DANVILLE CITY COUNCIL REGULAR MEETING AGENDA

MUNICIPAL BUILDING

March 16, 2021

7:00 P.M.

PRESIDING:	Alonzo L. Jones, Mayor	
CITY COUNCIL MEMBERS:	James B. Buckner L.G. "Larry" Campbell, Jr. Bryant Hood Barry P. Mayo	Dr. Gary P. Miller, Vice Mayor Sherman M. Saunders J. Lee Vogler, Jr., Madison J. Whittle
STAFF:	Ken F. Larking, City Manager Earl B. Reynolds, Jr., Deputy City Manager	W. Clarke Whitfield, Jr., City Attorney Susan M. DeMasi, City Clerk

The City Council is the City of Danville's legislative body and is composed of nine Council members. Council members are elected to serve a four year term of office and elects one of its own to serve as Mayor and presiding officer for a two year term.

<u>Time and Place of Meeting</u>
The public is invited and encouraged to attend and participate in the City Council meetings. The City Council meets in the City Hall, Fourth Floor, Council Chambers at 7:00 p.m. on the first and third Tuesday of each month. All meetings of the Council are open to the public.

<u>Communications from Visitors</u>
Communication from Visitors is an opportunity for citizens to address Council on matters <u>not</u> on the agenda. Citizens who desire to speak on agenda items will be heard when the agenda item is considered. Each speaker shall clearly state his or her name and address. Each individual speaker shall have five uninterrupted minutes. A representative of a group may have up to ten uninterrupted minutes to make a presentation. The representative shall identify the group and a group may have no more than one spokesperson. Time will be kept using the electronic timer on the podium.

<u>Guidelines for Public Hearings</u>
For Public Hearings the applicant or his or her representative shall be the first speaker(s). There shall be a time limit of ten (10) minutes for the applicant's or his or her representative's presentation. The presiding officer shall then solicit comments from the public, asking those in favor of the proposal to speak first, and then those opposed to the proposal. Each speaker must clearly state his or her name and address. There shall be a time limit of three (3) minutes for each individual speaker. If the speaker represents a group,

there shall be a time limit of five (5) minutes. A speaker representing a group shall identify the group at the beginning of his or her remarks. A group may have no more than one spokesperson. The presiding officer may limit or preclude comment which is repetitive, redundant, cumulative, or irrelevant to the subject of the public hearing. After public comments have been received, in a land use case, the applicant or the representative of the applicant, at his or her discretion, may respond with a rebuttal. There shall be a five (5) minute time limit for rebuttal.

MEETING CALLED TO ORDER

ROLL CALL

INVOCATION - J. Lee Vogler, Jr.

PLEDGE OF ALLEGIANCE TO THE FLAG

ANNOUNCEMENTS AND SPECIAL RECOGNITION

Presentation: Community Needs Assessment for 2020
Presented by: Everlena Ross
Pittsylvania County Community Action, Inc.

COMMUNICATIONS FROM VISITORS

Citizens who desire to speak on matters not listed on the agenda will be heard at this time. Citizens who desire to speak on agenda items will be heard when the agenda item is considered.

MEETING MINUTES

A. Consideration of Approval of Minutes from Regular Council Meeting held on February 16, 2021. Council Letter Number CL - 2503.

NEW BUSINESS

A. Consideration of Granting Tax Exempt Status to Goodwill of the Valleys Inc. Council Letter Number CL - 2486.

1. Public Hearing

2. An Ordinance to Designate Goodwill of the Valleys, Inc. as Being Exempt from Local Real and Personal Property Taxation.

B. Consideration of Expanding the Services of the Halifax Pittsylvania Court Services Program. Council Letter Number CL - 2511.

A Resolution Approving and Authorizing the Comprehensive Community Corrections Act for Local-Responsible Offenders and the Pretrial Services Act.

COMMUNICATIONS FROM:

A. City Manager

B. Deputy City Manager

C. City Attorney

D. City Clerk

E. Roll Call

ADJOURNMENT

Council Letter
City of Danville, Virginia

CL-2503 **Meeting Minutes A.**

City Council Regular Meeting

Meeting Date: 03/16/2021

Subject: Consideration of Approval of Meeting Minutes

From: Susan M. DeMasi, City Clerk

COUNCIL ACTION

Business Meeting: 03/16/2021

SUMMARY

Consideration of Approval of Minutes from Regular Council Meeting held on February 16, 2021.
Council Letter Number CL - 2503.

Attachments

Meeting Minutes

February 16, 2021

The Second Regular February meeting of the Danville City Council was held on February 16, 2021, at 7:00 p.m. in the Council Chambers located on the Fourth Floor of the Municipal Building. The following Council Members were present: James B. Buckner, L.G. "Larry" Campbell Jr., Bryant Hood, Mayor Alonzo L. Jones, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (8). Barry P. Mayo was absent (1).

Staff Members present were: City Manager Ken F. Larking, Deputy City Manager Earl B. Reynolds, Jr., City Attorney W. Clarke Whitfield Jr., and City Clerk Susan M. DeMasi.

INVOCATION

The Invocation was given by Sherman M. Saunders, followed by the Pledge of Allegiance.

COMMUNICATIONS FROM VISITORS

Mayor Jones recognized Emma Byrne, Regional Director for the Literacy Lab, Richmond, VA, and Alecia Lanier, Dry Fork, VA. Ms. Byrne explained the Literacy Lab was a non-profit organization working to close the literacy gap. They launched a new partnership with Danville Public Schools this year and have placed eight full time tutors in four of the elementary schools in Danville; Ms. Lanier was one of their tutors serving Danville. Ms. Byrne reviewed the goals of the Literacy Lab and how they provide literacy support from age 3 to grade 3, serving high need schools in Virginia. Ms. Lanier noted she was serving as an AmeriCorps member and full time tutor with the Literacy Lab at EA Gibson Elementary, and reviewed her training and work with students. Council thanked Ms. Byrne and Ms. Lanier for their work.

MEETING MINUTES

Upon **Motion** by Council Member Vogler and **second** by Council Member Campbell, Minutes from the Regular Council Meeting held on January 19, 2021, were approved as presented. Draft copies of the minutes had been distributed prior to the meeting.

NEW BUSINESS

REVIEW OF GENERAL FUND FINANCIALS AS OF JANUARY 31, 2021

Director of Finance Michael Adkins reviewed the General Fund Financials as of January 31, 2021, the completion of the seventh month or 58% of the fiscal year complete. Total revenues at this point were $57.6M, about 52% of budget, and a decrease from last year. Approximately $400,000 of that decrease was related to interest rates which were much lower now than they were in the first half of the last fiscal year. Staff did budget for a decrease in interest rates, but not to this magnitude. Another $300,000 of the decrease was found in Charges for Services, some of that was from Parks and Rec; they were unable to offer the services and programs they usually do. The revenues from those programs were not there, but neither was the cost. The same was also true for Adult detention; the census there has been 50% or less of normal which has provided some cost savings as well to offset any revenue loss.

With regard to Property taxes, Real Estate collections were 52% of budget, they like to be at least halfway before the spring collection and were on track. Delinquent Real Estate collections were exceeding budget; at the end of January, they were at 64% complete. The City had a very successful auction of delinquent parcels in November and were planning another one very late in the winter or the beginning of spring; that will keep the collection rate up. Personal Property taxes were just under 50%, which was typically where the City found themselves; the State portion of personal property taxes were not received evenly, more was received in the spring than the fall.

Under Local taxes, Sales Tax continues to set records for the City with $5.7M collected at the end of January, which was 62% of budget, and about $630,000 more than last year at this time. Staff receives the monthly installments on the 16th of each month, today they received their Sales Tax collection related to December retail sales which was usually their highest month with holiday purchases. The City received $1,070,000, a new record for one month of sales tax collection; the City has not exceeded $1M before. This was primarily due to the stricter enforcement of sales tax on on-line sales. Meals tax and Hotel tax were still sluggish resulting from the pandemic; meals tax was $4.8M, 55.5% of budget, so slightly behind, but only $157,000 less than last year at this time. Hotel/Motel was also at 54% of budget or $860,000; that decrease was only $80,000 less than last year. Sales tax revenues will more than make up for any deficiencies with the other local taxes, and perhaps any deficiencies they find throughout the other revenues. State revenues were on track, there were some timing differences that occur from month to month; sometimes the monthly installments were received at the end of the month, sometimes the first week of the following months; there were no concerns with state revenues.

On the Expenditure side, Departmental Expenditures were 54% of budget, trailing budget which was what was typically seen. Under Non Departmental, the two major factors there were debt service and group health insurance. With debt service they know what that will be for the fiscal year, so that was budgeted and on track. Health insurance was on track as well, there was an increase from last year, but last year group health insurance claims were much lower than expected and the City underperformed budget last year. While it looks like a large increase, it was still on track with budget expectations. In total, the General Fund was consistent with last year, with no concerns at this point.

Mr. Adkins noted, to follow up with a discussion at the retreat, Davenport, the City's financial advisors, suggested a financing strategy the City should consider, and he wanted to bring it back to Council's attention. In addition to refinancing the IDA debt related to the Schoolfield property the City sold, staff talked about issuing a BAN, or Bond Anticipation Note. The way a BAN worked, the City takes on a borrowing, and say within the next five years, they will either pay it off by the end of those five years, or convert it to a traditional bond and stretch it out over twenty years. Some advantages to doing this were interest rates were at an all-time low; if the City took on a borrowing right now, they were fixing it at a low interest rate. If the City does it this year, it will avoid them having to budget, hopefully, from fund balance for the next two years, those onetime expenditures from the Fund Balance.

In order to pay off the BAN, the recommended, preferred way would be to use future casino revenues they were anticipating in the next three to four years; they would come in time to pay that off. The second option would be to just use Fund Balance when it comes due at the end of five years which was what they would have budgeted anyway along the way. The third way was to convert it into long term bonds. Mr. Adkins noted he would like to go ahead and issue an RFP to get bank quotes so they have those in place to know what they were dealing with should the City pursue this. It would require Council to pass a resolution at one of the upcoming meetings, and he would like to get it done before the end of the fiscal year.

City Manager Ken Larking stated he also recommended this, it will be part of the strategy in recommending a budget to Council in the middle of March. Having the timing of this done around March or early April would be helpful to staff as they plan for the budget going forward. The next two years will be interesting and the third year budget will be the first year, per the Development

Agreement with Caesars, the City expects to get at least a portion of the gaming tax revenue it expects. Per the Agreement, they were supposed to be up and running by the end of December of that year; it will be a full half year of casino revenue in place by that fiscal year. Staff feels very good about that new revenue source and being able to pick up some of those costs. Because there was a two year gap in the budgets between now and then, staff's approach has been to look at the budget in a two year cycle and see if they can accomplish what they want to during the two year period. The goal was to not raise any rates, to use this financing mechanism to bridge the gap between now and FY24, and then go from there to the investments they want to make in the community.

Mr. Adkins stated in working with Davenport and talking about future revenues, they assumed the minimum amount of future revenues from the agreement with Caesars; they were keeping things very conservative. Mayor Jones noted he appreciated the public having the opportunity to hear the financial reports and thanked Mr. Adkins for bringing this forward. Mr. Larking noted the financial advisors did not anticipate the full amount the City expects from casino gaming, they anticipated the minimum amount per the Performance Agreement. Staff feels very confident they were being conservative with their approach. Also, by not budgeting fund balance, it was helpful when they go for a new bond rating, they can potentially move up in the rating scale which would result in lower interest being charged for any future borrowing. Mr. Larking stated they were on the path for much better financial future, thanks to Mr. Adkins and the City's financial advisors.

CONSIDERATION OF ADOPTING RESOLUTIONS TO SET THE SALARIES OF DANVILLE CITY COUNCIL EMPLOYEES

A RESOLUTION SETTING THE SALARY OF THE CITY MANAGER

Council Member Vogler **moved** for adoption of a Resolution entitled:

RESOLUTION NO. 2021-02.01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DANVILLE VIRGINIA SETTING THE SALARY OF THE CITY MANAGER

The Motion was **seconded** by Council Member Buckner and carried by the following vote:

VOTE:	8-0-1
AYE:	Buckner, Campbell, Hood, Jones, Miller, Saunders, Vogler and Whittle (8)
NAY:	None
ABSENT:	Mayo (1)

A RESOLUTION SETTING THE SALARY OF THE CITY ATTORNEY

Council Member Buckner **moved** for adoption of a Resolution entitled:

RESOLUTION NO. 2021-02.02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DANVILLE VIRGINIA SETTING THE SALARY OF THE CITY ATTORNEY.

The Motion was **seconded** by Council Member Vogler and carried by the following vote:

VOTE: 8-0-1
AYE: Buckner, Campbell, Hood, Jones,
Miller, Saunders, Vogler and Whittle (8)
NAY: None
ABSENT: Mayo (1)

A RESOLUTION SETTING THE SALARY OF THE CITY CLERK

Vice Mayor Miller **moved** for adoption of a Resolution entitled:

RESOLUTION NO. 2021-02.03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DANVILLE VIRGINIA SETTING THE SALARY OF THE CITY CLERK

The Motion was **seconded** by Council Member Saunders and carried by the following vote:

VOTE: 8-0-1
AYE: Buckner, Campbell, Hood, Jones,
Miller, Saunders, Vogler and Whittle (8)
NAY: None
ABSENT: Mayo (1)

COMMUNICATIONS

City Manager Ken Larking noted he appreciated Council Member Saunders offering a prayer for the injured City employee. The City has had a number of outages due to the ice storm, the crews have worked sixteen hour shifts, the maximum allowed for safety purposes, over the past several days, in terrible weather conditions, trying to get power restored as quickly as possible. The employee was doing okay, it was a survivable accident, but a severe one. It was a very dangerous job, there were many jobs in the City government that were dangerous, police officers, fire fighters, linemen and public works employees, employees who do very dangerous things on behalf of the community; the City does its best to implement safety practices to help them be as safe as possible. He appreciated the patience of the public, people frustrated with the power being out, but were understanding about the situation. Mr. Larking thanked the four cities from North Carolina helping the City crews restore power.

There were no communications from the Deputy City Manager or City Clerk. City Attorney Clarke Whitfield thanked Council for their generosity and the confidence they placed in him with tonight's actions; he appreciated it.

Vice Mayor Miller noted he remembered about three years ago, one of the city workers was killed during a storm, it was very dangerous work and Council's prayers were with the lineman. These workers were in the bad weather for sixteen hours trying to repair the lines, it was exhausting work. One of the fire stations in the county opened up for people to take showers, charge their cell phones and get food; they appreciated the people who did that. Dr. Miller noted he heard on the news that COVID cases were down in New York, Virginia and this community; they may be turning the corner, but encouraged citizens to continue to wear their masks, social distance and wash their hands.

Council Member Saunders noted a special thanks to all City employees, especially those in public safety.

Council Member Vogler asked for a round of applause for the linemen out working so hard, it was a dangerous job. Mr. Vogler noted he was excited to see the bike share program was back in Danville, and was happy to have his son Kingston at tonight's meeting.

Council Member Buckner thanked all the linemen, public works crews and all those that were out in the weather, working around the clock to make sure everyone was able to sleep at night a little better. Mr. Buckner stated Marcus Luck has a boxing gym on North Main Street, and has been training a young lady in Danville named Brittan Hart who won the Bare Knuckle Boxing World Championship on the 5th; they were very proud of her.

Council Member Hood noted a special thanks to Danville Utilities and Public Works for their diligence in the bad weather to restore power to residents, and a special prayer to the lineman that was injured this morning restoring power. Council's thoughts and prayers were with him.

ADJOURNED: 7:31 P.M.

APPROVED:

____

MAYOR

ATTEST:

____

CITY CLERK

Council Letter
City of Danville, Virginia

CL-2486 **New Business A.**

City Council Regular Meeting

Meeting Date: 03/16/2021

Subject: Consideration of a Tax Exempt Status Request from Goodwill of the Valleys

From: Susan M. DeMasi, City Clerk

COUNCIL ACTION

Business Meeting: 03/16/2021

SUMMARY

In accordance with the provisions of subsection 6(A)(6) of Article X of the Constitution of Virginia and Chapter 36, Article 4.1, Section 58.1-3651 of the Code of Virginia 1950, as amended, City Council will consider applications for the designation of property as tax-exempt. The City is in receipt of an application for Tax Exempt Status from Goodwill of the Valleys, Inc. Goodwill of the Valleys helps people and families in the community achieve a better life through work and independence.

Goodwill of the Valleys has requested exemption from taxes for their real property, located at 512 Westover Drive, Parcel ID #53805, with an assessed value of $1,156,300 and $9,712.92 in real property taxes.

RECOMMENDATION

Staff makes no recommendation since tax exemption is solely a function of the Danville City Council.

Attachments

Ordinance

Application

501(c)(3) Designation

Board of Directors

Financial Statements

Audit Report

By Laws

Articles of Incorporation

PRESENTED: ____________________

ADOPTED: ______________________

ORDINANCE NO. 2021 -____.____

AN ORDINANCE TO DESIGNATE GOODWILL OF THE VALLEYS, INC. AS BEING EXEMPT FROM LOCAL REAL AND PERSONAL PROPERTY TAXATION.

WHEREAS, GOODWILL OF THE VALLEYS, INC., has been providing services for the common good of the citizens of the City of Danville and other areas; and

WHEREAS, GOODWILL OF THE VALLEYS, INC., is a 501(c)(3) organization established for charitable purposes; and

WHEREAS, GOODWILL OF THE VALLEYS, INC., owns real property in the City of Danville and tangible personal property in the City of Danville; and

WHEREAS, GOODWILL OF THE VALLEYS, INC., does not have a current alcoholic beverage license for serving alcoholic beverages for use on any property being requested to be exempt from taxation; and

WHEREAS, GOODWILL OF THE VALLEYS, INC., asserts that no director, officer or employee of the organization is paid compensation in excess of a reasonable allowance for salaries or other compensation for other personal services with such director, officer or employee actually renders; and

WHEREAS, the net earnings of GOODWILL OF THE VALLEYS, INC., do not inure to the benefit of any specific individual but are used for the benefit of individuals which qualify for their services; and

WHEREAS, GOODWILL OF THE VALLEYS, INC., provides services to people with disabilities in the areas of Education and Employment; and

WHEREAS, a substantial part of the activities of GOODWILL OF THE VALLEYS, INC., does not involve carrying on propaganda or otherwise attempt to influence legislation and that GOODWILL OF THE VALLEYS, INC., does not participate or intervene in any political campaign on behalf of any candidate for public office; and

WHEREAS, in accordance with Section 37-49.2 of the Code of the City of Danville and Section 58.1-3651 of the Code of Virginia 1950, as amended, the Council of the City of Danville has advertised and conducted a public hearing on the issue of granting an exemption from local property taxes to GOODWILL OF THE VALLEYS, INC.,

THEREFORE, BE IT ORDAINED by the Council of the City of Danville, Virginia:

1. That the Council of the City of Danville, Virginia hereby designates, GOODWILL OF THE VALLEYS, INC., as a charitable organization within the context of §6(a)(6) of Article X of the Constitution of Virginia; and

2. That the personal property owned by GOODWILL OF THE VALLEYS, INC., located within the City of Danville as well as it's real property located at 512 Westover Drive, Parcel ID# 53805 are used for charitable purposes on a nonprofit basis and are hereby exempt from local property taxation; and

3. The effective date of these exemptions shall be retroactive to the 1st day of January 2021.

APPROVED:

____
MAYOR

ATTEST:

____
CLERK

Approved as to
Form and Legal Sufficiency:

____
City Attorney

City of Danville, Virginia
Office of the City Clerk

APPLICATION FOR PROPERTY TAX EXEMPTION

PROPERTY OWNER: Goodwill Industries of the Valleys, Inc.

PARCEL TAX MAP NO.: 0716-005-000001.000

PROPERTY ADDRESS: 512 Westover Drive, Danville, VA 24541

MAILING ADDRESS: PO Box 6159, Roanoke, VA 24017

PERSONAL PROPERTY:

CONTACT NAME: Stephanie Smoot

DAYTIME TELEPHONE & FAX: 540-581-0620 x1103 - n/a

1. Is the property owner chartered or incorporated under the laws of the Commonwealth of Virginia?

   YES ✓ NO _____

   If yes, attach a copy of the Charter or Articles of Incorporation and Bylaws or any other documents governing the property owner entity. ✓

2. For what purpose is the owner chartered, incorporated or otherwise in existence?

   Helping people and families in our community achieve a better life through work and independence.

3. For what purpose is the property currently being used? Be specific. If there are several types of use, indicate such usages by areas of the buildings, floor locations and land allocations.

   Main Floor - 48% Retail Store, 15% Admin (support staff offices)
   3% Program Services

   Lower Level - 31% Salvage Operations (baling, etc.)
   3% Business Services (wipers)

4. Does any individual or entity other than the property owner occupy or use any part of the premises?

YES________ NO ✓

If yes, provide details:

5. Is any income received from the use of any portion of the property considered as rent or reimbursement for services incurred?

YES________ NO ✓

If yes, provide details:

6. Provide a copy of the application and supporting documents submitted to the Internal Revenue Service (IRS) for 501 (c) tax-exempt status, together with copies of all responses from the IRS. ✓

7. Provide a copy of the Internal Revenue Service (IRS) form 990, 990-EZ or 990PF together with any schedules and attachments most recently filed with the IRS for the previous calendar year or an explanation why such was not filed. ✓

8. Attach your most recent financial statements; including where applicable, forms filed with the IRS, reflecting income and expenditures for the most current 12 month reporting period. All submitted documents will become part of this application. ✓

The attached financial statement is for the period Jan 2019 to Dec 2019.

Attach a list containing the names of all trustees. ✓

9. Does the property owner hold a current Alcoholic Beverage License for use on the subject property?

YES________ NO ✓

10. List by name, title and amount any director, officer or employee of the organization whose annual compensation is in excess of $60,000.

On form 990

11. Does any part of the net earnings of the property owner inure to the benefit of any individual?

YES________ NO ✓

If yes, list by name, and amount:

ORGANIZATION: Goodwill Industries of the Valleys, Inc.

By: Officer's Name Jackson G. Green

Officer's Title Chief Financial Officer

Date Nov. 24, 2020

COMMONWEALTH OF VIRGINIA
CITY OF DANVILLE

Jackson G. Green **(Officer's Name)** being duly sworn, deposes and states that as the Chief Financial Officer **(Officer's Title)** of the

Goodwill Industries of the Valleys, Inc.
(Legal Name of Ownership Organization)

he or she has read this application and knows the contents thereof and that the matters stated are true.

(Signature of Officer)

Subscribed and sworn to before me this 24th day of November, 20 20

(Notary Public) 6/30/2023 (Notary Expires)

~~7562~~ 7562151
(Notary Registration Number)

DONNA WHITLOCK DAVIS
NOTARY PUBLIC
REG. #7562151
MY COMMISSION EXPIRES
June 30, 2023
COMMONWEALTH OF VIRGINIA

EXHIBIT TO APPLICATION

Officers Making in Excess of $60,000

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(18) JACKSON G. GREEN CHIEF OPERATIONS OFFICER	40.00 1.00			X				171,625.	0.	15,566.
(19) STEVEN KELLEY CHIEF FINANCIAL OFFICER	40.00 1.00			X				142,887.	0.	12,556.
(20) KELLY SANDRIDGE VICE PRESIDENT	40.00 1.00			X				119,182.	0.	10,355.
(21) MARY ANN GILMER VICE PRESIDENT	40.00 1.00			X				124,414.	0.	690.
(22) MINDY BOYD VICE PRESIDENT	1.00 40.00			X				0.	121,028.	8,720.
(23) JODI HENDRICKSON VICE PRESIDENT	1.00 40.00			X				0.	87,652.	11,759.
1b Subtotal								826,877.	208,680.	94,058.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								826,877.	208,680.	94,058.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 5

		Yes	No
3 Did the organization list any **former** officer, director, trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
SELECTIVE INSURANCE CO OF AMERICA PO BOX 382034, PITTSBURGH, PA 15251	INSURANCE BROKER	344,818.
ENERGY EFFICIENT TECHNOLOGIES, 403 HEADQUARTERS DR., STE 5, MILLERSVILLE, MD	CONSTRUCTION SERVICES	179,498.
ANDERSON DEVELOPMENT INC PO BOX 2567, GREENVILLE, SC 29602	CONSTRUCTION SERVICES	123,318.
ROANOKE ROOFING & SHEET METAL CO PO BOX 12607, ROANOKE, VA 24027	CONSTRUCTION SERVICES	121,300.
JEFF WASHENBERGER 2746 WEST MAIN ST, SALEM, VA 24153	CONSTRUCTION SERVICES	118,236.

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 5

IRS Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248364799
June 08, 2012 LTR 4168C E0
54-0884014 000000 00
00019793
BODC: TE

GOODWILL INDUSTRIES OF THE VALLEYS
INC
2502 MELROSE AVE NW
ROANOKE VA 24017-3910

036705

Employer Identification Number: 54-0884014
Person to Contact: Mrs. K Hopton
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your May 30, 2012, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in December 1970.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

IRS Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

036705.208644.0191.005 1 MB 0.404 532

GOODWILL INDUSTRIES OF THE VALLEYS
INC
2502 MELROSE AVE NW
ROANOKE VA 24017-3910

036705

CUT OUT AND RETURN THE VOUCHER AT THE BOTTOM OF THIS PAGE IF YOU ARE MAKING A PAYMENT, EVEN IF YOU ALSO HAVE AN INQUIRY.

The IRS address must appear in the window.

Use for payments

0248364799

BODCD-TE

Letter Number: LTR4168C
Letter Date : 2012-06-08
Tax Period : 000000

540884014

GOODWILL INDUSTRIES OF THE VALLEYS
INC
2502 MELROSE AVE NW
ROANOKE VA 24017-3910

INTERNAL REVENUE SERVICE
P.O. Box 2508
Cincinnati OH 45201

540884014 TO GOOD 00 2 000000 670 00000000000

GOODWILL INDUSTRIES OF THE VALLEYS, INC.
2021 Board of Directors

OFFICERS

Chair
Robert Jeffrey, Jr. (Class of 2015)
Colors VA Magazine
PO Box 14143
Roanoke, VA 24038
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Goodwill
Industries of the Valleys

GOODWILL INDUSTRIES OF THE VALLEYS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

BROWNEDWARDS
certified public accountants

GOODWILL INDUSTRIES OF THE VALLEYS, INC.
AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

GOODWILL INDUSTRIES OF THE VALLEYS, INC. AND AFFILIATE
TABLE OF CONTENTS

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Goodwill Industries of the Valleys, Inc. and Affiliate
Roanoke, Virginia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Goodwill Industries of the Valleys, Inc. and Affiliate (a nonprofit organization, and hereinafter referred to as the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including, the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of the Valleys, Inc. and Affiliate as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANT'S

Roanoke, Virginia
March 24, 2020

GOODWILL INDUSTRIES OF THE VALLEYS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 4,550,300	$ 4,096,599
Accounts receivable, net of allowance for uncollectibles of $42,937 and $109,580 in 2019 and 2018, respectively	1,069,797	1,127,589
Federal grants receivable	2,117,257	1,935,376
Inventories (Note 3)	2,279,169	1,861,819
Prepaid expenses and other receivables	951,304	808,248
Deposits	44,781	52,808
Investments (Note 13)	10,894,205	8,756,817
Assets held for deferred compensation	596,513	501,261
Operating right of use assets (Note 8)	25,208,226	26,379,841
Property and equipment, net (Note 4)	25,283,748	24,526,082
Total assets	$ 72,995,300	$ 70,046,440
LIABILITIES		
Accounts payable	$ 937,335	$ 720,905
Accrued compensation	1,043,278	1,010,632
Accrued expenses	955,444	906,451
Liability for deferred compensation (Note 10)	597,430	496,940
Operating lease liabilities, including current maturities of of $4,920,643 and $4,916,087 in 2019 and 2018, respectively (Note 8)	25,208,226	26,379,841
Notes and bonds payable, including current maturities of $1,038,202 and $1,003,998 in 2019 and 2018, respectively (Note 6)	5,958,835	6,957,799
Total liabilities	34,700,548	36,472,568
NETS ASSETS		
WITHOUT DONOR RESTRICTION		
Undesignated	38,063,502	33,359,477
WITH DONOR RESTRICTION (Note 7)		
Time-restricted for future periods	144,675	153,636
Purpose restriction	86,575	60,759
Total net assets	38,294,752	33,573,872
Total liabilities and net assets	$ 72,995,300	$ 70,046,440

The Notes to Consolidated Financial Statements are an integral part of these statements.

GOODWILL INDUSTRIES OF THE VALLEYS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Donated goods	$ 39,064,100	$ -	$ 39,064,100
Inventory adjustment	430,000	-	430,000
Contract revenues	3,357,131	-	3,357,131
Program fees, net of reimbursements	3,196,692	-	3,196,692
Government funding	7,296,226	-	7,296,226
Contributions	764,917	98,234	863,151
Investment income	201,418	-	201,418
Realized and unrealized gain on investments, net	1,145,181	-	1,145,181
Other revenue (including sale of assets)	868,862	-	868,862
Net assets released from restrictions	81,379	(81,379)	-
Total revenues, gains, and other support	56,405,906	16,855	56,422,761
EXPENSES			
Program services:			
Rehabilitation programs	11,789,723	-	11,789,723
Production	3,844,082	-	3,844,082
Donated goods	30,071,514	-	30,071,514
Total program expenses	45,705,319	-	45,705,319
Supporting services:			
Fund raising	156,646	-	156,646
General and administrative	5,839,916	-	5,839,916
Total supporting services	5,996,562	-	5,996,562
Total expenses	51,701,881	-	51,701,881
Change in net assets	4,704,025	16,855	4,720,880
NETS ASSETS			
Beginning	33,359,477	214,395	33,573,872
Ending	$ 38,063,502	$ 231,250	$ 38,294,752

The Notes to Consolidated Financial Statements are an integral part of these statements.

GOODWILL INDUSTRIES OF THE VALLEYS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Donated goods	$ 35,458,669	$ -	$ 35,458,669
Change in accounting policy inventory adjustment	1,580,000	-	1,580,000
Contract revenues	4,077,228	-	4,077,228
Program fees, net of reimbursements	2,968,254	-	2,968,254
Government funding	7,713,100	-	7,713,100
Contributions	679,441	98,175	777,616
Investment income	134,843	-	134,843
Realized and unrealized loss on investments, net	(481,967)	-	(481,967)
Other revenue	545,421	-	545,421
Net assets released from restrictions	127,170	(127,170)	-
Total revenues, gains, and other support	52,802,159	(28,995)	52,773,164
EXPENSES			
Program services:			
Rehabilitation programs	11,939,332	-	11,939,332
Production	4,809,837	-	4,809,837
Donated goods	28,428,899	-	28,428,899
Total program expenses	45,178,068	-	45,178,068
Supporting services:			
Fund raising	293,155	-	293,155
General and administrative	4,927,246	-	4,927,246
Total supporting services	5,220,401	-	5,220,401
Total expenses	50,398,469	-	50,398,469
Change in net assets	2,403,690	(28,995)	2,374,695
NETS ASSETS			
Beginning	30,955,787	243,390	31,199,177
Ending	$ 33,359,477	$ 214,395	$ 33,573,872

The Notes to Consolidated Financial Statements are an integral part of these statements.

GOODWILL INDUSTRIES OF THE VALLEYS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Expenses			Supporting Services		
	Rehabilitation Programs	Production	Donated Goods	Fund Raising	General and Administrative	Total
WAGES AND BENEFITS						
Staff wages	$ 4,878,530	$ 1,957,488	$ 13,898,679	$ 88,668	$ 2,601,985	$ 23,425,350
Wage in-kind contribution	238,723	(468)	(38,164)	-	(646)	199,445
Participant wages	1,361,974	203,081	152,765	-	527	1,718,347
Payroll taxes	458,846	161,056	1,032,871	6,927	178,581	1,838,281
Temporary services	8,902	11,978	104,760	2,800	21,193	149,633
Employee benefits	848,843	298,603	2,227,837	13,461	375,410	3,764,154
Total wages and benefits	7,795,818	2,631,739	17,378,748	111,856	3,177,050	31,095,210
DIRECT EXPENSES						
Cost of goods sold, supplies and materials	60,913	794,130	617,279	-	1,099	1,473,421
Direct program costs	2,119,664	-	-	-	1,986	2,121,650
Store merchandise	-	-	631,589	-	-	631,589
Freight and shipping	-	10,252	552,783	-	-	563,035
Vehicle expense and purchased transportation	80,937	52,643	684,943	149	38,923	857,595
Equipment rental and maintenance	35,939	20,337	136,796	190	34,465	227,727
Commissions	-	35,179	469,364	-	-	504,543
Staff training	21,005	1,076	1,981	-	13,818	37,880
Travel	117,496	4,925	36,913	750	47,855	207,939
Advertising and public relations	22,298	877	-	890	223,146	247,211
Depreciation and amortization	48,687	2,218	-	339	475,152	526,396
Bad debts	19,000	14,531	1,357	19,505	6,500	60,893
Credit card processing fees	-	-	490,070	-	-	490,070
Other	9,249	477	28,666	(0.22)	4,810	43,202
Total direct expense	2,535,188	936,645	3,651,741	21,823	847,754	7,993,151
OCCUPANCY EXPENSE						
Rents	167,524	-	4,395,794	-	189,845	4,753,163
Telephone	94,062	15,751	242,817	214	256,619	609,463
Occupancy	334,375	167,866	2,683,010	-	(477,957)	2,707,294
Real estate taxes	11,066	1,973	362,260	-	35,402	410,701
Depreciation	177,491	42,643	532,301	-	200,004	952,439
Total occupancy expense	784,518	228,233	8,216,182	214	203,913	9,433,060
OTHER EXPENSE						
Office supplies	76,547	11,172	95,807	4,844	210,952	399,322
Audit, legal, other professional	472,349	11,231	17,259	-	460,989	961,828
Unallocated payments to affiliated organization	-	-	59,709	-	197,612	257,321
Dues, subscriptions, and printing	18,762	973	6,758	684	43,285	70,462
Directors' insurance	-	-	-	-	28,001	28,001
Interest, net of swap adjustment	4,699	-	191,506	-	73,205	269,410
Insurance	40,913	21,241	295,256	8,272	60,031	425,713
Depreciation and amortization	12,291	-	5,378	-	309,327	326,996
Other	48,638	2,849	153,170	8,953	227,797	441,407
Total other expense	674,199	47,466	824,843	22,753	1,611,199	3,180,460
	$ 11,789,723	$ 3,844,082	$ 30,071,514	$ 156,646	$ 5,839,916	$ 51,701,881

The Notes to Consolidated Financial Statements are an integral part of these statements.

GOODWILL INDUSTRIES OF THE VALLEYS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Expenses			Supporting Services		
	Rehabilitation Programs	Production	Donated Goods	Fund Raising	General and Administrative	Total
WAGES AND BENEFITS						
Staff wages	$ 4,612,318	$ 1,945,717	$ 12,786,748	$ 204,130	$ 2,531,020	$ 22,079,933
Wage in-kind contribution	216,002	-	(22,571)	-	(460)	192,971
Participant wages	1,395,108	223,528	181,245	-	-	1,799,881
Payroll taxes	444,957	160,618	954,679	13,903	174,373	1,748,530
Temporary services	13,855	43,097	51,561	8,360	2,340	119,213
Employee benefits	753,997	344,990	2,366,428	25,936	369,547	3,860,898
Total wages and benefits	7,436,237	2,717,950	16,318,090	252,329	3,076,820	29,801,426
DIRECT EXPENSES						
Cost of goods sold, supplies and materials	39,702	1,529,960	369,931	-	4,600	1,944,193
Direct program costs	2,785,039	-	-	-	15	2,785,054
Store merchandise	-	-	697,138	-	-	697,138
Freight and shipping	-	5,638	388,922	-	-	394,560
Vehicle expense and purchased transportation	81,145	65,023	673,737	1,433	38,630	859,968
Equipment rental and maintenance	26,893	24,980	146,876	286	32,548	231,583
Commissions	-	34,838	430,596	-	-	465,434
Staff training	12,099	208	2,527	170	13,082	28,086
Travel	104,077	4,843	25,446	497	33,414	168,277
Advertising and public relations	13,681	213	118	-	202,798	216,810
Depreciation and amortization	26,380	77,806	246,225	4,086	113,642	468,139
Bad debts	66,000	10,560	12,300	6,989	-	95,849
Credit card processing fees	-	-	450,970	-	-	450,970
Other	10,852	366	30,513	-	7,915	49,646
Total direct expense	3,165,868	1,754,435	3,475,299	13,461	446,644	8,855,707
OCCUPANCY EXPENSE						
Rents	155,330	-	4,255,400	-	191,010	4,601,740
Telephone	86,416	16,813	179,079	644	176,996	459,948
Occupancy	284,980	200,532	2,578,211	1,237	(487,617)	2,577,343
Real estate taxes	7,605	1,690	335,354	(117)	31,680	376,212
Depreciation	136,373	50,956	539,898	918	175,197	903,342
Total occupancy expense	670,704	269,991	7,887,942	2,682	87,266	8,918,585
OTHER EXPENSE						
Office supplies	78,924	6,823	89,692	5,273	179,994	360,706
Audit, legal, other professional	469,619	15,109	17,741	-	369,398	871,867
Unallocated payments to affiliated organization	-	-	61,052	-	191,768	252,820
Dues, subscriptions, and printing	19,936	1,424	6,911	2,597	53,638	84,506
Directors' insurance	-	-	-	-	26,424	26,424
Interest, net of swap adjustment	7,401	-	188,473	-	73,542	269,416
Insurance	46,088	38,234	262,286	9,660	60,456	416,724
Depreciation and amortization	4,336	453	6,394	13	233,634	244,830
Other	40,219	5,418	115,019	7,140	127,662	295,458
Total other expense	666,523	67,461	747,568	24,683	1,316,516	2,822,751
	$ 11,939,332	$ 4,809,837	$ 28,428,899	$ 293,155	$ 4,927,246	$ 50,398,469

The Notes to Consolidated Financial Statements are an integral part of these statements.

GOODWILL INDUSTRIES OF THE VALLEYS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	$ 4,720,880	$ 2,374,695
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments	(1,145,181)	481,967
Depreciation and amortization	1,805,831	1,616,311
Gain on disposal of property and equipment	(228,310)	(8,517)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	57,792	(248,371)
Federal grants receivable	(181,881)	(216,561)
Inventories	(417,350)	(1,491,702)
Prepaid expenses and other receivables	(143,056)	25,680
Deposits	8,027	-
Assets held for deferred compensation	(95,252)	(2,670)
Increase (decrease) in:		
Accounts payable	216,430	(143,242)
Accrued compensation and other accrued expenses	182,129	107,847
Net cash provided by operating activities	4,780,059	2,495,437
INVESTING ACTIVITIES		
Purchases of property and equipment	(2,793,330)	(1,977,584)
Proceeds from sales of property and equipment	465,726	54,719
Purchases of investments, net	(992,207)	(315,197)
Net cash used in investing activities	(3,319,811)	(2,238,062)
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	889,672
Payments on long-term debt	(1,006,547)	(862,348)
Net cash provided by (used in) financing activities	(1,006,547)	27,324
Increase in cash and cash equivalents	453,701	284,699
CASH AND CASH EQUIVALENTS		
Beginning	4,096,599	3,811,900
Ending	$ 4,550,300	$ 4,096,599
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash payments for interest	$ 276,476	$ 276,045
Obtaining operating right of use asset in exchange for lease liability	$ 3,401,566	$ 26,379,841

The Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

Note 1. Description of Organization and Significant Accounting Policies

Description of Organization

Goodwill Industries of the Valleys, Inc. is a nonprofit corporation with locations in Central and Southwestern Virginia. Our primary mission is helping people and families in our community achieve a better life through work and independence. Funding is principally from retail thrift-store operations, production contracts, and fee-for-service contracts with federal, state, and local governments. Goodwill Industries of the Valley Works ("Works") is a supporting organization which shares the same Board of Directors. Works was established to operate Goodwill's retail and industrial commercial business. The sole purpose of Works is to operate exclusively for the benefit of Goodwill Industries of the Valleys, Inc.

Principles of consolidation

The consolidated financial statements include the accounts of Goodwill Industries of the Valleys, Inc. and Goodwill Industries of the Valley Works (collectively the "Organization").

In August 2019, for approximately $1.2 million, the Organization acquired additional territory, two real properties, many of the business activities, and most of the employees of Goodwill Industries of South Central Virginia, which had declared bankruptcy earlier in the year.

All significant intra-organization accounts and transactions have been eliminated in consolidation.

Accounting estimates

Management uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Basis of consolidated financial statement presentation and accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Organization presents information in the consolidated financial statements regarding the financial position and activities according to the following two classes of net assets:

Net Assets without Donor Restrictions are free of donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not restricted by donors are included in this classification. Expenses are reported as decreases in this classification.

Net Assets with Donor Restrictions are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Organization pursuant to those stipulations. Net assets with donor restrictions also includes amounts required by donors to be held in perpetuity; however, generally, the income on these assets is available to meet various operating needs.

(Continued)

Note 1. Description of Organization and Significant Accounting Policies (Continued)

Cash and cash equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. Cash and cash equivalents held for long-term investments are classified as investments.

Valuation of receivables

Receivables are stated at face amount, net of an allowance for uncollectible accounts. Management reviews accounts receivable and adjusts the allowance based on a historical percentage of bad debt expense to total revenue, and also reserves specific accounts greater than 120 days for which collection is doubtful. Accounts deemed uncollectible by management are charged off against the reserve. Accounts receivable greater than 120 days were approximately $498,000 and $783,000 as of December 31, 2019 and 2018, respectively.

Accounts receivable are carried at the original invoice amount less any subsequent payments. Accounts receivable normally are due within 30 days of the issuance of the invoice, and any remaining balance not paid within the 30 days is considered delinquent. The Organization's practice is to not apply finance charges or late fees on delinquent accounts receivable.

Inventories

The Organization maintains raw material inventory for production, including wood and other supplies. Raw materials and finished goods are stated at the lower of cost using the first in, first out method, or net realizable value.

The donated goods inventory is estimated by utilizing inventory turnover rates and historic sales.

Investments

Investments are recorded at their fair values as of the date of the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets.

Donated goods and services

The Organization receives donations of clothes, toys, and household items at its retail stores, donation centers, and special donation events. The items are valued upon receipt and recorded in the consolidated statement of financial position per the description of inventories, above. Occasionally, the Organization receives donations not for resale, which are recorded in the consolidated financial statements at the approximate fair value at the date of donation.

The Organization receives a federal grant designed to assist senior citizens; the Senior Community Services Employment Program (SCSEP). In response to this grant, from January 1, 2019 to December 31, 2019, a total of 139 occupational trainers donated over 13,087 hours of services valued at $245,217, for the training of senior citizens. In 2018, 129 occupational trainers donated over 12,280 hours of services valued at $225,537, for the training of senior citizens. These amounts are reflected both in contribution revenue and in wage in-kind contribution expense.

Note 1. Description of Organization and Significant Accounting Policies (Continued)

Property and equipment

Property and equipment are carried at cost, or with respect to property donated to the Organization, at fair value at the time of donation. Major renewals and improvements over $2,500 are capitalized, while minor improvements under that amount, as well as maintenance and repairs which do not improve or extend the lives of the respective assets, are expensed.

Provisions for depreciation and amortization are computed by the straight-line method over the estimated useful lives of the assets; three to thirty years. Leasehold improvements are amortized over the lesser of the life of the lease or the life of the asset.

Amortization of debt acquisition costs

Capitalized costs to obtain financing are amortized over the term of the debt instrument using the straight-line method. Amortization expense was $7,583 for the years ended December 31, 2019 and 2018, and was included as a component of interest expense.

Revenue recognition

Effective January 1, 2019, the Company adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers ("Topic 606")*, using the modified retrospective transition method. This standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, collaboration arrangements, and financial instruments. Under Topic 606, the Company recognizes revenue when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations. The Company then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Adoption of the new standard did not change the timing or amount of revenue recognized in the Company's Consolidated Statement of Activities.

(Continued)

Note 1. Description of Organization and Significant Accounting Policies (Continued)

Reclassifications

Certain reclassifications have been made to prior year amounts in order to conform to current year presentation.

Grants and contributions

Grants and contributions received, including unconditional promises to give, are recognized as support without donor restriction or with donor restriction depending on the existence and/or nature of any restrictions at the time funds are recognized. Amounts designated for future periods that have been received or recorded as unconditional promises to give are classified as net assets with donor restriction.

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are reported as revenues of the with donor restriction net asset class.

Contributions of land, buildings and equipment, or of cash or other assets to be used to acquire them, with donor stipulations concerning the use of such long-lived assets, are reported as revenues of the with donor restriction net asset class. The restrictions are considered to be released when the purchased asset or donated non-cash asset is placed into service.

Allocation of expenses

The Organization's expenses are presented on a functional basis showing basic program activities and supporting services. The Organization allocates expenses to rehabilitation programs, production, donated goods, fund raising, and general and administrative based on the organizational cost centers in which expenses are incurred. Expenses are allocated between support functions and program services based upon specific identification or a defined allocation method.

Advertising costs

Advertising costs, which consist primarily of television and social media advertisements, are expensed as incurred. Advertising expense was $247,211 and $216,810 for the years ended December 31, 2019 and 2018, respectively.

Income taxes

The Organization qualifies under Section 501(c)(3) of the *Internal Revenue Code* (the "*Code*") and therefore is not subject to income tax under the present income tax laws. The Organization has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the *Code*. As a result, contributions to the Organization are deductible under Section 170 of the *Code*.

(Continued)

Note 1. Description of Organization and Significant Accounting Policies (Continued)

Fund raising activities

The Organization held four fund raising activities in 2019; a spring mailing, "Dinner in the Dark," a fall mailing, and a "Working for Independence" breakfast. The Organization held three fund raising activities in 2018; a spring mailing, a fall mailing, and a "Working for Independence" campaign. Total expenses from these activities were approximately $157,000 and $293,000 for the years ended December 31, 2019 and 2018, respectively.

Fair value measurements

The Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC)* 820 ("Topic 820") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Topic 820 establishes a fair value hierarchy that prioritizes each input to the valuation method used to measure fair value into one of the following three broad levels.

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date.

The disclosures required under Topic 820 are included in Note 13.

Note 2. Revenue Recognition

The Company's revenue generating activities include the following:

Donated goods revenues

Retail and outlet store sales

Store sales consist of the sale of donated goods and new goods, and the sale of each item is recorded at the point of sale, the point at which the performance obligation for each individual item sold is met. Store sales do not include sales tax, because the organization is a pass-through conduit for collecting and remitting sales taxes. Returns are allowed if made within seven days from the date of purchase. The Company estimated sales returns and allowance but did not record their estimate as it was immaterial for the year ended December 31, 2019. Store merchandise is priced as marked or labeled. In store discounts are given for the color-of-the-week (50% off).

Note 2. Revenue Recognition (Continued)

Donated goods revenues (Continued)

Retail and outlet store sales (Continued)

Revenue from gift card sales is recognized upon gift card redemption at the point of sale of an individual item, the point at which the performance obligation is met. The Organization's gift cards do not expire. The amount of non-redeemed gift cards was immaterial for the year ended December 31, 2019.

Salvage

Salvage revenue consists of donated goods that were unable to be sold in retail or outlet stores and are sold on the after-retail market. Salvage is bundled, and each individual bundle has a separate performance obligation. Salvage is sold cash on delivery at set pricing per pound, and revenue from each individual bundle is recorded when the bundle is picked up by the customer.

E-commerce

E-commerce sales consist of donated merchandise, books, and jewelry and shipping revenue. E-commerce sales are sold FOB destination and therefore, sales are recorded when the goods reach their destination, the point at which the performance obligation for each individual item is met.

Contract revenues

These services are primarily private commercial, janitorial and work team service contracts with other entities. Services are ongoing as defined by the contract, and performance obligations under each contract are defined in terms of various indicators including but not limited to hours worked and units produced. Goodwill invoices the customers receiving the services weekly based on the appropriate indicators, and records revenue as the services are performed.

Program fees and government funding

The Organization has various grant arrangements and contracts with the Federal government and private entities to provide people with disabilities and other barriers the opportunity to achieve their highest levels of personal and economic independence by offering evaluation, rehabilitation, day support, training, and employment services to get and keep jobs. Performance obligations under each contract are defined in terms of various indicators. Revenue for these services is recorded when the service has been provided as determined by the satisfactory completion of the defined indicators.

The Organization has recorded deferred revenue for amounts received in advance of when revenue recognition conditions are met. At December 31, 2019 and 2018, the Organization's deferred revenue totaled $210,144 and $223,225, respectively and is included within other accrued liabilities on the statement of financial position.

(Continued)

Note 3. Inventories

Inventories consist of the following:

	As of December 31, 2019	As of December 31, 2018
Raw materials	$ 85,494	$ 120,794
Finished goods	270	19,670
Purchased goods	183,405	141,355
Donated goods	2,010,000	1,580,000
	$ 2,279,169	$ 1,861,819

Note 4. Property and Equipment

Property and equipment consists of the following:

	As of December 31, 2019	As of December 31, 2018
Land	$ 5,735,345	$ 5,381,469
Buildings and improvements	23,559,601	22,279,215
Vehicles	1,500,591	1,522,764
Collection equipment	254,455	254,455
Furniture, fixtures, and equipment	8,362,452	8,054,672
Leasehold improvements	2,601,123	2,633,726
Construction and projects in progress	376,834	302,385
	42,390,401	40,428,686
Accumulated depreciation and amortization	(17,106,653)	(15,902,604)
	$ 25,283,748	$ 24,526,082

Depreciation expense totaled $1,798,256 and $1,608,727 for the years ended December 31, 2019 and 2018, respectively.

Note 5. Liquidity and Availability

Financial assets were available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	As of December 31, 2019	As of December 31, 2018
Cash and cash equivalents	$ 4,550,300	$ 4,096,599
Accounts receivable, net of allowance for uncollectibles of $42,937 and $109,580, respectively	1,069,797	1,127,589
Federal grants receivable	2,117,257	1,935,376
Promises to give, net of allowance for uncollectibles of $22,352 and $27,115, respectively	120,945	140,547
Accounts receivable, miscellaneous	216,503	129,198
Investments	10,894,205	8,756,817
Total financial assets	18,969,007	16,186,126
Less amounts not available to be used within one year:		
Purpose restricted net assets	(86,575)	(60,759)
Time-restricted net assets for future periods	(30,460)	(29,990)
Investments (New Vision)	(171,040)	(180,986)
Total financial assets not available to be used within one year	(288,075)	(271,735)
Total financial assets available to meet general expenditures within one year	$ 18,680,932	$ 15,914,391

As part of liquidity management plan, the Organization invests cash in excess of daily requirements in fixed income investments, equity securities, and mutual funds.

Note 6. Notes and Bonds Payable

Notes and bonds payable consist of the following:

	As of December 31,	
	2019	2018
Bond payable to IDA of Franklin County, interest payable monthly at 5.1% (see rate swap below); principal payments of $13,333 monthly beginning January 2002; unamortized issuance costs of $9,309 and $16,892 for 2019 and 2018, respectively; collateralized by certain real estate and equipment, matures December 2021.	$ 320,001	$ 480,000
Note payable to HUD in monthly principal and interest payments of $3,317, interest at 9.25%, collateralized by deed of trust on the apartments at Parkview of Radford, matures April 2022.	65,247	98,954
Note payable to a bank in monthly principal and interest payments of $15,725, interest at 3.5%, collateralized by deed of trust on the Fairlawn store, matures March 2023.	548,538	714,561
Note payable to a bank in monthly principal and interest payments of $15,226, interest at 3.5%, collateralized by deed of trust on the Galax store, matures October 2023.	653,387	809,881
Note payable to a bank in monthly principal and interest payments of $21,194, interest at 3.9%, collateralized by deed of trust on the Hollins store, matures October 2024.	1,118,163	1,323,732
Note payable to a bank in monthly principal and interest payments of $10,840, interest at 3.78%, collateralized by deed of trust on the Salem facility, matures February 2032.	1,271,108	1,350,746
Note payable to a bank in monthly principal and interest payments of $14,178, interest at 4.13%, collateralized by deed of trust on the Pearisburg store, matures April 2033.	1,783,316	1,881,226
Note payable to a bank in monthly principal and interest payments of $9,851, interest imputed at 4.125%, collateralized by LED Lighting installed at the Melrose, Salem, and Rocky Mount facilities, matures October 2021.	208,384	315,591
	5,968,144	6,974,691
Less unamortized debt issuance costs	(9,309)	(16,892)
	$ 5,958,835	$ 6,957,799

Note 6. Notes and Bonds Payable (Continued)

Estimated future maturities of principal are as follows:

Years ending December 31,		
2020	$	1,038,292
2021		1,055,256
2022		802,541
2023		613,548
2024		467,246
2025 and thereafter		1,991,261
	$	5,968,144

Certain debt agreements contain various restrictions and covenants relating to financial ratios; the most restrictive being a debt service coverage ratio of 1.20, as defined by the bond agreement, and the loan agreement on the Pearisburg store. Additionally, there is a modified debt service coverage ratio of 1.50, as defined by the loan agreement on the Hollins store. As of December 31, 2019 and 2018, all financial ratio and reporting covenants have been met.

Note 7. Net Assets with Donor Restriction

Net assets with donor restriction are available for the following purposes or periods:

	As of December 31,			
	2019		2018	
Workforce / Mission Services	$	82,175	$	52,759
Working for Independence Campaign		144,675		153,636
New Vision		4,400		8,000
	$	231,250	$	214,395

Note 8. Operating Right of Use Assets

The Organization leases retail stores, trucks, offices, and equipment under agreements which expire at various dates through April 2034. In addition to the minimum annual lease payments, several real estate leases provide for additional payments for common area maintenance.

Future undiscounted cash flows under operating lease liabilities were as follows at December 31, 2019:

Years ending December 31,		
2020	$	4,920,643
2021		4,315,847
2022		4,079,315
2023		3,429,619
2024		2,692,146
2025 and thereafter		10,659,518
		30,097,088
Present value adjustment		(4,888,862)
	$	25,208,226

The Organization's incremental borrowing rate of 4.125% was used to discount future cash flows under operating lease liabilities. Operating leases with renewal options that have been exercised are included in the operating right of use lease liability.

Total expense for operating leases was $5,138,319 and $4,956,348 for the years ended December 31, 2019 and 2018, respectively.

Note 9. Government Funding

Government funding consists of the following:

	As of December 31,			
	2019		2018	
Local:				
Franklin County	$	40,000	$	40,000
Federal:				
America's Promise (DOL)		-		23,998
GoodCare (HHS)		2,041,656		2,122,461
Section 8 Housing Assistance (HUD)		33,496		12,248
Jobs Plus (Sub-Grantee through RRHA)		123,222		109,808
GROW (DOL)		297,461		54,219
Senior Community Service Employment Program (SCSEP)		1,883,373		1,793,896
TechHire (DOL)		337,806		357,839
Workforce Investment Act (WIA)		2,442,355		3,198,631
OJJDP Grant		96,857		-
	$	7,296,226	$	7,713,100

Note 10. Employee Benefit Plans

Qualified plan

The Organization maintains a 403(b) plan covering all employees who are at least 18 years of age. Employee contributions may begin on the first day of employment. Employer contributions to the plan begin after 90 days of employment and are set at 50% of employee contributions up to 6% of salary. Additionally, the plan allows employees to make nondeductible voluntary contributions. The Organization contributed $184,844 and $201,401 to the plan for years ended December 31, 2019 and 2018, respectively.

Deferred compensation plan

The Organization maintains a 457(b) Executive Deferred Compensation Plan which began July 1, 2007. Eligible employees may contribute up to 6% of their annual compensation. Employer contributions to the plan are set at 100% of the eligible employee's salary reduction contribution up to 2% and 50% of the eligible employee's salary reduction contribution for the next 4%. The Organization contributed $14,458 and $20,538 to the plan for the years ended December 31, 2019 and 2018, respectively.

Note 11. Commitments and Contingencies

Funds received from various funding sources are subject to audit to determine compliance with their requirements. Management believes required refunds, if any, would be immaterial.

Note 12. Concentrations of Credit

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash, investments, and accounts receivable. The Organization maintains its cash and cash equivalents in several creditworthy, high-quality financial institutions. Accounts in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. A portion of the Organization's deposits were, however, uninsured at year end. Management believes these financial institutions have strong credit ratings and, therefore, credit risks related to these deposits is minimal. In addition, concentration of credit risk for investments is limited by the Organization's policy of diversification of investments.

Note 13. Fair Value Disclosures

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

(Continued)

Note 13. Fair Value Disclosures (Continued)

The following table summarizes the Organization's financial assets and liabilities and uses appropriate valuation techniques based on the available inputs to measure the fair value on a recurring basis by level within the fair value hierarchy as of December 31, 2019 and 2018:

		December 31, 2019 Fair Value Measurement		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash and money market funds	$ 928,668	$ 928,668	$ -	$ -
Bond funds	5,848,947	5,848,947	-	-
Equity funds	3,897,234	3,897,234	-	-
Real asset funds	219,356	219,356	-	-
Total investments	$ 10,894,205	$ 10,894,205	$ -	$ -
Assets held for deferred compensation	$ 596,513	$ 596,513	$ -	$ -

		December 31, 2018 Fair Value Measurement		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash and money market funds	$ 488,523	$ 488,523	$ -	$ -
Bond funds	4,112,667	4,112,667	-	-
Equity funds	3,989,646	3,989,646	-	-
Real asset funds	165,981	165,981	-	-
Total investments	$ 8,756,817	$ 8,756,817	$ -	$ -
Assets held for deferred compensation	$ 501,261	$ 501,261	$ -	$ -

(Continued)

Note 13. Fair Value Disclosures (Continued)

The Organization's investment accounts incurred management fees of $45,741 and $43,157 for the years ended December 31, 2019 and 2018, respectively.

Level 1 Fair Value Measurements

The fair value inputs to the valuation methodology for investments and asset held for deferred compensation are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Exchange traded securities are stated at the last reported sales price on the day of valuation. Fixed income securities are valued based upon bid quotations obtained from major market makers or security exchanges.

Level 2 Fair Value Measurements

Interest rate swap agreements are contractual with a financial institution and are not actively traded on open markets. These are valued using similar quoted prices for identical or similar assets or liabilities in markets that are not active, or are inputs other than quoted prices that are observable for the asset or liability.

Note 14. Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the consolidated statements of financial position.

Note 15. Subsequent Events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact investment values. The outbreak has resulted in reduced customer traffic and the temporary reduction of operating hours for our stores. Other financial impacts could occur, though such potential impact is unknown at this time.

Management has evaluated subsequent events through March 24, 2020, the date the consolidated financial statements were available to be issued.

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Goodwill Industries of the Valleys, Inc. and Affiliate
Roanoke, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Goodwill Industries of the Valleys, Inc. and Affiliate (a nonprofit organization, hereinafter referred to as the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 24, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
March 24, 2020

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Goodwill Industries of the Valleys, Inc. and Affiliate
Roanoke, Virginia

Report on Compliance for Each Major Federal Program

We have audited Goodwill Industries of the Valleys, Inc. and Affiliate's (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
March 24, 2020

GOODWILL INDUSTRIES OF THE VALLEYS, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

Federal Grantor/Pass-through Grantor/Program Title	Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Labor			
Employment and Training Administrator			
Goodwill Industries International, Inc.:			
Senior Community Service Employment Program (SCSEP)	AD-25537-14-55-A-24	17.235	$ 1,683,995
TechHire	HG-29347-16-60-A-24	17.268	405,647
Adult ReEntry	PE-30788-17-60-A-24	17.270	-
Virginia Community College System			
Workforce Innovation Fund			
Working Families	SGA-DFA-PY-13-06	17.283	75,413
Virginia Community College System			
Workforce Investment Act			
WIA Cluster			
(WIA) One-Stop	AA268101555A51	17.258	184,567
(WIA) Adult Program	AA268101555A51	17.258	1,105,297
(WIA) Youth Activities	AA283471655A51	17.259	880,196
(WIA) Dislocated Worker and Rapid Response	AA268101555A51	17.278	226,077
New River/ Mount Rogers Workforce Investment Area			
America's Promise	HG-30136-17-60-A-51	17.268	116
Total U.S. Department of Labor			**4,561,308**
U.S. Department of Justice			
GROW – ReEntry	PE-30788-17-60-A-24	17.270	296,035
OJJDP – Mentoring	2018-JU-FX-0019	16.726	97,284
Total U.S. Department of Justice			**393,319**
U.S. Department of Housing and Urban Development			
Section 8 Housing Assistance Program	051EH032	14.195	119,493
Roanoke Redevelopment and Housing Authority			
Jobs Plus	FR-5800-N-24	14.895	135,064
Total U.S. Department of Housing and Urban Development			**254,557**
U.S. Department of Health and Human Services			
ACA Health Profession Opportunity Grants (Goodcare)	HHS-2015-ACF-OFA-FX-0951	93.093	2,048,101
Total U.S. Department of Health and Human Services			**2,048,101**
Total Expenditures of Federal Awards			**$ 7,257,285**

(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

Note 1. Significant Accounting Policy

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting as contemplated by accounting principles generally accepted in the United States of America.

Note 2. Indirect Cost Rate

Goodwill Industries of the Valleys, Inc. (the "Organization") uses a direct cost method for administrative expenses within federal programs. The Organization did not elect to use the ten percent (10%) "de minimus" indirect cost rate allowed under Uniform Guidance.

Note 3. Loans Outstanding

The U.S. Department of Housing and Urban Development Section 202 loan had an outstanding balance of $65,247 and $112,580 at December 31, 2019 and 2018, respectively.

GOODWILL INDUSTRIES OF THE VALLEYS, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2018

A. SUMMARY OF AUDITOR'S RESULTS

1. The type of report issued on the consolidated financial statements: **Unmodified opinion**

2. Significant deficiencies in internal control disclosed by the audit of the consolidated financial statements.

   None reported.

3. Material weaknesses: **No.**

4. Noncompliance, which is material to the consolidated financial statements: **No.**

5. Significant deficiencies in internal control over major programs:

   None reported.

6. Material weaknesses: **No.**

7. The type of report issued on compliance for major programs: **Unmodified opinion.**

8. Any audit findings which are required to be reported under the Uniform Guidance: **No.**

9. The program tested as major programs was:

Name of Program	CFDA #
Workforce Investment Act	
WIA Cluster	
(WIA) One-Stop	17.258
(WIA) Adult Program	17.258
(WIA) Youth Activities	17.259
(WIA) Dislocated Worker and Rapid Response	17.278

10. Dollar threshold to distinguish between Type A and Type B Programs: **$750,000**

11. The Organization was determined to be a low risk auditee.

B. Findings Relating to the Consolidated Financial Statements Reported in Accordance with *Government Auditing Standards*:

None.

C. Findings and Questioned Costs Relating to Federal Awards:

None.

D. Resolution of Prior Year Audit Findings

There were no findings resulting from the prior year audit.

CLIENT'S COPY

EDWARDS

GOODWILL INDUSTRIES OF THE VALLEYS INC
2502 MELROSE AVE NW
ROANOKE, VA 24017

DEAR MR. PHIPPS:

ENCLOSED ARE THE ORIGINAL AND ONE COPY OF THE 2019 EXEMPT ORGANIZATION RETURN, AS FOLLOWS...

2019 FORM 990

EACH ORIGINAL SHOULD BE DATED, SIGNED AND FILED IN ACCORDANCE WITH THE FILING INSTRUCTIONS. THE COPY SHOULD BE RETAINED FOR YOUR FILES.

WE SINCERELY APPRECIATE THE OPPORTUNITY TO SERVE YOU. PLEASE CONTACT US IF YOU HAVE ANY QUESTIONS CONCERNING THE TAX RETURN.

SINCERELY,

BROWN, EDWARDS & COMPANY, L.L.P.

TAX RETURN FILING INSTRUCTIONS

** FORM 990 PUBLIC DISCLOSURE COPY **

FOR THE YEAR ENDING

DECEMBER 31, 2019

Prepared for	GOODWILL INDUSTRIES OF THE VALLEYS INC 2502 MELROSE AVE NW ROANOKE, VA 24017
Prepared by	BROWN, EDWARDS & COMPANY, L.L.P. 319 MCCLANAHAN STREET, SW ROANOKE, VA 24014
Amount due or refund	NOT APPLICABLE
Make check payable to	NOT APPLICABLE
Mail tax return and check (if applicable) to	NOT APPLICABLE
Return must be mailed on or before	NOT APPLICABLE
Special Instructions	THIS COPY OF THE RETURN IS PROVIDED ONLY FOR PUBLIC DISCLOSURE PURPOSES. ANY CONFIDENTIAL INFORMATION REGARDING LARGE DONORS HAS BEEN REMOVED.

** PUBLIC DISCLOSURE COPY **

Form **990** (Rev. January 2020) Department of the Treasury Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047 **2019** Open to Public Inspection

A For the 2019 calendar year, or tax year beginning and ending

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending

C Name of organization: GOODWILL INDUSTRIES OF THE VALLEYS INC

Doing business as

Number and street (or P.O. box if mail is not delivered to street address): 2502 MELROSE AVE NW Room/suite

City or town, state or province, country, and ZIP or foreign postal code: ROANOKE, VA 24017

D Employer identification number: 54-0884014

E Telephone number: 540.581.0620

G Gross receipts $ 22,777,999.

F Name and address of principal officer: BRUCE PHIPPS SAME AS C ABOVE

H(a) Is this a group return for subordinates? ☐ Yes ☒ No

H(b) Are all subordinates included? ☐ Yes ☐ No If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW.GOODWILLVALLEYS.COM

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1970 **M** State of legal domicile: VA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: HELPING PEOPLE AND FAMILIES IN OUR COMMUNITY ACHIEVE A BETTER LIFE THROUGH WORK AND INDEPENDENCE

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	16
5	Total number of individuals employed in calendar year 2019 (Part V, line 2a)	5	620
6	Total number of volunteers (estimate if necessary)	6	218
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b	Net unrelated business taxable income from Form 990-T, line 39	7b	0.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	4,594,506.	3,006,349.
	9	Program service revenue (Part VIII, line 2g)	11,268,560.	11,196,547.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	601,496.	500,860.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,042,071.	4,530,278.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	20,506,633.	19,234,034.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	11,132,983.	11,512,233.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 156,646.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	6,631,005.	6,528,075.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	17,763,988.	18,040,308.
	19	Revenue less expenses. Subtract line 18 from line 12	2,742,645.	1,193,726.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	38,634,064.	41,647,552.
	21	Total liabilities (Part X, line 26)	11,559,925.	12,523,340.
	22	Net assets or fund balances. Subtract line 21 from line 20	27,074,139.	29,124,212.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

▶ Signature of officer Date

▶ BRUCE PHIPPS, PRESIDENT & CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
MELISSA STANLEY	MELISSA STANLEY	09/22/20		P00720497

Firm's name ▶ BROWN, EDWARDS & COMPANY, L.L.P. Firm's EIN ▶ 54-0504608

Firm's address ▶ 319 MCCLANAHAN STREET, SW ROANOKE, VA 24014 Phone no. (540)345-0936

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III .... [X]

1 Briefly describe the organization's mission:

GOODWILL PROVIDES WORK AND TRAINING PROGRAMS THAT EMPOWER YOUTH, ADULTS AND SENIORS TO ACHIEVE THEIR GREATEST POTENTIAL. GOODWILL HELPS PEOPLE WHO HAVE DISABILITIES, DISADVANTAGES OR NEED TO ENHANCE SKILLS TO FIND A BETTER JOB.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? .... [ ] Yes [X] No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? .... [ ] Yes [X] No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 8,194,454. including grants of $) (Revenue $ 7,454,392.)

WORKFORCE DEVELOPMENT - GOODWILL RECEIVES FEDERAL GRANTS DESIGNED TO ASSIST INDIVIDUALS WHO ARE LOW INCOME, DISLOCATED, OVER THE AGE OF 55 AND ON A LOW INCOME, YOUTH THAT ARE AT-RISK, AND OTHER INDIVIDUALS WHO HAVE BARRIERS TO EMPLOYMENT. GOODWILL PROVIDES TRAINING AND EDUCATION TO PREPARE INDIVIDUALS FOR EMPLOYMENT OPPORTUNITIES AND HELPS THEM TO FIND A JOB. THROUGH TRAINING AND EMPLOYMENT PROGRAMS INDIVIDUALS ARE ABLE TO ACHIEVE THE PRIDE, DIGNITY, AND SELF-RESPECT THAT COMES FROM EARNING A PAYCHECK AND CONTRIBUTING TO THE COMMUNITY.

4b (Code:) (Expenses $ 3,360,466. including grants of $) (Revenue $ 2,958,790.)

WORK TRAINING SERVICES - GOODWILL PROCURES GRANTS FROM LOCAL, REGIONAL, AND NATIONAL FOUNDATIONS, COMPANIES, AND MUNICIPALITIES TO FUND PROGRAMS THAT HELP INDIVIDUALS GET BACK TO WORK AND GAIN GREATER INDEPENDENCE. INDIVIDUALS SERVED INCLUDED YOUTH, ADULTS, AND SENIORS WITH DISABILITIES AND OTHER BARRIERS TO EMPLOYMENT, SUCH AS INCARCERATION AND YOUTH WHO ARE AT RISK OF DROPPING OUT OF SCHOOL OR INVOLVEMENT WITH THE JUVENILE JUSTICE SYSTEM.

4c (Code:) (Expenses $ 819,936. including grants of $) (Revenue $ 783,365.)

SOURCE AMERICA - GOODWILL CONTRACTS WITH THE FEDERAL GOVERNMENT TO EMPLOY INDIVIDUALS WITH DISABILITIES AND OTHER BARRIERS TO EMPLOYMENT. THESE INDIVIDUALS PROVIDE JANITORIAL SERVICES IN LOCAL FEDERAL FACILITIES THUS ALLOWING THEM TO LIVE AND WORK INDEPENDENTLY.

4d Other program services (Describe on Schedule O.)

(Expenses $ including grants of $) (Revenue $ 4,354,643.)

4e Total program service expenses ▶ 12,374,856.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors*?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? *If "Yes," complete Schedule D, Part V*	10		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		
21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		X

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions, for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of any individual described in line 28a? *If "Yes," complete Schedule L, Part IV*	28b		X
c	A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	X	
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b	X	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note:** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V ☐

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	81			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance *(continued)*

				Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 620			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	X	
	Note: If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		X
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation on Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		X
b	If "Yes," enter the name of the foreign country ▶				
	See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the sponsoring organization make any taxable distributions under section 4966?		9a		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state?		13a		
	Note: See the instructions for additional information the organization must report on Schedule O.				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation on Schedule O*		14b		
15	Is the organization subject to the section 4960 tax on payment(s) of more than $1,000,000 in remuneration or excess parachute payment(s) during the year?		15		X
	If "Yes," see instructions and file Form 4720, Schedule N.				
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income?		16		X
	If "Yes," complete Form 4720, Schedule O.				

Part VI Governance, Management, and Disclosure *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI .... [X]

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year ..... **1a** 16 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.			
b	Enter the number of voting members included on line 1a, above, who are independent **1b** 16			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?	**3**		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	**5**		X
6	Did the organization have members or stockholders?	**6**		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:			
a	The governing body?	**8a**	X	
b	Each committee with authority to act on behalf of the governing body?	**8b**	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses on Schedule O*	**9**		X

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**	X	
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**	X	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	X	
13	Did the organization have a written whistleblower policy?	**13**	X	
14	Did the organization have a written document retention and destruction policy?	**14**	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	X	
b	Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).	**15b**	X	
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ VA

18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

[ ] Own website [ ] Another's website [X] Upon request [ ] Other *(explain on Schedule O)*

19 Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records ▶

THE CORPORATION - 540.581.0620
2502 MELROSE AVE NW, ROANOKE, VA 24017

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

See instructions for the order in which to list the persons above.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) TARA BRANSCOM CHAIR	1.00 1.00	X		X				0.	0.	0.
(2) DAN KARNES VICE CHAIR	1.00 1.00	X		X				0.	0.	0.
(3) HOWARD LYON TREASURER	1.00 1.00	X		X				0.	0.	0.
(4) ROBERT JEFFREY, JR. SECRETARY	1.00 1.00	X		X				0.	0.	0.
(5) WILLIAM ANDREWS DIRECTOR	1.00 1.00	X						0.	0.	0.
(6) MELVA BELCHER DIRECTOR	1.00 1.00	X						0.	0.	0.
(7) AARON BOUSH DIRECTOR	1.00 1.00	X						0.	0.	0.
(8) MATTHEW CHURCHILL DIRECTOR	1.00 1.00	X						0.	0.	0.
(9) MIKE FLINT DIRECTOR	1.00 1.00	X						0.	0.	0.
(10) MAE HUFF DIRECTOR	1.00 1.00	X						0.	0.	0.
(11) CHUCK KISER DIRECTOR	1.00 1.00	X						0.	0.	0.
(12) JAMES LAUB DIRECTOR	1.00 1.00	X						0.	0.	0.
(13) NATHANIEL MARSHALL DIRECTOR	1.00 1.00	X						0.	0.	0.
(14) ROY MARTIN DIRECTOR	1.00 1.00	X						0.	0.	0.
(15) CAMILLE WRIGHT MILLER DIRECTOR	1.00 1.00	X						0.	0.	0.
(16) JOHN WOOD DIRECTOR	1.00 1.00	X						0.	0.	0.
(17) BRUCE PHIPPS PRESIDENT & CEO	40.00 1.00			X				268,769.	0.	34,412.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(18) JACKSON G. GREEN CHIEF OPERATIONS OFFICER	40.00 1.00			X				171,625.	0.	15,566.
(19) STEVEN KELLEY CHIEF FINANCIAL OFFICER	40.00 1.00			X				142,887.	0.	12,556.
(20) KELLY SANDRIDGE VICE PRESIDENT	40.00 1.00			X				119,182.	0.	10,355.
(21) MARY ANN GILMER VICE PRESIDENT	40.00 1.00			X				124,414.	0.	690.
(22) MINDY BOYD VICE PRESIDENT	1.00 40.00			X				0.	121,028.	8,720.
(23) JODI HENDRICKSON VICE PRESIDENT	1.00 40.00			X				0.	87,652.	11,759.
1b Subtotal								826,877.	208,680.	94,058.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								826,877.	208,680.	94,058.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 5

		Yes	No
3 Did the organization list any **former** officer, director, trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
SELECTIVE INSURANCE CO OF AMERICA PO BOX 382034, PITTSBURGH, PA 15251	INSURANCE BROKER	344,818.
ENERGY EFFICIENT TECHNOLOGIES, 403 HEADQUARTERS DR., STE 5, MILLERSVILLE, MD	CONSTRUCTION SERVICES	179,498.
ANDERSON DEVELOPMENT INC PO BOX 2567, GREENVILLE, SC 29602	CONSTRUCTION SERVICES	123,318.
ROANOKE ROOFING & SHEET METAL CO PO BOX 12607, ROANOKE, VA 24027	CONSTRUCTION SERVICES	121,300.
JEFF WASHENBERGER 2746 WEST MAIN ST, SALEM, VA 24153	CONSTRUCTION SERVICES	118,236.

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 5

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	2,305,249.				
	e Government grants (contributions)	1e	45,000.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	656,100.				
	g Noncash contributions included in lines 1a-1f	1g	$				
	h Total. Add lines 1a-1f ▶			3,006,349.			
Program Service Revenue		Business Code					
	2 a WORKFORCE DEVELOPMENT	561300		7,454,392.	7,454,392.		
	b WORK TRAINING SERVICES	561300		2,958,790.	2,958,790.		
	c SOURCE AMERICA	561300		783,365.	783,365.		
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f ▶			11,196,547.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶			250,657.			250,657.
	4 Income from investment of tax-exempt bond proceeds ▶						
	5 Royalties ▶						
		(i) Real	(ii) Personal				
	6 a Gross rents (6a)						
	b Less: rental expenses (6b)						
	c Rental income or (loss) (6c)						
	d Net rental income or (loss) ▶						
	7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	(7a)	3,794,168.					
	b Less: cost or other basis and sales expenses (7b)	3,543,965.					
	c Gain or (loss) (7c)	250,203.					
	d Net gain or (loss) ▶			250,203.			250,203.
	8 a Gross income from fundraising events (not including $ ____ of contributions reported on line 1c). See Part IV, line 18	8a					
	b Less: direct expenses	8b					
	c Net income or (loss) from fundraising events ▶						
	9 a Gross income from gaming activities. See Part IV, line 19	9a					
	b Less: direct expenses	9b					
	c Net income or (loss) from gaming activities ▶						
	10 a Gross sales of inventory, less returns and allowances	10a					
	b Less: cost of goods sold	10b					
	c Net income or (loss) from sales of inventory ▶						
Miscellaneous Revenue		Business Code					
	11 a RELATED ORGANIZATION MGMT FEE	561000		4,354,643.	4,354,643.		
	b MANAGEMENT, VENDING, REFUNDS AND	900099		175,635.			175,635.
	c						
	d All other revenue						
	e Total. Add lines 11a-11d ▶			4,530,278.			
12	Total revenue. See instructions ▶			19,234,034.	15,551,190.	0.	676,495.

932009 01-20-20

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	645,817.		645,817.	
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	8,913,570.	6,844,861.	1,977,241.	91,468.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	81,461.	50,786.	28,558.	2,117.
9 Other employee benefits	1,184,711.	826,515.	338,635.	19,561.
10 Payroll taxes	686,674.	501,167.	178,580.	6,927.
11 Fees for services (nonemployees):				
a Management				
b Legal	4,723.		4,723.	
c Accounting	69,826.		69,826.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	45,741.		45,741.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	823,963.	437,523.	386,440.	
12 Advertising and promotion	246,334.	22,298.	222,808.	1,228.
13 Office expenses	357,353.	97,587.	257,910.	1,856.
14 Information technology	2,988.			2,988.
15 Royalties				
16 Occupancy	991,905.	787,280.	204,411.	214.
17 Travel	287,651.	200,242.	86,454.	955.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	268.			268.
20 Interest	70,840.	4,699.	66,141.	
21 Payments to affiliates	197,612.		197,612.	
22 Depreciation, depletion, and amortization	480,315.	63,198.	416,778.	339.
23 Insurance	137,799.	41,645.	96,154.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a WORKFORCE PROGRAM EXPEN	2,396,473.	2,364,152.	32,321.	
b OTHER	414,284.	132,903.	252,656.	28,725.
c				
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	18,040,308.	12,374,856.	5,508,806.	156,646.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X | Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing		1,896,200.	1	1,877,649.
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net		140,547.	3	120,945.
	4	Accounts receivable, net		2,401,886.	4	2,588,938.
	5	Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use			8	
	9	Prepaid expenses and deferred charges		182,372.	9	281,318.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 42,339,018.			
	b	Less: accumulated depreciation	10b 17,046,556.	24,747,844.	10c	25,292,462.
	11	Investments - publicly traded securities		8,756,817.	11	10,894,205.
	12	Investments - other securities. See Part IV, line 11			12	
	13	Investments - program-related. See Part IV, line 11			13	
	14	Intangible assets		16,893.	14	9,309.
	15	Other assets. See Part IV, line 11		491,505.	15	582,726.
	16	**Total assets.** Add lines 1 through 15 (must equal line 33)		38,634,064.	16	41,647,552.
Liabilities	17	Accounts payable and accrued expenses		2,316,727.	17	2,672,914.
	18	Grants payable			18	
	19	Deferred revenue		326,006.	19	299,270.
	20	Tax-exempt bond liabilities		480,001.	20	320,001.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			21	
	22	Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons			22	
	23	Secured mortgages and notes payable to unrelated third parties		6,115,390.	23	5,093,940.
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		2,321,801.	25	4,137,215.
	26	**Total liabilities.** Add lines 17 through 25		11,559,925.	26	12,523,340.
Net Assets or Fund Balances		**Organizations that follow FASB ASC 958, check here ▶ [X] and complete lines 27, 28, 32, and 33.**				
	27	Net assets without donor restrictions		26,859,744.	27	28,892,962.
	28	Net assets with donor restrictions		214,395.	28	231,250.
		Organizations that do not follow FASB ASC 958, check here ▶ ☐ and complete lines 29 through 33.				
	29	Capital stock or trust principal, or current funds			29	
	30	Paid-in or capital surplus, or land, building, or equipment fund			30	
	31	Retained earnings, endowment, accumulated income, or other funds			31	
	32	Total net assets or fund balances		27,074,139.	32	29,124,212.
	33	Total liabilities and net assets/fund balances		38,634,064.	33	41,647,552.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	19,234,034.
2	Total expenses (must equal Part IX, column (A), line 25)	2	18,040,308.
3	Revenue less expenses. Subtract line 2 from line 1	3	1,193,726.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	27,074,139.
5	Net unrealized gains (losses) on investments	5	894,979.
6	Donated services and use of facilities	6	-38,632.
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	29,124,212.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII ☒

			Yes	No
1	Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
	If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
	If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	X	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits	3b	X	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

Name of the organization
GOODWILL INDUSTRIES OF THE VALLEYS INC

Employer identification number
54-0884014

Part I **Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)
3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: ____
5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: ____
10 ☒ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.

- **a** ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- **b** ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- **c** ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- **d** ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- **e** ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- **f** Enter the number of supported organizations ____
- **g** Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document? Yes	No	(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
Total						

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ..... ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2019 (line 6, column (f) divided by line 11, column (f)) ..... 14 %

15 Public support percentage from 2018 Schedule A, Part II, line 14 ..... 15 %

16a **33 1/3% support test - 2019.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ..... ▶ ☐

b **33 1/3% support test - 2018.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ..... ▶ ☐

17a **10% -facts-and-circumstances test - 2019.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ..... ▶ ☐

b **10% -facts-and-circumstances test - 2018.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ..... ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ..... ▶ ☐

Schedule A (Form 990 or 990-EZ) 2019

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	9463808.	8796507.	7533353.	6162365.	4588966.	36544999.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	17723246.	18612494.	16589676.	15200669.	15546216.	83672301.
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5	27187054.	27409001.	24123029.	21363034.	20135182.	120217300
7a Amounts included on lines 1, 2, and 3 received from disqualified persons	9000000.	8000000.	7000000.	3908385.	2305249.	30213634.
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year			1338112.			1338112.
c Add lines 7a and 7b	9000000.	8000000.	8338112.	3908385.	2305249.	31551746.
8 **Public support.** (Subtract line 7c from line 6.)						88665554.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
9 Amounts from line 6	27187054.	27409001.	24123029.	21363034.	20135182.	120217300
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources	467,434.	166,028.	199,688.	178,444.	249,739.	1261333.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	467,434.	166,028.	199,688.	178,444.	249,739.	1261333.
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)	128,783.	53,607.				182,390.
13 **Total support.** (Add lines 9, 10c, 11, and 12.)	27783271.	27628636.	24322717.	21541478.	20384921.	121661023

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2019 (line 8, column (f), divided by line 13, column (f))	15	72.88	%
16 Public support percentage from 2018 Schedule A, Part III, line 15	16	73.98	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2019** (line 10c, column (f), divided by line 13, column (f))	17	1.04	%
18 Investment income percentage from **2018** Schedule A, Part III, line 17	18	1.17	%

19a **33 1/3% support tests - 2019.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☒

b **33 1/3% support tests - 2018.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

			Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in* **Part VI** *how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.*	1		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer (b) and (c) below.*	3a		
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in* **Part VI** *when and how the organization made the determination.*	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in* **Part VI** *what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.*	4a		
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in* **Part VI** *how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.*	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in* **Part VI,** *including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		
b	**Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in* **Part VI.**	6		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	7		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	8		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? *If "Yes," provide detail in* **Part VI.**	9a		
b	Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in* **Part VI.**	9b		
c	Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in* **Part VI.**	9c		
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer 10b below.*	10a		
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)*	10b		

Part IV Supporting Organizations *(continued)*

			Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?			
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	11a		
b	A family member of a person described in (a) above?	11b		
c	A 35% controlled entity of a person described in (a) or (b) above? *If "Yes" to a, b, or c, provide detail in* **Part VI.**	11c		

Section B. Type I Supporting Organizations

			Yes	No
1	Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in* **Part VI** *how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*	1		
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in* **Part VI** *how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.*	2		

Section C. Type II Supporting Organizations

			Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in* **Part VI** *how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*	1		

Section D. All Type III Supporting Organizations

			Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	1		
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in* **Part VI** *how the organization maintained a close and continuous working relationship with the supported organization(s).*	2		
3	By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in* **Part VI** *the role the organization's supported organizations played in this regard.*	3		

Section E. Type III Functionally Integrated Supporting Organizations

1 *Check the box next to the method that the organization used to satisfy the Integral Part Test during the year* **(see instructions).**

a ☐ The organization satisfied the Activities Test. *Complete* **line 2** *below.*

b ☐ The organization is the parent of each of its supported organizations. *Complete* **line 3** *below.*

c ☐ The organization supported a governmental entity. *Describe in* **Part VI** *how you supported a government entity (see instructions).*

			Yes	No
2	Activities Test. **Answer (a) and (b) below.**			
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in* **Part VI identify those supported organizations and explain** *how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*	2a		
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in* **Part VI** *the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*	2b		
3	Parent of Supported Organizations. **Answer (a) and (b) below.**			
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in* **Part VI.**	3a		
b	Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? *If "Yes," describe in* **Part VI** *the role played by the organization in this regard.*	3b		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3.	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 **Adjusted Net Income** (subtract lines 5, 6, and 7 from line 4)	8		

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d **Total** (add lines 1a, 1b, and 1c)	1d		
e **Discount** claimed for blockage or other factors (explain in detail in **Part VI**):			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d.	3		
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035.	6		
7 Recoveries of prior-year distributions	7		
8 **Minimum Asset Amount** (add line 7 to line 6)	8		

Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1.	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3.	4		
5 Income tax imposed in prior year	5		
6 **Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6		

7 ☐ Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations *(continued)*

Section D - Distributions	**Current Year**
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in **Part VI**). See instructions.	
7 **Total annual distributions.** Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in **Part VI**). See instructions.	
9 Distributable amount for 2019 from Section C, line 6	
10 Line 8 amount divided by line 9 amount	

Section E - Distribution Allocations (see instructions)	**(i)** **Excess Distributions**	**(ii)** **Underdistributions Pre-2019**	**(iii)** **Distributable Amount for 2019**
1 Distributable amount for 2019 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2019 (reasonable cause required- explain in **Part VI**). See instructions.			
3 Excess distributions carryover, if any, to 2019			
a From 2014			
b From 2015			
c From 2016			
d From 2017			
e From 2018			
f **Total** of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2019 distributable amount			
i Carryover from 2014 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2019 from Section D, line 7: $			
a Applied to underdistributions of prior years			
b Applied to 2019 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2019, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in **Part VI.** See instructions.			
6 Remaining underdistributions for 2019. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in **Part VI**. See instructions.			
7 **Excess distributions carryover to 2020.** Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2015			
b Excess from 2016			
c Excess from 2017			
d Excess from 2018			
e Excess from 2019			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Schedule A — Payments from Disqualified Persons Included on Part III, Line 7a — 2019

** Do Not File **

*** Not Open to Public Inspection ***

Payer's Name	2015 Amount	2016 Amount	2017 Amount	2018 Amount	2019 Amount
GOOWILL INDUSTRIES OF THE VALLEY WORKS	9,000,000.	8,000,000.	7,000,000.	3,908,385.	2,305,249.
Total to Schedule A, Part III, Line 7a	9,000,000.	8,000,000.	7,000,000.	3,908,385.	2,305,249.

923172 04-01-19

Schedule A — Excess Payments from Non-Disqualified Persons Included on Part III, Line 7b — 2019

** Do Not File **

*** Not Open to Public Inspection ***

Payer's Name	2015 Amount	2016 Amount	2017 Amount	2018 Amount	2019 Amount
DEPT OF MEDICAL ASSISTANCE	0.	0.	904,330.	0.	0.
DEPT OF AGING & REHAB SERVICES	0.	0.	433,782.	0.	0.
Total to Schedule A, Part III, Line 7b			1,338,112.		

923173 04-01-19

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2019

Name of the organization: GOODWILL INDUSTRIES OF THE VALLEYS INC

Employer identification number: 54-0884014

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	[X] 501(c)(3) (enter number) organization
	[ ] 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	[ ] 527 political organization
Form 990-PF	[ ] 501(c)(3) exempt private foundation
	[ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation
	[ ] 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

[X] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling $5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

[ ] For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** $5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling $5,000 or more during the year .... ▶ $ ________

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization	Employer identification number
GOODWILL INDUSTRIES OF THE VALLEYS INC	54-0884014

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		$ 10,575.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
2		$ 5,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
3		$ 5,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
4		$ 5,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
5		$ 2,305,249.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
6		$ 10,819.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization	Employer identification number
GOODWILL INDUSTRIES OF THE VALLEYS INC	54-0884014

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7		$ 10,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
8		$ 15,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
9		$ 5,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
10		$ 5,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
11		$ 9,829.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
12		$ 10,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization	Employer identification number
GOODWILL INDUSTRIES OF THE VALLEYS INC	54-0884014

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
13		$ 14,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
14		$ 5,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
15		$ 5,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
16		$ 5,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
17		$ 20,063.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization	Employer identification number
GOODWILL INDUSTRIES OF THE VALLEYS INC	54-0884014

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		$	

Name of organization	Employer identification number
GOODWILL INDUSTRIES OF THE VALLEYS INC	54-0884014

Part III **Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than $1,000 for the year from any one contributor.** Complete columns **(a)** through **(e) and** the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this info. once.) ▶ $

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
▶Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

Name of the organization: GOODWILL INDUSTRIES OF THE VALLEYS INC
Employer identification number: 54-0884014

Part I **Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate value of contributions to (during year)		
3	Aggregate value of grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II **Conservation Easements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
- ☐ Preservation of land for public use (for example, recreation or education)
- ☐ Protection of natural habitat
- ☐ Preservation of open space
- ☐ Preservation of a historically important land area
- ☐ Preservation of a certified historic structure

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ ______

4 Number of states where property subject to conservation easement is located ▶ ______

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ ______

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ $ ______

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1 ▶ $ ______

(ii) Assets included in Form 990, Part X ▶ $ ______

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:

a Revenue included on Form 990, Part VIII, line 1 ▶ $ ______

b Assets included in Form 990, Part X ▶ $ ______

Part III **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange program
e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV **Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐

Part V **Endowment Funds.** Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ ____ %

b Permanent endowment ▶ ____ %

c Term endowment ▶ ____ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

		Yes	No
(i) Unrelated organizations	3a(i)		
(ii) Related organizations	3a(ii)		
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI **Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		5,684,294.		5,684,294.
b Buildings		23,373,470.	7,352,648.	16,020,822.
c Leasehold improvements		2,601,123.	2,241,433.	359,690.
d Equipment		8,285,829.	6,267,732.	2,018,097.
e Other		2,394,302.	1,184,743.	1,209,559.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10c.)* ▶				25,292,462.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) INTEREST RATE SWAP	9,487.
(3) DUE TO RELATED ORGANIZATION	4,127,728.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	4,137,215.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII ☐

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains (losses) on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5	

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5	

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

Name of the organization: GOODWILL INDUSTRIES OF THE VALLEYS INC

Employer identification number 54-0884014

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☒ Travel for companions ☐ Tax indemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (such as maid, chauffeur, chef)			
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	X	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?	2	X	
3	Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☒ Compensation committee ☒ Independent compensation consultant ☐ Form 990 of other organizations ☒ Written employment contract ☒ Compensation survey or study ☒ Approval by the board or compensation committee			
4	During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		X
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
	Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.			
5	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		X
b	Any related organization?	5b		X
	If "Yes" on line 5a or 5b, describe in Part III.			
6	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		X
b	Any related organization?	6b		X
	If "Yes" on line 6a or 6b, describe in Part III.			
7	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III	7		X
8	Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		X
9	If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
(1) BRUCE PHIPPS	(i)	260,237.	2,396.	6,136.	11,000.	23,412.	303,181.	0.
PRESIDENT & CEO	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) JACKSON G. GREEN	(i)	167,271.	1,784.	2,570.	8,800.	6,766.	187,191.	0.
CHIEF OPERATIONS OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) STEVEN KELLEY	(i)	139,495.	1,358.	2,034.	7,269.	5,287.	155,443.	0.
CHIEF FINANCIAL OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
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	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PART I, LINE 1A:

IF THE SPOUSE OR SIGNIFICANT OTHER IS INVOLVED IN THE BUSINESS PURPOSE OF THE TRIP, ONLY ACTUAL EXPENSES INCURRED BY THE ASSOCIATE FOR MEALS, ROOM, TRANSPORTATION, AND OTHER BUSINESS-RELATED EXPENSES WILL BE REIMBURSED. THE EXPENSE REPORTS ARE REVIEWED AND APPROVED BY THE CFO TWICE A YEAR AND THE AMOUNTS ARE INCLUDED AS TAXABLE FRINGE BENEFITS.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047
2019
Open to Public Inspection

Name of the organization: GOODWILL INDUSTRIES OF THE VALLEYS INC

Employer identification number 54-0884014

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

MANAGEMENT SERVICES PERFORMED FOR GOODWILL INDUSTRIES OF THE VALLEY WORKS.

EXPENSES $ 0. INCLUDING GRANTS OF $ 0. REVENUE $ 4,354,643.

FORM 990, PART VI, SECTION B, LINE 11B:

THE INDEPENDENT AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD OF DIRECTORS REVIEWS THE FORM 990 BEFORE IT IS SIGNED BY THE CEO AND ELECTRONICALLY SUBMITTED TO THE IRS. THE FORM 990 IS DISTRIBUTED TO ALL BOARD MEMBERS BEFORE FILING THE RETURN.

FORM 990, PART VI, SECTION B, LINE 12C:

ALL BOARD MEMBERS, SENIOR LEADERSHIP MEMBERS, AND DIRECTOR LEVEL EMPLOYEES MUST COMPLETE AND SIGN A DISCLOSURE FORM ANNUALLY THAT STATES THEY HAVE READ, AGREE WITH, AND ABIDE BY THE ORGANIZATION'S CONFLICT OF INTEREST POLICY. ANY GOVERNING BOARD MEMBER HAVING A DUALITY OF INTEREST OR POSSIBLE CONFLICT OF INTEREST ON ANY MATTER SHOULD NOT VOTE OR USE HIS/HER PERSONAL INFLUENCE ON THE MATTER. HE/SHE SHOULD NOT BE COUNTED IN DETERMINING THE QUORUM FOR THE MEETING, EVEN WHEN PERMITTED BY LAW. THE MINUTES OF THE MEETING SHOULD REFLECT THAT A DISCLOSURE WAS MADE, THE ABSTENTION FROM VOTING, AND THE QUORUM SITUATION.

FORM 990, PART VI, SECTION B, LINE 15:

THE COMPENSATION COMMITTEE IS APPOINTED BY THE BOARD AND MADE UP OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS. IT IS RESPONSIBLE FOR DETERMINING THE COMPENSATION OF THE PRESIDENT & CEO WHO HAS OVER 40 YEARS

Name of the organization: GOODWILL INDUSTRIES OF THE VALLEYS INC

Employer identification number: 54-0884014

OF LEADERSHIP EXPERIENCE WITH GOODWILL. THE COMMITTEE USES AN ANNUAL MARKET SALARY STUDY FROM A THIRD PARTY THAT COMPARES POSITIONS BY INDUSTRY, GEOGRAPHIC SCOPE, AND ANNUAL REVENUE FOR BASE SALARY AND TOTAL COMPENSATION. A REVIEW OF THE PREVIOUS YEAR'S OUTCOMES, PERFORMANCE, AND GOALS ATTAINED ARE ALSO CONSIDERED DURING THE PERFORMANCE AND COMPENSATION REVIEW. DISCUSSIONS OF COMPENSATION ARE RECORDED IN THE BOARD MINUTES.

FORM 990, PART VI, SECTION C, LINE 19:

GOODWILL MAKES GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE UPON REQUEST.

PART XII, LINE 2C

PROCESS HAS NOT CHANGED FROM PRIOR YEAR.

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2019

Open to Public Inspection

Name of the organization: GOODWILL INDUSTRIES OF THE VALLEYS INC

Employer identification number 54-0884014

Part I **Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II **Identification of Related Tax-Exempt Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
GOODWILL INDUSTRIES OF THE VALLEY WORKS - 27-0953369, 2502 MELROSE AVENUE NW, ROANOKE, VA 24017	RAISE FUNDS TO SUPPORT GOODWILL PROGRAMS AND SERVICES	VIRGINIA	501(C)(3)	LINE 12B, II	GOODWILL INDUSTRIES OF THE VALLEYS INC.	X	

Part III **Identification of Related Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) No

Part V Transactions With Related Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note: Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.		Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest, **(ii)** annuities, **(iii)** royalties, or **(iv)** rent from a controlled entity	1a		X
b Gift, grant, or capital contribution to related organization(s)	1b		X
c Gift, grant, or capital contribution from related organization(s)	1c	X	
d Loans or loan guarantees to or for related organization(s)	1d		X
e Loans or loan guarantees by related organization(s)	1e	X	
f Dividends from related organization(s)	1f		X
g Sale of assets to related organization(s)	1g		X
h Purchase of assets from related organization(s)	1h		X
i Exchange of assets with related organization(s)	1i		X
j Lease of facilities, equipment, or other assets to related organization(s)	1j	X	
k Lease of facilities, equipment, or other assets from related organization(s)	1k		X
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	X	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	X	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	X	
o Sharing of paid employees with related organization(s)	1o	X	
p Reimbursement paid to related organization(s) for expenses	1p		X
q Reimbursement paid by related organization(s) for expenses	1q		X
r Other transfer of cash or property to related organization(s)	1r		X
s Other transfer of cash or property from related organization(s)	1s	X	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	GOODWILL INDUSTRIES OF THE VALLEY WORKS	C	3,887,867.	BOOK
(2)	GOODWILL INDUSTRIES OF THE VALLEY WORKS	E	4,127,728.	BOOK
(3)	GOODWILL INDUSTRIES OF THE VALLEY WORKS	J	651,373.	BOOK
(4)	GOODWILL INDUSTRIES OF THE VALLEY WORKS	L	4,354,643.	BOOK
(5)				
(6)				

Part VI **Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners sec. 501(c)(3) orgs.? Yes	(e) No	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R. See instructions.

Form **8868**
(Rev. January 2020)
Department of the Treasury
Internal Revenue Service

Application for Automatic Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**
▶ **Go to www.irs.gov/Form8868 for the latest information.**

OMB No. 1545-0047

Electronic filing (e-file). You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit *www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits.*

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print
File by the due date for filing your return. See instructions.

Name of exempt organization or other filer, see instructions.
GOODWILL INDUSTRIES OF THE VALLEYS INC

Taxpayer identification number (TIN)
54-0884014

Number, street, and room or suite no. If a P.O. box, see instructions.
2502 MELROSE AVE NW

City, town or post office, state, and ZIP code. For a foreign address, see instructions.
ROANOKE, VA 24017

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ THE CORPORATION 2502 MELROSE AVE NW - ROANOKE, VA 24017
  Telephone No. ▶ 540.581.0620 Fax No. ▶
- If the organization does not have an office or place of business in the United States, check this box .... ▶ ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ______ . If this is for the whole group, check this box ▶ ☐ . If it is for part of the group, check this box ▶ ☐ and attach a list with the names and TINs of all members the extension is for.

1 I request an automatic 6-month extension of time until NOVEMBER 16, 2020 , to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ ☒ calendar year 2019 or
▶ ☐ tax year beginning ______________ , and ending ______________ .

2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a	If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	**3a**	$ 0.
b	If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	**3b**	$ 0.
c	**Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	**3c**	$ 0.

Caution: If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

GOODWILL INDUSTRIES OF THE VALLEYS, INC.

AMENDED AND RESTATED BYLAWS

Adopted by the Board of Directors May 25, 2004
Revised September 26, 2019

ARTICLE I

NAME, PURPOSES AND MEMBERSHIP

1. Name. The name of the Corporation is Goodwill Industries of the Valleys, Inc.

2. General Purposes. The Corporation shall be organized exclusively for charitable, religious, literary, educational, and scientific purposes and to the extent consistent therewith, for the conduct of any or all lawful affairs, not required to be stated specifically in the Articles of Incorporation, for which nonstock corporations may be incorporated under Chapter 10 of Title 13.1 of the Code of Virginia, as amended. The Corporation shall operate in such a manner as to comply with Section 501(c)(3) of the Internal Revenue Code of 1986 and regulations promulgated thereunder, as amended (the "Code") (any references to provisions of the Code in these Bylaws include any successor provisions).

3. Membership. The Corporation shall have no voting members.

4. Dissolution. In the event that the Corporation is dissolved or the work abandoned, all assets and title to real and personal property of the Corporation after debts of the Corporation have been paid shall be distributed by the Board to community organizations that support the mission of the Corporation in its assigned catchment area and are exempt under Section 501(c)(3) of the Code.

ARTICLE II

BOARD OF DIRECTORS

1. Number. The Corporation shall be governed by a Board of Directors (the "Board"). The number of directors shall be determined by the Board, from time to time, but shall not be less than 15 nor more than 25 at any time. It is the intent of the Board that the composition of the Board fairly represents all regions actively served by the Corporation.

2. Classification and Term. The classification and term of directors are set forth in the Articles of Incorporation as they may be amended from time to time.

3. Election. Directors shall be elected by the Board at the annual meeting or such other time as the Board may determine. Nominations for the Board may be made by the Board Development Committee or by any director.

4. Resignation, Removal and Replacement. Any director may resign by submitting a written notice of resignation to the Corporation's Chair, President or Secretary. Any director who has five (5) consecutive absences from Board meetings shall be deemed to have resigned. Any director may be removed from office at any time with or without cause by the affirmative vote of a majority of the directors in office. Vacancies occurring in the Board during the year shall be filled by vote of a majority of directors in office, the person so elected to serve the unexpired term of the person formerly occupying the vacant seat.

5. Limitation on Eligibility. No person shall be elected for any full or unexpired term as a director if at the expiration of the then-current term the person will have served as a director for two full terms or for more than eight consecutive fiscal years. Service during any part of a fiscal year shall be counted as a full year's service. Any director who, at the expiration of his or her then-current term, has served as a director for two full three-year terms or eight consecutive fiscal years shall be ineligible for further election until one year has elapsed.

6. Regular and Annual Meetings. Regular meetings of the Board shall be held every other month on the fourth Thursday of the month or at such other time as may be determined by the Board. Except as otherwise agreed by the Board, the December meeting of each year shall be the annual meeting. The Board shall hold such other meetings as may be called by the President, the Chair or any three members of the Board. The time and place of regular meetings shall be established by the President, subject to change by the Board. The President or Chair may cancel or postpone any regular meeting if in his or her opinion there is not likely to be a quorum present at the meeting.

7. Notices of Meetings. Notice of each meeting of the Board stating the place, day and hour of the meeting and, except for regular and annual meetings, the purpose for which the meeting is called, shall be delivered to each director not less than five (5) days before the day of the meeting. With respect to regular meetings and the annual meeting of the Board, notice of the meeting schedule given at the annual meeting shall be sufficient; otherwise, notices shall be electronic or in writing. Electronic delivery will be to the email address or in writing deposited in the United States mail, postage prepaid, to the address of a given director as on file with the Corporation shall constitute delivery.

8. Quorum and Voting. A majority of the members of the Board shall constitute a quorum. Except as otherwise provided herein or mandated by the Virginia Nonstock Corporation Act, all actions taken by the directors shall require a majority vote of those directors in attendance at any Board meeting at which a quorum is present.

9. Action Without a Meeting. Any actions of the Board may be taken without a meeting by the unanimous written consent of the directors.

10. Duties. The Board shall have all the powers and duties necessary or appropriate for the administration of the affairs of the Corporation. All powers of the Corporation shall be vested in the Board.

ARTICLE III

OFFICERS

1. Number and Eligibility. The following officers of the Corporation shall be elected by the Board, from among the members of the Board: Chair of the Board, Vice-Chair of the Board, Secretary and Treasurer. Nominations for Board officers may be made by the Board Development Committee or by any member of the Board. The operating officers of the Corporation shall consist of a President/Chief Executive Officer and other Officers as the Board shall designate or as the President/CEO may recommend, subject to approval by the Board.

2. Term. The Board officers shall serve one-year terms effective with the beginning of the fiscal year. The Chair of the Board may not serve as such for more than two (2) successive terms.

3. Resignation, Removal, and Replacement. Any officer elected by the Board may resign by submitting a written notice of resignation to the Chair or in case of resignation by the Chair to the Secretary. Any officer may be removed at any time with or without cause by the affirmative vote of a majority of the directors in office. In case of a vacancy in the office of Chair, the Vice Chair shall thereupon become Chair. Other vacancies in the office of Board officers shall be filled by vote of a majority of the directors in office. The President/CEO shall be appointed by the Board. The Board may also appoint such other officers, as it deems appropriate. Any other operating officers may be appointed by the President/CEO at the direction of the Board.

4. Chair of the Board. The Chair of the Board shall preside at all meetings of the Board and the Executive Committee of the Board. The Chair shall, when directed by the Board or, where applicable, the Executive Committee, sign all conveyances by the Corporation, and any other obligations in the name of the Corporation. The Chair shall appoint the committee chair and directors to committee assignments, except for assignments to the Audit and Compliance Committee and Compensation Committee, if any, which will be made by the Board.

5. President/CEO. The President/CEO shall be the Chief Executive Officer of the Corporation. The President/CEO shall perform such duties as may be customarily required of a president and shall generally supervise the affairs and finances of the Corporation. All other operating officers shall report to the President/CEO, except as otherwise specifically determined by the Board. The President/CEO shall have the power to sign checks, orders, contracts, leases, notes, drafts and other documents and instruments in connection with the business of the Corporation and have such other powers and perform such other duties as may be assigned by the Board or as may be incidental to the office of the President/CEO. The President/CEO shall also, on behalf of the Corporation, when directed by the Board or, where applicable, the Executive Committee, sign all conveyances by the Corporation and any other obligations in the name of the Corporation.

6. Vice Chair. The Vice Chair shall assist the Chair in the discharge of the Chair's duties as the Chair may request. In the case of the absence or disability of the Chair, the duties of the office of Chair shall be performed by the Vice Chair.

7. Secretary. The Secretary shall be responsible for minutes of all meetings and proceedings of the Corporation, and for the giving and serving of all notices of the Corporation. When required, the Secretary shall attest the signatures of the proper officers of the Corporation on all contracts, securities, and other documents of the Corporation in the name of the Corporation and shall affix the seal of the Corporation, if any, thereto when so required.

8. Treasurer. The Treasurer shall be responsible for the custody of the corporate funds and securities and for full and accurate accounts of receipts and disbursements in books belonging to the Corporation. The daily operating authority for handling the financial affairs of the Corporation may be delegated by the Treasurer to appropriate employees of the Corporation.

ARTICLE IV

COMMITTEES

1. Standing Committees. The standing committees of the Corporation shall be the Executive Committee, Compensation Committee, Board Development Committee and Finance Committee. The membership of the Audit and Compliance Committee, if any, may vary in number and members shall be appointed to one (1) year terms by the Board. Vacancies on all committees, except the Audit and Compliance Committee and Compensation Committee, shall be filled for the unexpired term by appointment by the Chair of the Board. Standing committee chairs and committee members may succeed themselves without limitation of number of years of service. Additional standing committees may be created upon recommendation of the Board with majority consent and a standing committee may be discontinued in the same manner. The President shall be an ex-officio member of all committees except the Audit and Compliance Committee, but shall have no voting rights with respect to actions taken by such committees and shall not be counted in determining whether a quorum is present.

2. Executive Committee.

a. Composition. There shall be a five-member Executive Committee. The four officers of the Board and the Past Chair shall constitute the Executive Committee. In the event the Past Chair shall no longer be a director, one member of the Board at large shall be selected by the Board to serve on the Executive Committee. The Chair of the Board shall serve as Chair of the Executive Committee.

b. Powers. The Executive Committee may exercise the authority of the Board under Section 13.1-853 of the Virginia Nonstock Corporation Act, except as limited by Section 13.1-869D as amended. Notwithstanding the foregoing, the Executive Committee shall not have authority to sell any real property owned by the Corporation, or replace or dismiss the President/CEO, or take any action that is inconsistent with any resolution passed by the Board.

c. Quorum and Voting. A majority of the Executive Committee shall constitute a quorum. Actions of the Executive Committee shall require a vote of a majority of the members then in attendance at a meeting in which a quorum is present.

d. Meetings. Meetings of the Executive Committee shall be held as called by the Chair or any two members of the committee.

e. Notice of Meetings. Except for regularly scheduled meetings, notice of each meeting of the Executive Committee stating the place, day and hour of the meeting and, except for regular meetings, the purpose for which the meeting is called shall be delivered to each director not less than five (5) days before the day of the meeting, unless waived by the members of the Executive Committee. Notices shall be electronic or in writing. Electronic delivery will be to the email address or in writing will be deposited in the United States mail, postage prepaid or facsimile transmission or hand delivery to the address or fax number of a given Executive Committee member as on file with the Corporation shall constitute delivery.

3. Compensation Committee. The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the organization as they affect the CEO and the Senior Executives. The Compensation Committee shall contain at least three directors.

4. Board Development Committee. The Board Development Committee shall recommend to the Board candidates for directors and officers. The Board Development Committee shall contain at least three directors.

5. Finance Committee. The Finance Committee shall review and recommend to the Board operating and capital budgets and fiscal policies of the Corporation and review and approve budgeting processes for the Corporation and monitor and evaluate the financial performance of the Corporation. The Finance Committee shall recommend from time to time, for consideration by the Board, appropriate financial spending limits for the operating officers of the Corporation. In addition, the Finance Committee shall be responsible for establishing fiscal policy for the Corporation, subject to approval by the Board. Recommendations of the Finance Committee shall be presented to either the Board or the Executive Committee. The Finance Committee shall respond to such questions relating to the financial condition of the Corporation as may be submitted to it by the Board or the Executive Committee. Unless otherwise agreed to by the Board or the Executive Committee, all proposals for major capital expenditures, leases and other significant liabilities shall be presented first to the Finance Committee, which shall make its recommendation to the Board.

6. Advisory Committees. The Board may create, from time to time, such advisory committees, as it deems necessary for limited purposes. The Executive Committee shall appoint the members of all advisory committees. Advisory committees may consist of individuals who are not Board members and are not required to include any directors as members, although directors may serve on such committees. Advisory committees may not act on behalf of the Corporation or bind it to any action, but may make recommendations to the Board or to its officers.

7. Audit and Compliance Committee. The Audit and Compliance Committee shall assist the Board in fulfilling its oversight responsibilities which shall include:

a. Assist the Board in fulfilling its fiduciary responsibilities relating to the legal and financial compliance with applicable laws, regulatory requirements, industry guidelines, and policies;

b. Ensure that management complies with all applicable accounting and reporting practices and standards and that the financial statements prepared by management properly and accurately reflect the financial condition and results of operations of the corporation; and

c. Provide a vehicle for communication between the Board and management of the company with regards to proper operations of the company.

Composition of the Committee. The Audit and Compliance Committee shall be composed of between four and ten Board members, including the Chair of the Committee and Committee members as appointed by the Board of Directors. The members shall have independence from the independent auditors and management, shall have finance/business backgrounds, and may also be members on other committees. The President/CEO and Board Chair shall not be a member of the Audit and Compliance Committee. The Audit and Compliance Committee Chair shall be someone other than the Chair of the Finance Committee.

The Committee shall meet at least two times a year. Either the Audit and Compliance Committee Chair or the Corporation's President/CEO may schedule additional meetings. The Committee shall meet at least annually, in executive sessions, separately with the President/CEO, with the Chief Financial Officer, with the independent auditors, and as a committee. It shall make recommendations to the Board in a written report, annually, after consultation with the President/CEO, on those findings and matters within the scope of his/her responsibility. The Committee shall maintain minutes of all its meetings to document its activities and recommendations.

8. Other Committees - Appointment. The Board may, from time to time and in its sole discretion, establish such other committees as are required to conduct the business of the Corporation and, subject to the other provisions of these Bylaws, establish criteria for determining the membership and duties of such committees.

ARTICLE V

FISCAL MANAGEMENT

1. Fiscal Year. The fiscal year of the Corporation shall be January 1 to December 31.

2. Leases, Contracts, Credits, etc. No officer or employee shall have the power or authority to bind the Corporation by any contract or engagement, to pledge its credit, or to render it financially liable for any purpose or any amount except to the extent authorized by the Board.

3. Funds. All funds received by the Corporation shall be deposited promptly to the credit of the Corporation in such banks or other depositories that the Board may, from time to time, select. All disbursements shall be made in accordance with written policies adopted by the Board. Such policies shall include the designation of persons authorized to sign checks and such limitations on their authority as the Board may establish.

4. Annual Audit. The Board shall engage a certified public accountant to perform an annual audit of its financial statements and results of operation.

ARTICLE VI

GENERAL PROVISIONS

1. Presumption of Assent. A director of the Corporation who is present at a meeting of the directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless: (i) he/she objects at the beginning of the meeting, or promptly upon his/her arrival, to holding of the meeting or transacting a specified business at the meeting; or (ii) he/she votes against, or abstains from voting on the action taken.

2. Electronic Conferencing. Any or all directors may participate in a meeting of the Board or of a committee of the Board by means of electronic conferencing or any means of communication by which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at a meeting.

ARTICLE VII

CONFLICT OF INTEREST

1. Conflict of Interest - Policy. Members of the Board shall not knowingly engage in any activities or transactions in material conflict with their duties and obligations to the Corporation while serving in such capacity. The Corporation's Conflict of Interest Policy is maintained in the Corporate Compliance Procedure Manual, and Members of the Board shall be provided a copy of such policy on an annual basis.

2. Conflict of Interest - Guidelines. The following guidelines shall prevail concerning duality and conflict of interest:

a. Any possible conflict of interest on the part of any Board member shall be disclosed to the other members of the Board and made a matter of record, either through an annual procedure or when the interest becomes a matter of Board action.

b. Any governing Board member having a possible conflict of interest on any matter should not vote or use his personal influence on the matter, and he should not be counted in determining the quorum for the meeting, even when permitted by law. The minutes of the meeting should reflect that a disclosure was made, the abstention from voting, and the quorum situation.

c. The foregoing requirements should not be construed as preventing the Board member from stating briefly his position in the matter, nor from answering pertinent questions of other Board members, since his knowledge may be of great assistance.

ARTICLE VIII

RELATION TO GOODWILL INDUSTRIES INTERNATIONAL, INC.

1. Fee. In return for the general supervision and cooperative helpfulness afforded by Goodwill Industries International, Inc., the Corporation shall pay Goodwill Industries International, Inc., a monthly fee from the schedule approved by the Delegate Assembly of Goodwill Industries International, Inc. The amount of this fee is to be identified specifically in the annual budget approved by the Board. This fee is to be used in providing supervision and increasing the efficiency of all Goodwill Industries and in the establishment of Goodwill Industries in new centers. It is not in liquidation of any loans, supplies, or contributions provided by Goodwill Industries International, Inc.

2. Membership. In the event that the Corporation shall cease to be a member of Goodwill Industries International, Inc., the certificate of recognition issued by Goodwill Industries International, Inc., shall become null and void. The Corporation's right to use the name "Goodwill Industries" shall terminate immediately, and it shall delete, destroy or repaint signs, symbols and other media employed for its use and display.

3. Territory. The Goodwill Industries International (GII) Board of Directors assigns territory to each member Goodwill. The territory given to each member shall be an asset of that member and each member is subject to GII territory policy. The territory assigned the Corporation consists of 35 counties and 14 independent cities in Virginia. Namely the counties of: Albemarle; Alleghany; Amherst; Appomattox; Augusta; Bath; Bedford; Bland; Botetourt; Buckingham; Campbell; Carroll; Charlotte; Craig; Cumberland; Floyd; Fluvanna; Franklin; Giles; Grayson; Greene; Halifax; Henry; Highland; Madison; Montgomery; Nelson; Patrick; Pittsylvania; Prince Edward; Pulaski; Roanoke; Rockbridge; Rockingham and Wythe, and the cities of: Buena Vista; Charlottesville; Covington; Danville; Galax; Harrisonburg; Lexington; Lynchburg; Martinsville; Radford; Roanoke City; Salem; Staunton and Waynesboro.

ARTICLE IX

CHANGE OF BYLAWS

1. These bylaws may be changed, amended, or repealed only by a majority vote of those present at any meeting of the Board at which a quorum is present and following the consultation with Goodwill Industries International, Inc., not less than thirty days prior to the date of the meeting, in order that it may be ascertained that the proposed changes are in harmony with the purposes and policies of Goodwill Industries International, Inc. In the notice of the meeting to the Board, it shall be stated that the amendment, change, or repeal may be acted upon. A certified copy of any changes in said bylaws shall be recorded with Goodwill Industries International, Inc.

ARTICLE X

TRANSITION

1. The terms of those officers and directors in office as of the date these Amended and Restated Bylaws are adopted shall be adjusted such that their current terms, as of the date of adoption, shall end on the December 31st prior to the date on which such terms were set to end prior to the adoption of these Amended and Restated Bylaws.

DATED FOR REFERENCE PURPOSES this 26th of September 2019.

SIGNED BY: ______________________
Secretary

APPROVED BY: ______________________
Chair of the Board

Adopted: May 25, 2004
Revised: March 22, 2005
September 23, 2008
May 26, 2011
January 24, 2013
September 26, 2019

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

NEW RIVER VALLEY WORKSHOP, INC.

Pursuant to Section 13.1 - 894C (1) of the Virginia Nonstock Corporation Act, the Amended and Restated Articles of Incorporation of New River Valley Workshop, Inc., are set forth below:

(a) The name of the Corporation is New River Valley Workshop, Inc.

(b) The text of the amended and restated Articles of Incorporation is as follows:

ARTICLE I. - NAME

The name of the Corporation is Goodwill Industries of the Valleys, Inc. (hereinafter the "Corporation").

ARTICLE II. - PURPOSES

The Corporation shall be organized exclusively for charitable, religious, literary, educational, and scientific purposes and to the extent consistent therewith, for the conduct of any or all lawful affairs, not required to be stated specifically in these Articles of Incorporation, for which nonstock corporations may be incorporated under Chapter 10 of Title 13.1 of the Code of Virginia, as amended. The Corporation shall operate in such a manner as to comply with Section 501(c)(3) of the Internal Revenue Code of 1986 and regulations promulgated thereunder, as amended (the "Code") (any references to provisions of the Code in these Articles include any successor provisions).

ARTICLE III. - POWERS

The Corporation shall have and exercise all powers and authorities now or hereafter conferred upon nonstock corporations under the laws of the Commonwealth of Virginia, but no part of the net earnings of the Corporation may inure to the benefit of or be distributable to any trustee or director or officer of the Corporation or any private individual, except that the Corporation may pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of the Corporation set forth in Article 2. No substantial part of the activities of the Corporation may be the carrying on of propaganda, or otherwise attempting to influence legislation, nor shall the Corporation participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE IV. - MEMBERS

The Corporation shall have no voting members.

ARTICLE V. - BOARD OF DIRECTORS

The affairs of the Corporation shall be managed by a Board of Directors. The number of directors of the Corporation, not less than fifteen nor more than twenty-five, shall be set by the Bylaws; provided that, in the absence of a provision in the Bylaws fixing the number of directors, the number of directors shall be nineteen. The directors shall be divided into three classes as nearly equal in number as possible, with the term of office of directors of the first class to expire at the first annual meeting of the Board of Directors after their election, that of the second class to expire at the second annual meeting after their election, and that of the third class to expire at the third annual meeting after their election. At each annual meeting of Board of Directors following such initial classification and election, directors elected to succeed those directors whose terms expire, shall be elected for a term of office to expire at the third succeeding annual meeting of the Board of Directors after their election and shall continue in office until their respective successors are elected and qualify. In the event of any increase or decrease in the number of directors fixed by the Bylaws, any newly-created directorships shall be so apportioned among the classes by the Board of Directors so as to make all classes as nearly equal in number as possible. Any vacancy occurring on the Board by death, resignation or otherwise shall be filled by majority vote of the remaining director(s) then in office.

ARTICLE VI -- DISSOLUTION

In the event of the dissolution of the Corporation, or the winding up of its affairs, and after all liabilities of the Corporation have been paid, satisfied and discharged or adequate provisions made therefor, all remaining assets shall be distributed exclusively to one or more organizations, selected by the Board of Directors, that are organized and operated exclusively for charitable, religious, scientific, literary or educational purposes and that are exempt organizations under Section 501(c)(3) of the Internal Revenue Code and its regulations, as amended.

ARTICLE VII-- INDEMNIFICATION

A. Each Director and Officer who is or was a party to any proceeding (including a proceeding by or in the right of the Corporation) shall be indemnified by the Corporation against any liability imposed upon or asserted against him (including amounts paid in settlement) arising out of conduct in his official capacity with the Corporation or otherwise by reason of the fact that he is or was such a Director or Officer or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, except there shall be no indemnification in relation to matters as to which he shall have been finally adjudged to be liable by reason of having been guilty of (i) willful misconduct or (ii) a knowing violation of criminal law in the performance of his duty as such Director or Officer.

B. The Corporation is empowered to contract in advance to indemnify any Director or Officer to the extent indemnification is granted under Section A. The Board of Directors is also empowered to cause the Corporation to indemnify or contract in advance to indemnify any other person not covered by Section A who was or is a party to any proceeding, by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise to the same extent as if such person were specified as one to whom indemnification is granted under Section A.

C. The Corporation shall advance, pay for and/or reimburse the reasonable expenses incurred by an Officer or Director who is a party to any proceeding in advance of the final disposition thereof if (i) the Officer or Director furnishes the Corporation a written statement of his good faith belief that he has met the standard of conduct described in Section A above and (ii) the Officer or Director furnishes the Corporation a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet the standard of conduct. The undertaking required by clause (ii) above shall be an unlimited general obligation of the Officer or Director but need not be secured and may be accepted without reference to financial ability to make repayment.

D. The foregoing provisions are intended to provide indemnification with respect to those monetary damages for which the Virginia Nonstock Corporation Act permits the limitation or elimination of liability. In addition, to the full extent, if any, that the Virginia Nonstock Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of the liability of directors, a Director or Officer of the Corporation shall not be liable to the Corporation for monetary damages arising out of a single transaction occurrence or course of conduct in excess of $0.

E. The Corporation may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Article and may also procure insurance, in such amounts as the Board of Directors may determine, on behalf of any person who is or was a Director, Officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against or incurred by such person in any such capacity or arising from his status as such, whether or not the Corporation would have power to indemnify him against such liability under the provisions of this Article.

F. The provisions of this Article shall be applicable to all actions, claims, suits or proceedings commenced after the adoption hereof, whether arising from any action taken or failure to act before or after such adoption. No amendment, modification or repeal of this Article shall diminish the rights provided hereby or diminish the right to indemnification with respect to any claim, issue or matter in any then pending or subsequent proceeding that is based in any material respect on any alleged action or failure to act prior to such amendment, modification or repeal.

G. Except to the extent inconsistent with this Article, terms used herein shall have the same meanings assigned them in the Indemnification Article of the Virginia Nonstock Corporation Act, as now in effect or hereafter amended. Without limitation, it is expressly understood that reference herein to Directors, Officers, employees or agents shall include former Directors, Officers, employees and agents and their respective heirs, executors and administrators.

ARTICLE VIII. - LIMITATIONS OF LIABILITY

To the full extent that the laws of the Commonwealth of Virginia, as they now or may hereafter exist, permit the limitation or elimination of the liability of directors or officers, no director or officer of the Corporation shall be liable to the Corporation for any monetary damages.

Commonwealth of Virginia

State Corporation Commission

I Certify the Following from the Records of the Commission:

The foregoing is a true copy of all documents constituting the charter of GOODWILL INDUSTRIES OF THE VALLEYS, INC..

Nothing more is hereby certified.

Signed and Sealed at Richmond on this Date:
February 8, 2000

Joel H. Peck

Joel H. Peck, Clerk of the Commission

CIS0315

0125084 - 4

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

January 1, 2000

The State Corporation Commission finds the accompanying articles submitted on behalf of

GOODWILL INDUSTRIES OF THE VALLEYS, INC.

to comply with the requirements of law. Therefore, it is ORDERED that this

CERTIFICATE OF MERGER AND RESTATEMENT

be issued and admitted to record with the articles in the office of the Clerk of the Commission. Each of the following:

DEVELOPMENTAL CENTER OF FRANKLIN COUNTY, INC.
GOODWILL INDUSTRIES TINKER MOUNTAIN, INC.

is merged into GOODWILL INDUSTRIES OF THE VALLEYS, INC. (formerly NEW RIVER VALLEY WORKSHOP, INC.), which continues to exist under the laws of VIRGINIA with the name GOODWILL INDUSTRIES OF THE VALLEYS, INC.. The existence of each non-surviving entity ceases, according to the plan of merger.

The certificate is effective on January 1, 2000, at 12:01 a.m.

STATE CORPORATION COMMISSION

By T.V. Morrison Jr.

Commissioner

MERGACPT
CIS0436
99-12-30-0054

ARTICLES OF MERGER
OF
GOODWILL INDUSTRIES TINKER MOUNTAIN, INC. dom
a Virginia nonstock, non-member corporation
AND
DEVELOPMENTAL CENTER OF FRANKLIN COUNTY, INC. dom
a Virginia nonstock, non-member corporation
INTO
NEW RIVER VALLEY WORKSHOP, INC. dom
a Virginia nonstock, non-member corporation

Each of the undersigned corporations, including New River Valley Workshop, Inc., as the surviving corporation, pursuant to the provisions of Section 13.1-896 of the Virginia Nonstock Corporation Act, as amended, for the purpose of merging GOODWILL INDUSTRIES TINKER MOUNTAIN, Inc., a Virginia nonstock, non-member corporation and DEVELOPMENTAL CENTER OF FRANKLIN COUNTY, INC.. a Virginia nonstock, non-member corporation into NEW RIVER VALLEY WORKSHOP, INC., a Virginia nonstock, non-member corporation, does hereby set forth as follows:

1. <u>PLAN OF MERGER</u>. The Plan of Merger is attached hereto as Attachment A.

2. <u>NO MEMBERS</u>. None of the corporations who are parties to the Plan of Merger have members.

3. <u>APPROVAL OF PLAN OF MERGER</u>.

A. The Plan of Merger was duly approved by a majority of the members of the Board of Directors then in office of Goodwill Industries Tinker Mountain, Inc., at a meeting held on August 27, 1999, held after proper notice at which a quorum was present.

B. The Plan of Merger was duly approved by a majority of the members of the Board of Directors then in office of Developmental Center of Franklin County, Inc., at a meeting held on December 13, 1999, held after proper notice at which a quorum was present.

C. The Plan of Merger was duly approved by a majority of the members of the Board of Directors then in office of New River Valley Workshop, Inc., at a meeting held on December 16, 1999, held after proper notice at which a quorum was present.

4. <u>NAME OF SURVIVING CORPORATION</u>. The name of the surviving corporation shall be Goodwill Industries of the Valleys, Inc.

5. <u>EFFECTIVE TIME AND DATE</u>. The transactions contemplated by the Plan of Merger shall become effective at 12:01 a.m. on January 1, 2000.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, these Articles of Merger have been executed by an authorized officer of each of the following merging corporations on December 28, 1999.

GOODWILL INDUSTRIES TINKER MOUNTAIN, INC.

By________________________

Its VICE PRESIDENT

NEW RIVER VALLEY WORKSHOP, INC.

By________________________

Its Chairman of the Board

DEVELOPMENTAL CENTER OF FRANKLIN COUNTY, INC.

By________________________

Its Vice-Chairman

ATTACHMENT A TO ARTICLES OF MERGER

PLAN AND AGREEMENT OF MERGER
OF
GOODWILL INDUSTRIES TINKER MOUNTAIN, INC.
a Virginia nonstock, non-member corporation
AND
DEVELOPMENTAL CENTER OF FRANKLIN COUNTY, INC.
a Virginia nonstock, non-member corporation
INTO
NEW RIVER VALLEY WORKSHOP, INC.
a Virginia nonstock, non-member corporation

Effective Time of Merger: 12:01 a.m. on January 1, 2000

THIS PLAN AND AGREEMENT OF MERGER by and between **GOODWILL INDUSTRIES TINKER MOUNTAIN, INC.**, a Virginia nonstock corporation ("Goodwill"), **NEW RIVER VALLEY WORKSHOP, INC.** ("New River") and **DEVELOPMENTAL CENTER OF FRANKLIN COUNTY, INC.** ("Developmental Center"), made pursuant to the Section 13.1- 894 of the Virginia Nonstock Corporation Act, as amended, provides:

I. INTRODUCTION AND EFFECTIVE TIME OF THE MERGER

The parties agree that, as part of a reorganization, Goodwill, New River and Developmental Center (sometimes referred to herein as the "Existing Corporations") will be merged (the"Merger") together, and New River will be the surviving corporation. (New River is sometimes referred to as the "Surviving Corporation," and the Existing Corporations are sometimes referred to as the "Constituent Corporations.") The Merger shall become effective at 12:01 a.m., on January 1, 2000 (the "Effective Time"). At the Effective Time, Goodwill and Developmental Center will be merged with and into the Surviving Corporation, and the separate corporate existence of Goodwill and Developmental Center shall thereupon cease.

RKE# 0606136.WPD
C/M: 038050-00003-01

II. TERMS AND CONDITIONS OF MERGER

2.1 **Assumption of Rights and Obligations**. At the Effective Time, the Surviving Corporation shall succeed to, without other transfer, and shall possess and enjoy, all of the rights, privileges, immunities, powers and franchises, both of a public and private nature, and be subject to all of the restrictions, disabilities, liabilities and duties of each of the Constituent Corporations, and all of the rights, privileges, immunities, powers and franchises, and all and every other interest shall be thereafter effectually the property of the Surviving Corporation as they were of the respective Constituent Corporations, and the title to any real estate vested by deed or otherwise in any of the Constituent Corporations shall not revert nor be in any way impaired by reason of the merger; provided, however, that all of the rights of creditors and all liens upon any property of the Constituent Corporations shall be preserved unimpaired, limited in lien to the property affected by such liens at the Effective Time, and all debts, liabilities, and duties of said Constituent Corporations, respectively, shall thenceforth be attached to the Surviving Corporation and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by the Surviving Corporation.

2.2 **Articles of Incorporation and Bylaws**. The Articles of Incorporation of New River shall, at the Effective Time, be amended and restated as set forth on Exhibit 1 attached hereto and incorporated herein by this reference (the "Restated Articles"), and the Restated Articles shall be the Articles of Incorporation of the Surviving Corporation without change or amendment, until the same shall be altered or amended in accordance with the provisions thereof and applicable law. At the Effective Time, the Bylaws of Goodwill shall be the Bylaws of the

Surviving Corporation until the same shall be altered or amended in accordance with the provisions thereof and applicable law.

2.3 **Directors**. At the Effective Time, the individuals set forth on Exhibit 2 attached hereto and incorporated herein, shall become the directors of the Surviving Corporation and shall serve as such until their resignation or replacement in accordance with the laws of the Commonwealth of Virginia and the Articles of Incorporation and Bylaws of the Surviving Corporation. At its first meeting after the Effective Time, the directors of the Surviving Corporation shall stagger the terms of each of the Board members as required by the Restated Articles.

2.4 **Officers**. At the Effective Time, the individuals set forth on Exhibit 3 attached hereto and incorporated herein, shall become the officers of the Surviving Corporation to serve in the capacity or capacities set forth next to their respective name, each of such officers to serve at the pleasure of the Surviving Corporation's Board of Directors and until his or her successor is duly elected and qualified.

III. Termination and General Provisions

31. **Termination and Abandonment.** Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated and abandoned at any time before the Effective Time, whether before or after adoption or approval of this Agreement by the Constituent Companies, under any one or more of the following circumstances:

A. By the majority vote of the Board of Directors of any of the Constituent Corporations; or

B. By the Board of Directors of any of the Constituent Companies if any action or proceeding before any court or other governmental body or agency shall have been instituted or threatened to restrain or prohibit the merger, and such Constituent Company deems it inadvisable to proceed with the merger.

Upon any such termination and abandonment, neither party shall have any liability or obligation to the other.

3.2 **Counterparts.** This Agreement may be executed in two or more counterparts, all of which taken together shall constitute one instrument.

3.3 **Additional Documentation.** From time to time, as and when required by the Surviving Corporation or its successors and assigns, there shall be executed and delivered on behalf of the Surviving Corporation such deeds and other instruments, and there shall be taken or caused to be taken by it such further and other actions, as shall be appropriate or necessary in order to vest or perfect in or to confirm of record or otherwise in the Surviving Corporation, the title to and possession of all the property, interests, assets, rights, privileges, immunities, powers, franchises and authorities of the Constituent Corporations and otherwise to carry out the purposes of the merger, and the officers and directors of the Surviving Corporation are fully authorized in the name and on behalf of each of the Constituent Corporations or otherwise to take any and all such action and to execute and deliver any and all such deeds and other instruments.

IN WITNESS WHEREOF this Plan and Agreement of Merger has been executed by an authorized officer of each of the Constituent Corporations as of the date first set forth above.

GOODWILL INDUSTRIES TINKER MOUNTAIN, INC.

By____________________________

Its VICE PRESIDENT

NEW RIVER VALLEY WORKSHOP, INC.

By____________________________

Its Chairman of the Board

DEVELOPMENTAL CENTER OF

FRANKLIN COUNTY, INC.

By____________________________

Its Vice-Chairman

EXHIBIT 1 TO PLAN OF MERGER

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

NEW RIVER VALLEY WORKSHOP, INC.

Pursuant to Section 13.1 - 894C (1) of the Virginia Nonstock Corporation Act, the Amended and Restated Articles of Incorporation of New River Valley Workshop, Inc., are set forth below:

(a) The name of the Corporation is New River Valley Workshop, Inc.

(b) The text of the amended and restated Articles of Incorporation is as follows:

ARTICLE I. - NAME

The name of the Corporation is Goodwill Industries of the Valleys, Inc. (hereinafter the "Corporation").

ARTICLE II. - PURPOSES

The Corporation shall be organized exclusively for charitable, religious, literary, educational, and scientific purposes and to the extent consistent therewith, for the conduct of any or all lawful affairs, not required to be stated specifically in these Articles of Incorporation, for which nonstock corporations may be incorporated under Chapter 10 of Title 13.1 of the Code of Virginia, as amended. The Corporation shall operate in such a manner as to comply with Section 501(c)(3) of the Internal Revenue Code of 1986 and regulations promulgated thereunder, as amended (the "Code") (any references to provisions of the Code in these Articles include any successor provisions).

ARTICLE III. - POWERS

The Corporation shall have and exercise all powers and authorities now or hereafter conferred upon nonstock corporations under the laws of the Commonwealth of Virginia, but no part of the net earnings of the Corporation may inure to the benefit of or be distributable to any trustee or director or officer of the Corporation or any private individual, except that the Corporation may pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of the Corporation set forth in Article II. No substantial part of the activities of the Corporation may be the carrying on of propaganda, or otherwise attempting to influence legislation, nor shall the Corporation participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE IV. - MEMBERS

The Corporation shall have no voting members.

ARTICLE V. - BOARD OF DIRECTORS

The affairs of the Corporation shall be managed by a Board of Directors. The number of directors of the Corporation, not less than fifteen nor more than twenty-five, shall be set by the Bylaws; provided that, in the absence of a provision in the Bylaws fixing the number of directors, the number of directors shall be nineteen. The directors shall be divided into three classes as nearly equal in number as possible, with the term of office of directors of the first class to expire at the first annual meeting of the Board of Directors after their election, that of the second class to expire at the second annual meeting after their election, and that of the third class to expire at the third annual meeting after their election. At each annual meeting of Board of Directors following such initial classification and election, directors elected to succeed those directors whose terms expire, shall be elected for a term of office to expire at the third succeeding annual meeting of the Board of Directors after their election and shall continue in office until their respective successors are elected and qualify. In the event of any increase or decrease in the number of directors fixed by the Bylaws, any newly-created directorships shall be so apportioned among the classes by the Board of Directors so as to make all classes as nearly equal in number as possible. Any vacancy occurring on the Board by death, resignation or otherwise shall be filled by majority vote of the remaining director(s) then in office.

ARTICLE VI – DISSOLUTION

In the event of the dissolution of the Corporation, or the winding up of its affairs, and after all liabilities of the Corporation have been paid, satisfied and discharged or adequate provisions made therefor, all remaining assets shall be distributed exclusively to one or more organizations, selected by the Board of Directors, that are organized and operated exclusively for charitable, religious, scientific, literary or educational purposes and that are exempt organizations under Section 501(c)(3) of the Internal Revenue Code and its regulations, as amended.

ARTICLE VII-- INDEMNIFICATION

A. Each Director and Officer who is or was a party to any proceeding (including a proceeding by or in the right of the Corporation) shall be indemnified by the Corporation against any liability imposed upon or asserted against him (including amounts paid in settlement) arising out of conduct in his official capacity with the Corporation or otherwise by reason of the fact that he is or was such a Director or Officer or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, except there shall be no indemnification in relation to matters as to which he shall have been finally adjudged to be liable by reason of having been guilty of (i) willful misconduct or (ii) a knowing violation of criminal law in the performance of his duty as such Director or Officer.

B. The Corporation is empowered to contract in advance to indemnify any Director or Officer to the extent indemnification is granted under Section A. The Board of Directors is also empowered to cause the Corporation to indemnify or contract in advance to indemnify any other person not covered by Section A who was or is a party to any proceeding, by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise to the same extent as if such person were specified as one to whom indemnification is granted under Section A.

C. The Corporation shall advance, pay for and/or reimburse the reasonable expenses incurred by an Officer or Director who is a party to any proceeding in advance of the final disposition thereof if (i) the Officer or Director furnishes the Corporation a written statement of his good faith belief that he has met the standard of conduct described in Section A above and (ii) the Officer or Director furnishes the Corporation a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet the standard of conduct. The undertaking required by clause (ii) above shall be an unlimited general obligation of the Officer or Director but need not be secured and may be accepted without reference to financial ability to make repayment.

D. The foregoing provisions are intended to provide indemnification with respect to those monetary damages for which the Virginia Nonstock Corporation Act permits the limitation or elimination of liability. In addition, to the full extent, if any, that the Virginia Nonstock Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of the liability of directors, a Director or Officer of the Corporation shall not be liable to the Corporation for monetary damages arising out of a single transaction occurrence or course of conduct in excess of $0.

E. The Corporation may purchase and maintain insurance to indemnify it against the whole or any portion of the liability assumed by it in accordance with this Article and may also procure insurance, in such amounts as the Board of Directors may determine, on behalf of any person who is or was a Director, Officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against or incurred by such person in any such capacity or arising from his status as such, whether or not the Corporation would have power to indemnify him against such liability under the provisions of this Article.

F. The provisions of this Article shall be applicable to all actions, claims, suits or proceedings commenced after the adoption hereof, whether arising from any action taken or failure to act before or after such adoption. No amendment, modification or repeal of this Article shall diminish the rights provided hereby or diminish the right to indemnification with respect to any claim, issue or matter in any then pending or subsequent proceeding that is based in any material respect on any alleged action or failure to act prior to such amendment, modification or repeal.

G. Except to the extent inconsistent with this Article, terms used herein shall have the same meanings assigned them in the Indemnification Article of the Virginia Nonstock Corporation Act, as now in effect or hereafter amended. Without limitation, it is expressly understood that reference herein to Directors, Officers, employees or agents shall include former Directors, Officers, employees and agents and their respective heirs, executors and administrators.

ARTICLE VIII. - LIMITATIONS OF LIABILITY

To the full extent that the laws of the Commonwealth of Virginia, as they now or may hereafter exist, permit the limitation or elimination of the liability of directors or officers, no director or officer of the Corporation shall be liable to the Corporation for any monetary damages.

EXHIBIT 2 TO PLAN OF MERGER

BOARD OF DIRECTORS

JEFFREY L. IRBY

HIAWATHA NICELY

JOSEPH L. WEDDLE

NORM GERVAIS

KATHY LEWIS

JAMES MAGUIRE

NINA BOWLES

MARILYN FITCH

ROBERT HAWLK

JAMES AREND

SUSAN CAMPBELL

NICHOLAS CONTE

FORREST JONES

JOHN HALL

RICHARD LYNN

PAUL NORDT

ART PENDLETON

CURT STEELE

QUINN THOMAS

EXHIBIT 3 TO PLAN OF MERGER

OFFICERS

JAMES AREND, CHAIRMAN

HIAWATHA NICELY, VICE-CHAIRMAN

ROBERT HAWLK, SECRETARY

PAUL NORDT, TREASURER

Council Letter
City of Danville, Virginia

CL-2511 **New Business B.**

City Council Regular Meeting

Meeting Date: 03/16/2021

Subject: Comprehensive Community Corrections Act

From: Ken F. Larking, City Manager

COUNCIL ACTION

Business Meeting: 03/16/2021

SUMMARY

In February 2020, grant funds were available for expansion of services, and Halifax Pittsylvania Court Services applied to obtain funds to expand services to Henry, Patrick and Franklin Counties, and the City of Martinsville, which are 4 of 5 localities in Virginia that do not have either local probation or pretrial services. HPCS was awarded the funds effective July 1, 2020, however, the State funds were frozen until January 1, 2021, when these were officially awarded.

In order for the four (4) new jurisdictions to receive services through HPCS, the four (4) new jurisdictions as well as the three (3) localities currently served by HPCS must enter new resolutions supporting the expansion into these new areas.

BACKGROUND

Halifax/Pittsylvania Court Services (HPCS), under the direction of the Halifax County Board of Supervisors, currently provides Local Community Corrections Services, which includes local probation and related components, and Pretrial Services in the Counties of Halifax and Pittsylvania, and the City of Danville. Services provided to all three (3) court levels include local probation supervision, community service, substance abuse testing and treatment, substance abuse screening and assessment, monitoring payment of court costs and restitution, employment assistance, educational assistance, anger management groups, pretrial investigation, and pretrial supervision. HPCS's mission is to provide alternatives, prior to and after sentencing, to all court levels, utilizing evidence-based practices to contribute to the reduction of recidivism for probation, and the reduction of failure to appear rates and new arrests for pretrial services.

All local probation officers with HPCS perform their jobs in accordance with §9.1-176.1 of the Code of Virginia and pretrial officers with HPCS perform their job duties in accordance with §19.2-152.4:3 of the Code of Virginia. All program staff follow the Minimum Standards for Local Community Corrections and Pretrial Services, as well as all regulations and guidelines issued by DCJS. HPCS Staff supervise probationers/defendants in accordance with Evidence-Based Practices (EBP).

RECOMMENDATION

It is recommended City Council adopt the attached Resolution expanding the services of the Halifax Pittsylvania Court Services program.

Attachments

Resolution

PRESENTED: ______________________

ADOPTED: ________________________

RESOLUTION NO. 2021-____.____

A RESOLUTION APPROVING AND AUTHORIZING THE COMPREHENSIVE COMMUNITY CORRECTIONS ACT FOR LOCAL-RESPONSIBLE OFFENDERS AND THE PRETRIAL SERVICES ACT.

WHEREAS, the Commonwealth of Virginia, in the interest of community corrections and pretrial services, has provided by law for any city, county, or combination thereof to develop, establish, and maintain a local pretrial services or community-based probation program. The community-based probation program provides the judicial system with sentencing alternatives for certain local-responsible offenders pursuant to Article 9 (Section 9.1-173 et seq) of Chapter 1 of Title 9.1 of the Code of Virginia. Such programs shall provide services to include, but not limited to: community service, probation supervision, home incarceration, substance abuse assessment, drug testing, and substance abuse treatment. The local pretrial program will assist judicial officers in discharging their duties pursuant to Article 1 (Section 19.2-152.2 et seq) of Chapter 9 of Title 19.2 of the Code of Virginia.

WHEREAS, Halifax/Pittsylvania Court Services has administered the Community Corrections Program for Halifax and Pittsylvania Counties since July 1, 1995, and the Pretrial Program for these localities since April 1, 1996, and has administered Community Corrections to the City of Danville since September 7, 2004 and the Pretrial Program since October 1, 2009.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Danville, Virginia, that the City of Danville shall pursue funding through a joint exercise of powers, as authorized by Section 15.2-1300 of the Code of Virginia, with the Board of Supervisors of Pittsylvania County, Halifax County, Patrick County, Franklin County and the City Councils of Danville and Martinsville for a community-based probation program and a pretrial services program. Such programs are to be administered by the agency currently operating as Halifax/Pittsylvania Court Services. The programs' operations will be as follows:

1. A community criminal justice board will be established to represent the counties of Halifax, Pittsylvania, Henry, Patrick and Franklin and the Cities of Danville and Martinsville. Appointments to the Board shall be made by each local governing body, and each local governing body shall agree upon appointments. The Board shall have no more than thirty-five (35) members.

   Unless otherwise agreed upon, each participating county shall have an equal number of appointments. Each board shall include, at a minimum, the following mandatory members: a member from each governing body or a city or county manager, county administrator or executive, or assistant or deputy appointed by the governing body; a judge of the general district court; a circuit court judge; a juvenile and domestic relations district court judge; a chief magistrate; one chief of police or the sheriff in a jurisdiction not served by a police department to represent law enforcement; an attorney for the Commonwealth; a public defender, and/or an attorney who is experienced in the defense of criminal matters; a sheriff or the regional jail administrator responsible for jails serving those jurisdictions involved in the local pretrial services and community-based probation program; a local educator; and a community services board administrator.

2. The criminal justice board will serve the counties of Halifax, Pittsylvania, Henry, Patrick and Franklin and the Cities of Danville and Martinsville in accordance with Section 9.1-180 of the Code of Virginia.

3. Halifax County will act as fiscal agent, and the County Administrator for Halifax County will represent the board as Program Administrator.

4. Localities are required to establish local pretrial services and community-based probation programs only to the extent funded by the Commonwealth through the general appropriations act, and funding shall be used for the provision of services and operations of programs.

5. The Program is authorized to acquire furniture and equipment as the fiscal agent deems necessary or advisable for the optimal operation of the Program. Any title to such furniture and equipment shall be vested in the Program so long as the seven (7) political subdivisions continue to participate in this agreement. In the event that only one (1) political subdivision continues to administer the Program, it shall cease to operate as a joint exercise of power; and property then owned by the Program will be disposed as follows:

   A. Any property owned by the Program prior to July 1, 1995, or purchased with grant funds since that date, shall remain the property of the political subdivision that continues to administer said Program.

B. Any property owned by Halifax County, but on loan to the Program, shall be returned to Halifax County should Halifax County withdraw from this agreement.

C. Any property owned by Pittsylvania County, but on loan to the Program, shall be returned to Pittsylvania County should Pittsylvania County withdraw from this agreement.

D. Any property owned by the City of Danville, but on loan to the Program, shall be returned to the City of Danville should the City of Danville withdraw from this agreement.

E. Any property owned by Henry County but on loan to the Program, shall be returned to the Henry County should Henry County withdraw from this agreement.

F. Any property owned Patrick County, but on loan to the Program, shall be returned to Patrick County should Patrick County withdraw from this agreement.

G. Any property owned by Franklin County, but on loan to the Program, shall be returned to the Franklin County should the Franklin County withdraw from this agreement.

H. Any property owned by the City of Martinsville, but on loan to the Program, shall be returned to the City of Martinsville should the City of Martinsville withdraw from this agreement.

6. This agreement shall remain in effect for one year commencing April 1, 2021 and shall continue thereafter automatically from year to year unless terminated by unanimous agreement of all participating governing bodies. Any locality wishing to withdraw from the program may, at the beginning of any calendar quarter, by ordinance or resolution of its governing authority, notify the Director of the Department of Criminal Justice Services of its intention to withdraw from the community corrections program. Such withdrawal shall be effective as of the last day of the quarter in which such notice is given.

APPROVED:

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MAYOR

ATTEST:

CITY CLERK

Approved as to
Form and Legal Sufficiency:

CITY ATTORNEY