deserves some time to kick back and have fun.

One of Goodwill's core values is respect for individuals, and we believe there is much benefit in a diverse workforce. A total of 35 staff employees have a disability, and 25 staff employees are of a minority race/ethnic status.

Surveys capture the essence of an organization's work environment. It is a pleasure to report that 87 percent of respondents would recommend Goodwill to a friend as a good place to work. That satisfaction is shown in job retention: 107 employees have

worked at Goodwill for more than five years; 41 employees have been employed more than 10 years; 24 employees

Goodwill is an Affirmative Action/Equal Opportunity Employer

have been at Goodwill more than 15 years.

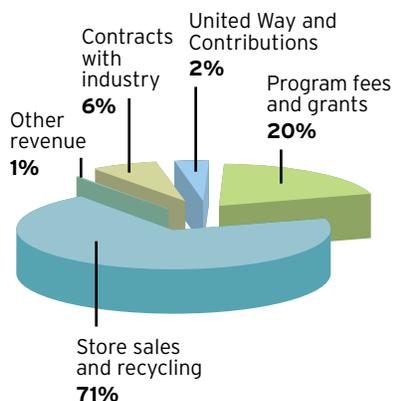
Recognizing that a totally satisfying workplace experience includes "fun and recognition," Goodwill established an Employee Activities Committee during 2007. Staff on this team planned activities including a Halloween costume contest, a shoe-box turkey contest, Secret Santa's, potlucks and a healthy lifestyle challenge. A staff picnic is planned for summer.



Financial Highlights

WHERE OUR RESOURCES COME FROM

Year ending December 31, 2007



Revenue and Expenses

For the Year Ending December 31, 2007 with comparative information for 2006

	2007	2006
Revenue		
United Way and contributions ¹	\$444,553	\$540,742
Program fees and grants ²	3,615,082	3,408,814
Store sales and recycling	12,984,423	11,718,740
Contracts with industry	1,176,236	1,149,543
Other revenue	99,547	36,904
Total Revenue	18,319,841	16,854,743
Expenses		
Payroll Expenses	12,267,048	11,577,629
Supplies and services purchased	799,982	646,470
Facilities and equipment	3,123,953	2,749,192
Travel and vehicles	605,707	578,951
Depreciation and other expenses	1,321,484	1,159,279
Total Expenses	18,118,174	16,711,521
Change in Net Assets	\$201,667	\$143,222

¹ Includes capital campaign and other temporarily restricted revenue of \$67,880 for 2007 and \$100,044 for 2006.

² Includes temporarily restricted grant revenue of \$10,000 for 2007.

After an aggressive construction schedule over the last few years, 2007 was a year to focus on internal improvements at Goodwill that would streamline operations and improve processes. Two retail changes during the year also positioned the organization for future growth.

First, we opened a new store in Clinton in March. Then we sold our previous Washington Store location and remodeled a new location for the store. We invested \$260,000 in improvements in Washington. Both retail stores

are performing well in their new locations.

Technology is a necessary tool for all Goodwill employees whether they work in services, administration, retail or the warehouse production. During the year we invested in a new e-mail server and an enhanced internet filter; upgraded our accounting software; and replaced 35 computers in 12 stores as well as at two Employment Services locations.

We moved 14 service locations to one telephone and internet provider, which improved service

and functionality while lowering our monthly expense. While we were improving technology offerings throughout the agency, we replaced copiers at all locations (22 individual machines) with units that have the capacity to copy, print and scan. (As we Live Life the Goodwill Way, we embrace trying to preserve the environment and reduce our paper usage at the same time.)

Another major undertaking for the year was the outsourcing of our logistics services for three years, a move that is projected to save

Balance Sheet

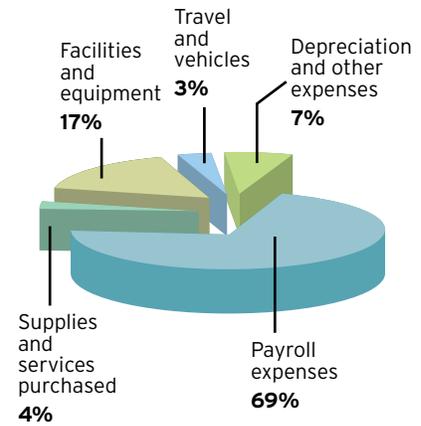
December 31, 2007 with comparative information for 2006

	2007	2006
Assets		
Cash and investments	1,856,081	1,298,256
Accounts receivable	386,500	412,419
Other current assets	495,139	685,533
Property and equipment	7,555,684	7,692,458
Other assets	156,044	213,597
Total Assets	\$10,449,448	\$10,302,263
Liabilities and Net Assets		
Accounts payable	322,888	162,745
Accrued payroll and benefits	1,017,107	899,006
Other current liabilities	232,257	312,144
Long-term debt	3,602,657	3,855,496
Total Liabilities	5,174,909	5,229,391
Net Assets	5,274,539	5,072,872
Total Liabilities and Net Assets	\$10,449,448	\$10,302,263

The full financial statement, audited by Clifton Gunderson, LLP, an independent auditor with offices in Cedar Rapids, Iowa, is available upon request. 2007 amounts are unaudited as distribution of this report was performed before completion of the annual audit.

WHAT OUR RESOURCES ARE USED FOR

Year ending December 31, 2007



Goodwill \$65,000 in the first year alone.

Changes implemented during the year contributed to a 4 percent increase in our net worth to \$5.3 million. Days of operating cash increased from 18 to 27 days.

Since we had an over supply of inventory, salvage sales offered a welcome influx of revenue through the year. Salvage sales reached a new record high at \$1.23 million.

As we look ahead at 2008, the long-awaited renovation of the Iowa City Center is scheduled for

the year. We hope for results as spectacular as those at the Cedar Rapids Center.

In the meantime, we will continue to focus on the goals of enhancing our mission-related services within our territory; attracting and engaging staff, board members and supporters; and refining and improving our retail operations and industrial contracts. In an environment of continuous improvement, much remains to be done at Goodwill.

"I like the idea that we are working towards the goal of providing help for people with barriers to working. It gives me a sense of purpose in my life."

Goodwill Industries of the Heartland

Board of Directors 2007 – 2008

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Builder...of People and Organizations
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Cedar Rapids

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Evergreen Packaging Equipment
Cedar Rapids

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Social Work Consultant
Cedar Rapids

JOHN WATSON, EX. OFFICIO

Goodwill Industries
Iowa City

Cedar Rapids Business Advisory Council

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Cedar Rapids Bank & Trust
Cedar Rapids

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Cedar Rapids

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Rockwell Collins
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Hiawatha

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City Carton
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TRISHA SWESTKA

MeadowView
Cedar Rapids

ANG TAAKE

Evergreen Packaging Equipment
Cedar Rapids

TRISH THOMS

Thoms Consultants
Cedar Rapids

CARLA DAVIS TOLLEFSON

Cedar Rapids

Management Team

PAT AIRY

Vice President Human Resources
& Cedar Rapids Operations

KITTY DONAHUE

Executive Assistant

TAMERA ERB, C.P.A.

Vice President &
Chief Financial Officer

GREG KRIEGERMEIER

Vice President, Retail Operations

LEANNE SOMMERS

Vice President,
Communications & Marketing

MIKE TOWNSEND

Senior Vice President

Goodwill of the Heartland has a tradition of helping people in need, and your financial contributions throughout the last year have led to the following achievements.

- The "Building Opportunities. Enriching Lives." Capital Campaign was completed and \$2.82 million was raised to support the renovation of Goodwill's Cedar Rapids and Iowa City Centers. These much needed renovations are strengthening Goodwill's infrastructure and allowing more people to be served.
- The direct mail campaign raised \$19,000.
- The Friends of Goodwill Annual Campaign was initiated, and \$17,000 was raised to help support Goodwill programs.
- Sponsorships totaling \$11,000 were provided for Goodwill's Annual Banquet and Awards Ceremony, and the funds helped underwrite the event cost and enabled our clients to attend at a reduced cost.
- Numerous federal, state and local grants were received to help fund new and existing programs.

We are proud of the fact that for each dollar raised, 89 cents is directly reinvested back into our mission. Many people work hard everyday to overcome barriers that most of us will never have to face. Your investment in Goodwill's training, counseling, job placement and other vital services provides dividends of independence, self-confidence and a positive impact in the community.

Thank you to everyone who generously supported Goodwill during 2007. Your gifts are critical in our work which allows people to Live Life the Goodwill Way.



EMPLOYMENT SERVICES

1700 S. 1st Avenue, Suite 11A
Iowa City, Iowa 52240
319.337.4889

2001 Cedar Plaza Drive
Muscatine, Iowa 52761
563.263.2826

Professional Arts Building
121 W. Locust Street, Suite 300
Davenport, Iowa 52803
563.327.0150

309 1/2 South K Avenue, Suite A
Vinton, Iowa 52349
319-472-3540

ADMINISTRATIVE OFFICES

1410 South First Avenue
P.O. Box 1696
Iowa City, Iowa 52244
319.337.4158

1441 Blairs Ferry Road NE
Cedar Rapids, Iowa 52402
319.393.3434

SNACKERS2 RESTAURANT

206 E. Second Street
Muscatine, Iowa 52761
563.262.8751

www.goodwillheartland.org

GOODWILL STORES AND RETAIL SUPPORT

BETTENDORF STORE

2333 Cumberland Square Dr.
Bettendorf, Iowa 52722
563.344.9431

CEDAR RAPIDS EAST STORE

5520 Council Street NE
Cedar Rapids, Iowa 52402
319.378.0393

CEDAR RAPIDS WEST STORE

2000 Scotty Drive SW
Cedar Rapids, Iowa 52404
319.654.9585

CLINTON STORE

1015 13th Avenue North
Clinton, Iowa 52732
563.519.0156

CORALVILLE STORE

2551 Heartland Place
Coralville, Iowa 52241
319.545.6581

DAVENPORT STORE

5360 Villa Drive
Davenport, Iowa 52806
563.823-1790

IOWA CITY STORE

985 Hwy 6 East
Iowa City, Iowa 52240
319.337.3548

MARION STORE

3202 7th Avenue
Marion, Iowa 52302
319.373.0480

MOLINE STORE

4241 Avenue of the Cities
Moline, Illinois 61265
309.736.3039

MUSCATINE STORE

2001 Cedar Plaza Drive
Muscatine, Iowa 52761
563.264.1947

ROCK ISLAND STORE

4664 44th Street
Rock Island, Illinois 61201
309.786.1220

WASHINGTON STORE

312 East Washington Street
Washington, Iowa 52353
319.653.2548

CEDAR RAPIDS

DONATION CENTER

802 34th Street SE
Cedar Rapids, Iowa 52403
319.862.0476

RETAIL SUPPORT CENTER

3825 Liberty Drive
Iowa City, Iowa 52240
319.248.2970

Goodwill is accredited by CARF, the rehabilitation accreditation commission, and is a member of the United Way of Johnson County and the United Way of East Central Iowa.

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