

**GOODWILL INDUSTRIES
OF THE REDWOOD EMPIRE**

**CORPORATE COMPLIANCE
PROGRAM**

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STATEMENT OF POLICY

PURPOSE

To establish the official policy of Goodwill Industries of the Redwood Empire (GIRE) regarding the organization's corporate compliance program.

POLICY

GIRE is dedicated to the delivery of employment and training services and programs in an environment characterized by strict conformance with the highest standards of accountability for administration, clinical, business, marketing and financial management. GIRE's leadership is fully committed to preventing and detecting fraud, fiscal mismanagement and misappropriation of funds and, therefore, to the development of a formal corporate compliance program to ensure ongoing monitoring and conformance with all legal and regulatory requirements. Further, the organization is committed to the establishment, implementation and maintenance of a corporate compliance program that emphasizes (1) prevention of wrongdoing, whether intentional or unintentional; (2) immediate reporting and investigation of questionable activities and practices without consequences to the reporting party; and (3) timely correction of any situation which puts the organization, or its leadership, staff, funding sources or consumers at risk.

PROCEDURE

By formal resolution, the Board of Directors has delegated overall responsibility for the Corporate Compliance Program to the President/Chief Executive Officer (CEO). The President/CEO has designated a Corporate Compliance Officer to monitor the organization's corporate compliance program and provide periodic and regular reports to the Audit Committee on matters pertaining to the program.

The Corporate Compliance Officer (CCO) shall (1) chair the organization's corporate compliance team and serve as the organization's primary point of contact for all corporate compliance issues, including scheduling team meetings, reporting on team activities and making recommendations to the President/CEO and Audit Committee as required; (2) develop, implement and monitor, on a regular and consistent basis, the organization's corporate compliance program, including all internal and external monitoring, auditing, investigative and reporting processes, procedures and systems; (3) prepare, submit and present periodic reports to the President/CEO and Audit Committee as may be required to provide clear communication to the organization's leadership for corporate compliance oversight; and (4) coordinate development of the organization's formal corporate compliance program.

The CCO shall submit a semi-annual report to the President/CEO and Audit Committee. Annual reports will include, at a minimum: (1) a summary of all allegations, investigations and/or complaints processed in the preceding 12 months in conjunction with the corporate compliance program; (2) a complete description of all corrective action(s) taken; and (3) any recommendations for changes to the organization's policies and/or procedures.

In the performance of his or her duties, the CCO shall have direct and unimpeded access to the President/CEO, Audit Committee, Board of Directors and the organization's accounting firm and or legal counsel for matters pertaining to corporate compliance.

As part of corporate compliance program development, the CCO shall schedule, coordinate and monitor periodic reviews of risk areas by competent persons external to the organization. Such reviews will be conducted as a way to ensure ongoing conformance with billing, accounting and collection regulations imposed by the federal government and other "third party" funding sources. More critically, these reviews will augment the organization's annual audit of its accounting system and provide an additional, internal measure to ensure conformance with billing and coding policies and practice that will withstand the scrutiny of any regulatory audit or examination.

**MEMORANDUM OF DESIGNATION OF
CORPORATE COMPLIANCE OFFICER**

August 13, 2007

From: Mark Ihde, President/CEO

To: Peggy J. Parlee, Program Manager

Subject: APPOINTMENT AS CORPORATE COMPLIANCE
OFFICER

As per our previous discussions, you are hereby appointed as Corporate Compliance Officer (CCO) for Goodwill Industries of the Redwood Empire (GIRE). In the performance of your duties, you will be bound by all applicable state and federal guidelines and will have direct access to the President/CEO and members of the GIRE Board of Directors as necessary. As CCO, you will be responsible for development, implementation and ongoing monitoring of all policies and procedures to ensure conformance with generally accepted operational and administrative practices regarding corporate compliance. Additionally, you will be responsible for establishing and chairing the organization's Corporate Compliance Team and submitting periodic reports on the team's activities and other corporate compliance activities as required.

Your appointment as CCO is effective this date and will remain in effect until withdrawn in writing.

Mark Ihde, President/CEO

**RESOLUTION OF THE BOARD OF DIRECTORS
GOODWILL INDUSTRIES OF THE REDWOOD EMPIRE**

WHEREAS, Goodwill Industries of the Redwood Empire (GIRE), is dedicated to the delivery of employment and training services and programs in an environment characterized by strict conformance with the highest standards of accountability for administrative, business, programmatic, financial and marketing management;

WHEREAS, the leadership of GIRE is aware of and fully committed to the need to prevent and detect fraud, waste, abuse, fiscal mismanagement and misappropriation of funds through the development and implementation of a formal “Corporate Compliance Program”; and

WHEREAS, GIRE is fully committed to the continuous development and implementation of comprehensive policies, procedures and other corporate compliance measures to provide regular monitoring and conformance with all legal and regulatory requirements.

BE IT RESOLVED, that the Board of Directors of GIRE met and discussed the development of a corporate compliance plan for the organization on this date. The Board of Directors authorized the President and Chief Executive Officer to take all actions necessary to immediately and fully develop and implement the organization’s Corporate Compliance Program.

IT IS SO APPROVED AND EFFECTIVE THIS DATE.

Board Secretary

Date: _____

Approved: _____
Chair of the Board of Directors

BELIEFS AND VALUES

Goodwill Industries of the Redwood Empire has vision and mission statements that define our direction and business purpose. In addition, GIRE has a set of values and a Code of Ethics that guide our daily conduct.

VISION

To Excel as the Provider of Choice for Innovative Employment and Life Skills Services that Foster Self-Sufficiency for People in Need Throughout the Redwood Empire.

MISSION

Changing Lives and Strengthening Communities Through the Dignity and Power of Work.

BELIEFS

- We improve our community through effective social programs and environmentally sound business practices.
- We embrace diversity and are enriched by the ideas and perspectives of all people.
- All people have the potential to succeed.
- People are our most valuable resource.
- All people deserve a positive, supportive and safe environment.
- All people deserve respect and compassion, and should give it in return.
- Innovation and continuous improvement are essential to our success.
- The achievements of our organization are the results of the combined effort of each individual.

VALUES

- ***Pride and Commitment***
Dedicate yourself to our mission. Represent GIRE in a positive manner in the community. Inspire others to do the same. Do your best, every day.
- ***Teamwork***
Work together for the well being of the organization. Put personal agendas aside.
- ***Honesty and Integrity***
Deal openly, honestly and fairly with each other, our stakeholders and our customers. “Speak your truth” and do so with respect.
- ***Diversity***
Embrace the ideas, opinions and differences of others.

- ***Compromise***
Act in a spirit of compromise, collaboration and agreement. Respect other points of view, agree to disagree, and be open to constructive discussion. If you disagree, offer viable alternatives.
- ***Respect***
Exercise thoughtful consideration of the needs and opinions of others.
- ***Openness***
Share relevant information in a meaningful format and on a timely basis.
- ***Continuous Improvement***
Look for innovative and more efficient ways to do your job.
- ***Initiative***
Take the lead without waiting for direction. Use all the resources at your disposal.
- ***Courage***
Take courageous, well-planned risks. Carefully weigh costs, benefits and risks, and seize opportunities!
- ***Accountability***
Own your goals, successes and failures. Acknowledge your mistakes and learn from them.
- ***Support***
Provide the tools, resources and information that our employees need to do their job well.
- ***Clarity***
Outline clear expectations and give frequent and constructive feedback.

CODE OF ETHICS

PURPOSE

The purpose of this Code of Ethics is to establish for the Board of Directors and employees of GIRE a written code of ethical conduct to foster a positive work environment, bring the ethical aspect of business choices to a conscious level and acknowledge that, as GIRE employees and associates, we are expected to do the right thing, in the right way, for the right reason.

POLICY

Goodwill Industries of the Redwood Empire has vision and mission statements that define our direction and business purpose. In addition, GIRE has a set of values and a Code of Ethics that guide our daily conduct.

It is the policy of GIRE that its Board members and employees demonstrate the highest standards of ethical and professional conduct at all times in their business activities. These individuals have an affirmative duty to promote and advance the mission of GIRE. In all respects, GIRE must have the confidence of its customers and the public. The community and people we serve trust GIRE based on its long established reputation and integrity. Any misdeed, illegal activity, or appearance of impropriety will impact negatively upon all of us.

In order to maintain that trust, we agree to voluntarily comply with the guidelines and recommendations set forth in this policy. By supporting and adhering to the following ethical principles and standards of conduct we will help maintain GIRE's reputation in the community as a leading provider of services to individuals with barriers to employment. In addition, employees are expected to follow the appropriate codes of professional conduct developed for their specific profession. This includes, but is not limited to, The National Rehabilitation Counseling Association Ethical Standards for Rehabilitation Counselors, the Code of Ethics for the Society for Human Resource Management, the Standards of Ethical Conduct for Practitioners of Management Accounting and Financial Management, and GII's Principles of Conduct.

Business Practices

We will:

- Engage in and promote honest and ethical conduct.
- Conduct ourselves in a professional manner at all times.
- Provide equal employment opportunities for all persons in our workforce or those being recruited for our workforce; prohibit discrimination in our personnel policies, program practices and operations, and in our working conditions and relationships with employees and applicants for employment; provide employment opportunities without regard to race, color, creed, gender, religion, martial status, registered domestic partner status, age, national origin or ancestry, physical or mental disability, medical condition, sexual orientation, veteran status or any other basis made unlawful by federal, state or local laws.
- Avoid actual or perceived conflicts of interest.
- Comply with applicable federal, state and local laws, contractual obligations, CARF requirements and GIRE policies and procedures.
- Responsibly use and control all assets, resources and information at our disposal.
- Use restricted monies for its requested purpose. We will be able to account for its activity and show how the funds were used.
- Encourage the prompt reporting of any violations of this Code of Ethics or other governing documents to GIRE's Corporate Compliance Officer, or a member of the Management Team or Audit Committee.

Service Delivery

We will:

- We will strive to avoid any real or perceived conflicts of interest and will make arrangements for alternative services, as needed.
- We will prohibit the exchange of gifts, money and gratuities between employees and persons served and discourage it among persons served.
- We will limit personal fund raising in the workplace other than campaigns to support the needs of employees or persons served who have been adversely impacted by disasters.
- We will discourage bringing personal property to the workplace.
- Items of religious or political nature, which may be offensive to others, are prohibited.

- We strongly support the setting of professional boundaries between employees and persons served; while honoring a friendly and respectful provider/customer relationship.
- We limit and vest authority of witnessing documents pursuant to persons served to those designated by the Chief Executive Officer of the organization.
- Maintain an atmosphere in which GIRE clients can learn and develop.
- Ensure that GIRE clients are provided equal treatment and services regardless of race, color, religion, national origin/ancestry, disability, medical condition, marital status, sex, age, sexual orientation, or any other basis protected by federal, state or local law, except as restricted by specific contractual obligations
- Ensure that individual client information is kept confidential according to applicable federal, state and local laws, contractual obligations, CARF requirements, and GIRE policies and procedures.
- Discuss confidential client information only with authorization from the client, as necessary for the provision of services, or as a result of a legal or government order.
- Strictly prohibit client abuse and harassment. Clients have the right and responsibility to report abuse, harassment or any other violation of their rights to their caseworker or a member of the GIRE staff, and to have a confidential investigation conducted on his/her behalf. GIRE does not restrict these rights or use any restrictive procedures.
- Ensure that clients are given the opportunity to provide input into the programs they participate in and the services they receive. This input must always be accepted in a respectful manner.
- Use the following questions to guide our actions when dealing with clients. Do my actions...
 1. Promote self-esteem in those we serve/supervise?
 2. Demonstrate empathy and a willingness to use the insights gained in a constructive manner?
 3. Enlist the involvement of those we serve/supervise by increasing the worth of these individuals?

Conflict of Interest

We Will:

- Not engage in, directly or indirectly, any relationship or activity that might impair, or appear to impair, our ability to act in the best interests of GIRE, or to make objective and fair decisions when performing our jobs.

- Not use GIRE property or information for personal gain or take advantage of any opportunity that is discovered through our position at GIRE.
- Neither give nor accept business courtesies, such as gift and gratuities, that violate federal, state or local laws, or GIRE policies and procedures, that constitute, or could reasonably be perceived as constituting, unfair business inducements, or that would reflect negatively on GIRE's reputation.

Duties of Directors and Officers

Directors and Officers will:

- Perform their duties in good faith and in the best interest of the organization.
- Adhere to all the established laws and regulations regarding fiduciary responsibility, as well as those rules established in GIRE's Articles of Incorporation and Board of Directors By-Laws.

Compliance

We will:

- Conduct GIRE's operations in accordance with applicable state and federal laws, contractual obligations, CARF requirements, and GIRE policies and procedures.

Financial

We will:

- Conduct GIRE's financial matters in accordance with applicable federal, state and local laws, and within the standards of commonly accepted financial management practices.

Confidentiality

We will:

- Protect proprietary and confidential information in a manner designed to prevent unauthorized use or disclosure, and in accordance with applicable federal, state and local laws, contractual obligations, HIPAA and CARF requirements, and GIRE policies and procedures.

- Disclose confidential and nonpublic information only for a valid business purpose and with proper authorization.

Health, Safety and Environmental

We will:

- Provide a safe environment for employees, clients, volunteers and visitors.
- Comply with applicable federal, state and local health, safety and environmental regulations, CARF requirements, and GIRE policies and procedures.

Marketing and Public Relations

We will:

- Practice honest, transparent and timely communication to facilitate the free flow of essential information in accord with the public interest.
- Ensure that all services and products are promoted in a manner that demonstrates respect for our employees and the people receiving services, as well as sensitivity to cultural values and beliefs.
- Protect confidential information and comply with all legal requirements for disclosure of information affecting the welfare of others.
- Protect the privacy of our employees and clients, and disclose information about them only with expressed, written permission.
- Disseminate accurate information and promptly correct erroneous communication for which we are responsible.

Human Resources

We will:

- Maintain the highest standards of ethical conduct and be a role model for our employees, clients and volunteers.
- Promote fairness for all employees.
- Protect the rights of our employees, clients and volunteers, while ensuring truthful communications and facilitating informed decision-making.
- Maintain diversity within our workforce to effectively meet the needs of the people we serve.

PROCEDURES

Employees:

- Each employee will receive training on the Code of Ethics during the initial and group orientation, and an annual review thereafter. Each employee will sign the Code of Ethics Acknowledgement, a copy of which will be kept in the personnel file.
- Employees must report suspected violations of the Code to their supervisor, Corporate Compliance Officer or a member of the Leadership Team. We strongly encourage an employee who suspects violations of the Code to inform his/her supervisor first.
- If the supervisor is involved in the misconduct, then the employee should inform a member of the Leadership Team or the Corporate Compliance Officer.

Supervisory Staff:

- Members of the Management and Leadership Teams will receive training on the Code of Ethics during initial orientation, and an annual review thereafter.
- Members of the Leadership and Management Teams are responsible to promote GIRE's values and ethics, and be a role model for employees, clients and volunteers.
- Members of the Leadership and Management Teams are expected to take steps to detect and prevent violations of the Code and to report suspected violations of the Code to the Corporate Compliance Officer, and the division director or vice president.
- Members of the Leadership and Management Teams are responsible to implement corrective action, as determined by the Corporate Compliance Officer and the division director or vice president, when a violation occurs.

Board of Directors:

- Each Board member will be provided with a copy of the Code of Ethics policy at the time of their initial orientation to the Board, and an annual review thereafter. A copy of the Code will be maintained in the Board manual.
- Board members have the responsibility to report suspected violations of the Code to the Board Chair.

Investigations:

- The Corporate Compliance Officer will complete a Report of Violation form for each submission of a suspected or actual violation.
- The Corporate Compliance Officer, along with the Division Director or Vice President and President/CEO, if appropriate, will immediately investigate complaints and take appropriate corrective action, which may include termination of employment. Complaints submitted through the Whistleblower Hotline will be handled by the California Attorney General's Office, in conjunction with the appropriate GIRE staff.

- If the suspected violation involves a Board Member, the Board Chair, President/CEO and Corporate Compliance Officer will investigate the allegation and determine appropriate corrective action.
- If the suspected violation involves the President/CEO, the Board Chair and Corporate Compliance Officer will investigate the allegation and determine appropriate corrective action.
- If the suspected violation involves the Board Chair, the Audit Committee Chair, President/CEO, and Corporate Compliance Officer will investigate the allegation and determine appropriate corrective action.

ADVOCACY EFFORTS FOR PERSONS SERVED

Goodwill Industries of the Redwood Empire is committed to providing full access to programs and services for all persons, as evidenced by our practices and policies. This includes, but is not limited to:

- Ensuring that we have the staff necessary to meet the needs of a culturally diverse client population.
- Establishing and maintaining contacts with appropriate social service agencies, recruiting sources, and organizations of and for individuals with disabilities, for advice and referral of job candidates.
- Making reasonable accommodations for qualified employees or applicants for employment.
- Ensuring equal access to training and promotional opportunities.
- Maintaining an accessibility plan that addresses recruitment, accommodations, program accessibility, community involvement, and attitudinal and architectural barriers.
- Referring clients to community support services, including housing, childcare and legal aid.

FINANCIAL REPORTING AND BUSINESS MANAGEMENT PRACTICES

We recognize that financial reporting and an integrated system of internal controls are key responsibilities of our President/CEO and the Vice President of Finance and Administration. We believe that periodic review of our financial status by our Board of Directors is essential and an integral part of their duties. We further recognize that an annual independent examination and assessment of our finances under the supervision of our Audit Committee is a key element in maintaining our credibility and ensuring the safeguarding of our assets.

Financial Statements

We reaffirm our responsibility to report the financial position and results of operations and cash flow of the organization in accordance with generally accepted accounting principles to our Audit Committee and Board of Directors at least quarterly.

Internal Controls

We have an integrated system of internal control, designed to provide reasonable assurances that we will attain the following:

- Effectiveness and efficiency of operation, including the safeguarding of assets
- Reliable financial statements
- Compliance with applicable laws and regulations

We will provide an annual assessment of the internal control system to our Audit Committee and Board of Directors.

Annual Audit

We have engaged an independent accounting firm to conduct an examination of our financial statements. The independent accounting firm conducts its audit in accordance with generally accepted accounting and auditing standards. The auditors examine our financial statements and internal control assessment, and report on their examination and recommendations for changes in the financial statements, reporting practices, or internal controls. This report will be provided directly to our Audit Committee and Board of Directors.

Audit Committee

The Audit Committee is comprised of volunteer members of our Board of Directors and others as appointed by the Board Chair, one of whom has knowledge of financial accounting. Members of the Audit Committee may not receive any compensation from the corporation and may not have any material financial interest in any entity doing business with the corporation. The Committee may not include any members of the staff, including the President/CEO or the Vice President of Finance and Administration. The Audit Committee has the following responsibilities:

- Approve auditing firm for annual Audit.
- Approve compensation for audit.
- Approve non-audit services of audit firm and associated compensation.
- Meet with auditing firm semi-annually, before and after audit.
- Approve annual Audit and Budget.
- Evaluate the opening of new retail stores and the launch of new business initiatives.
- Approve Leadership Team hires and annual compensation. Positions include the President/CEO, the Vice President of Finance and Administration, Vice President of Retail and Operations, Human Resources Manager, and the Vice President of Workforce Development.
- Advise President/CEO on financial policies and investment strategies.
- Review monthly and annual financial statements to assess GIRE's fiscal stability.
- Confer with GIRE's Corporate Compliance Officer semi-annually to review agency compliance issues.

Whistleblower Protection

In accordance with laws governing both profit and nonprofit corporations, we have adopted a whistleblower policy that encourages employees to report actual, potential or suspected violations of misconduct, including violations of federal, state and local laws, and GIRE policies and procedures. The policy allows employees anonymously or in confidence to report concerns of actual, potential or suspected violations, and specifies that retaliation and/or

discrimination against an employee who exercises his/her rights under this policy is strictly prohibited.

Conflict of Interest

We have a conflict of interest policy governing our officers, employees and volunteers. We agree that a conflict of interest arises when an officer, volunteer, or employee is influenced by personal considerations, including but not limited to financial considerations, in the course of performing work for GIRE. All Board of Directors, officers, employees, and volunteers must disclose any activity or relationship, which may be perceived as a conflict of interest, and a record of that disclosure will be maintained.

Document Destruction

We have a written, mandatory document retention and destruction policy based on legal requirements. The policy states that it is illegal to alter, cover up, falsify, or destroy any document to prevent its use in an official proceeding such as a federal investigation. The policy also includes guidelines for electronic mail and voice mail.

Certification of Form 990

We agree that both the President/CEO and the Vice President of Finance and Administration of GIRE will sign Internal Revenue Service Form 990 to attest to the accuracy and completeness of its contents as well as to the accuracy of financial reports utilized during the year and in preparation of the Form 990. The Financial statements and Form 990 will not contain any untrue material statements or facts and will not be misleading in their presentation.

Compliance with SB 1262 Regulations

We will comply with all requirements of SB 1262, including:

- Public Disclosure.
- Accelerated registration requirement.
- Notice of commencement of solicitation.
- Contracts with commercial fundraisers and fundraising counsel.
- Misrepresentation.
- Control.
- Registration.
- Prohibitions.

CONDUCT IN REGARD TO FISCAL MANAGEMENT

Our ability to manage our financial resources and serve the community is impacted by the conduct of the employees, volunteers and officers of GIRE. In order to strengthen our ability to comply with the Code of Ethics and Principles in this document, we will ask each member of the staff, board, or other volunteer groups to agree to conduct him or herself in a manner that promotes essential values and ethical behaviors that include:

- Operating in a manner that upholds the integrity of the movement and ensures public trust.
- Upholding all applicable laws and regulations, and furthering the ability of GIRE to accomplish our mission.
- Being a responsible steward of the resources GIRE.
- Reviewing consistently ethical decision-making.
- Recognizing if you are being asked to do something that might be illegal.
- Consulting others if you are presented with a dilemma on an issue.
- Deciding on a course of action, determining your responsibility, reviewing all relevant facts and information, and referring to all applicable GIRE policies or professional standards.
- Considering whether an action goes against ethical, moral, and professional standards.

The community and people we serve trust GIRE based on its long established reputation and integrity. Any misdeed, illegal activity, or appearance of impropriety impacts negatively upon all of us. In order to maintain that trust, we agree to voluntarily comply with the guidelines and recommendations set forth in the document.

Signed:

Chair, Board of Directors

Date

Secretary, Board of Directors

Date

Chief Executive Officer

Date

Vice President, Finance

Date

POLICY ON CONTRACTUAL RELATIONSHIPS

Goodwill Industries of the Redwood Empire will maintain its relationships with individuals and entities with whom it has established or is considering establishing a contractual relationship in a legal and ethical manner. In addition to its Code of Ethics that guides business relationships, the following procedures will be observed:

- Requests to individuals and/or entities to bid on a contractual arrangement will be extended to as many as practical.
- Conflicts of interest with current or potential bidders must be declared.
- GIRE will determine that potential and current contractors have:
 - Capacity to perform at an acceptable level.
 - An ethical track record.
 - Appropriate certification or licensure.
 - Financial capacity to continue acceptable performance.
 - Policies and procedures to help prevent waste, fraud and abuse.
 - A reputation that is consistent with GIRE's mission.
- GIRE will not engage in contractual relationships with individuals or entities whose reputation is not consistent with GIRE's mission, ethics or values.
- Contracts will be reviewed on an as-needed basis.