



GOODWILL INDUSTRIES OF COLORADO SPRINGS

CORPORATE COMPLIANCE PROGRAM

**ADOPTED : By the Board of Directors
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TABLE OF CONTENTS

Corporate Compliance Program	3
Committee Formation and Composition	5
Adequate and Accurate Documentation Policy	7
Financial Disclosure Policy	8
Monitoring Policy	10
Audit Follow-up and Resolution	11
Auditor Services and Accountant Oversight	13
Auditor Rotation Policy	14
Policy Against Coercion of Auditors	15
Ethical Standards of Business Policy	16
Subpoenas, Search Warrants and Other Investigations Policy	18
Reporting Policy	20

GOODWILL INDUSTRIES OF COLORADO SPRINGS

CORPORATE COMPLIANCE PROGRAM

Purpose: To establish and publish the official policy of Goodwill Industries of Colorado Springs (“Organization”) regarding corporate compliance.

Personnel Affected: Board of Directors
President/CEO
Corporate Compliance Officer (V.P. of Finance and Administration)
Board Finance Committee
Board Administration Services Committee
All Goodwill Staff

Policy: Goodwill Industries of Colorado Springs is dedicated to the delivery of services in an environment characterized by strict conformance with the highest standards of accountability for administration, developmental training, business, marketing and financial management. Goodwill Industries of Colorado Springs leadership is fully committed to the need to prevent and detect fraud, fiscal mismanagement, and misappropriation of funds and, therefore, to the development and maintenance 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 wrong doing – 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, its leadership or staff, funding sources or consumers at risk.

Procedures: By formal resolution, the Board of Directors has delegated overall responsibility for the Corporate Compliance Program to the President/CEO, with oversight responsibilities assigned to the Finance Committee (“Committee”). The President/CEO will monitor the Organization’s corporate compliance program and provide periodic and regular reports to the Committee and to the full Board of Directors on matters pertaining to the program. The President/CEO formally designates the Vice President of Finance and Administration as Corporate Compliance Officer.

The Corporate Compliance Officer (CCO) shall

- (1) provide staff support to the Committee and serve as the Organization’s primary point of contact for all corporate compliance issues, including periodic reporting on compliance activities and making recommendations to the President/CEO, the Committee, and the Board of Directors as appropriate;
- (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) schedule, coordinate and monitor regular and periodic reviews of risk areas by competent persons internal and/or external to the Organization. Such reviews will augment the Organization's annual audit of its accounting system and provide an additional, internal measure to ensure conformance with financial policies and practices that will withstand the scrutiny of any regulatory audit or examination;

(4) have direct and unimpeded access to the President/CEO, Board of Directors, and the Organization's independent auditors and/or legal counsel for matters pertaining to corporate compliance.

Reports to the President/CEO, the Committee, and/or Board of Directors 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. This summary will include such incidents as material theft of Goodwill funds and/or product, patterns of financial irregularities, significant accounting errors and/or irregularities, media investigations regarding ethics, and breaches of confidentiality.

COMMITTEE FORMATION AND COMPOSITION

Composition of the Committee. The Finance Committee of the Board shall be responsible for oversight of all Corporate Compliance activities. Members of the Committee may also be on other committees. Committee members should be independent of management and free of any relationship that would interfere with the exercise of independent judgment as a Committee member. The Committee shall meet no fewer than two times each year, and more frequently as necessary. The Committee shall maintain minutes of all its meetings to document its activities and recommendations.

Primary Goals of the Committee.

1. Assist the Board in fulfilling its fiduciary responsibilities relating to legal and financial compliance with applicable laws, regulatory requirements, industry guidelines, and policies; and
2. Oversee all applicable accounting and auditing reporting practices whose intent is to properly and accurately reflect the financial status and condition of the Organization.

Responsibilities of the Committee.

1. Oversight of the adoption and implementation of policies and procedures that will require the Organization and its employees to act in full compliance with all applicable laws, regulations, and policies; and
2. Assisting the Board in fulfilling its responsibilities to stakeholders relating the accounting policies, financial reporting practices, and the quality and integrity of the financial reporting.

Duties of the Committee.

In carrying out its responsibilities, the Committee shall:

1. Include in its membership financial expertise having the following attributes:
 - A. An understanding of financial statements and Generally Accepted Accounting Principles (GAAP);
 - B. An ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;
 - C. Experience in preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally

comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience in actively supervising one or more persons engaged in such activities;

- D. An understanding of internal controls and procedures for financial reporting; and
 - E. An understanding of audit and compliance functions.
2. Provide sufficient opportunity for the independent auditors to meet with the members of the Committee to be briefed on their independent evaluations of compliance with legal, regulatory, financial, accounting, and auditing practices.
 3. Meet with the independent auditors and financial management at the conclusion of the annual audit to review audit results, including any comments or recommendations of the independent auditors.
 4. Review changes in the accounting standards and applicable policies and procedures with the independent auditors. Review the findings included in the independent auditors' management letter and management's responses and actions to be taken.
 5. Review the annual financial statements and determine that the independent auditors are satisfied with the disclosure and content of the financial statements.
 6. Provide oversight to the implementation of the compliance program relating to the conduct of business that will ensure that high ethical and conduct standards are met and are properly communicated to all employees on a regular basis.

ADEQUATE AND ACCURATE DOCUMENTATION POLICY

Purpose. All financial, accounting, and cost data will be based on auditable, verifiable, and adequate documentation.

Policy. All disclosure or release of financial information must be presented in a manner that
(1) does not contain an untrue statement of a material fact or omit to state a material fact; and,
(2) reconciles to the financial information presented with the financial condition and results of operations of the business.

In addition, all cost and financial data must be based on financial and statistical records, which must be capable of verification. The cost data must be based on an approved method of costing and on the accrual basis of accounting.

Procedures.

1. There is a prohibition on material misstatements or omissions in any data prepared by or on our behalf.
2. There will be no presentation of financial, accounting, or cost data that is misleading.
3. Financial information presented in external reports will follow Generally Accepted Accounting Principles (GAAP).
4. Adequate financial, accounting and cost data must be capable of being audited, be consistent with good business concepts, and be effective and efficient for management of the Organization.
5. Adequate cost information must be supportable in the records for reimbursement by any agencies of any government from whom funds are received. The requirement of adequate data implies that the data be accurate and in sufficient detail to accomplish the purposes for which it is intended.

FINANCIAL DISCLOSURE POLICY

Purpose. This policy has been instituted to assure the integrity of periodic financial statement disclosure. The goal of financial disclosure incorporates integrity, competency of auditors, promoting professional ethics and competency standards, performing review of auditor work products, and reviewing for any potential conflicts of interest between an auditor and the board of directors, officers, and affiliates that may result in an impairment of auditor independence. All of this is designed to validate management's assessment of the Organization's performance, trends in the business, and effects of critical accounting policies and estimates. This is emphasized as the key element of periodic financial statement disclosure.

This policy is designed to ensure truthfulness of corporate financial documents, expose inaccuracy in all reimbursement activities, and ensure prompt disclosure and remediation of any identified overpayments.

Policy.

1. The Organization has adopted an Ethics Code (see Memorandum 45-41) that is applicable to all employees and promotes honest and ethical conduct; the avoidance of conflicts of interest; full, fair, accurate, timely and understandable disclosure in the issuer's periodic reports; and, compliance with applicable governmental rules and regulations.
2. To ensure the best interests of Goodwill Industries of Colorado Springs are carried out, the Organization has adopted a Conflict of Interest policy (see Memorandum 10-16), which is applicable to all directors, officers and employees.
3. The Committee will provide oversight to full financial and other disclosures as described under this policy.

Procedures.

1. The CEO and CCO will ensure that:
 - a. The financial statements do not contain any materially untrue or misleading information;
 - b. Appropriate internal controls are in place to protect corporate assets and ensure the integrity of the accounting systems;
 - c. Internal controls have been evaluated; and,
 - d. Any fraudulent activity involving personnel who deal with the internal controls has been reported to the Organization's auditors and to the Committee.

2. The Committee will annually review independent auditor work products for any potential conflicts of interest between the auditor and the Board of Directors, officers, and affiliates that may result in an impairment of auditor independence.

MONITORING POLICY

Purpose. The CCO will ensure the occurrence of periodic review of the adequacy and scope of internal accounting controls and procedures, their implementation, and prompt “follow up” of ensuing recommendations. Furthermore, the need for internal controls is recognized, and this policy therefore focuses on the ongoing monitoring of accounting controls, systems and procedures.

Policy. The CEO and CCO will ensure that internal accounting controls are in place and sufficient to protect corporate assets and ensure the integrity of the accounting systems. Adequate policies and procedures shall be developed and implemented to enable the staff to gather the information needed to prepare quality financial statements. A sound system of internal controls is needed to enable reliance upon financial systems.

Procedures.

1. The Committee will oversee senior management activities that support internal controls sufficient to gather the information needed to evaluate and reflect in the financial statements.
2. The CEO working with the CCO of the Organization will ensure that ongoing monitoring of internal controls takes place and will be accountable to the Committee for carrying out this policy.

AUDIT FOLLOW-UP AND RESOLUTION

Purpose. Audit follow-up is an integral part of good management and an effective compliance program, and is a shared responsibility of management officials and independent auditors. Corrective action will be taken by management on findings and recommendations. This is essential to improving the effectiveness and efficiency of the Organization's operations as well as ensuring that the problems and weaknesses identified do not recur. This policy provides procedures for personnel in response to findings in reports issued by the external auditors or consultants or reviews by internal staff. The principal objectives of this policy are to:

1. Specify the role of the designated officials with regard to follow-up.
2. Maintain effective procedures for ensuring appropriate action is taken in response to audit findings, including corrective action on recommendations contained in audit reports.
3. Emphasize the importance of monitoring the implementation of resolved audit recommendations in order to assure that promised corrective action is actually taken.

Policy.

1. Independent auditors will provide management and the Finance Committee with a report and a briefing on their findings and recommendations in accordance with Generally Accepted Auditing Standards.
2. There must be prompt "follow up" of auditor recommendations.
3. The Vice President of Finance and Administration will establish and maintain tracking systems to assure the prompt and proper resolution and implementation of audit recommendations.

Procedures.

1. The Committee will receive copies of all reports from audits or reviews and will be informed of scheduled meetings at which management is briefed on the results of such audits / reviews.
2. The CCO will maintain a tracking system wherein significant findings from audits or reviews are tracked until corrective action and follow-up verification is completed.
3. Resolution of significant deficiencies will not be considered complete until the CCO, or designee, determines, based on a follow-up review, that the actions were in fact taken and resulted in correction of the deficiencies.
4. The Committee is responsible for oversight of management's corrective action to identified deficiencies.

5. If the follow-up review shows that the Organization has not completed all actions needed to fully correct the deficiencies, the CCO shall:
 - a. Notify the Committee to report on the further actions needed and completion dates; and,
 - b. Continue to follow-up until he / she is satisfied that the Organization fully and effectively corrected the deficiencies.
6. The Committee may independently direct a follow-up review to verify that corrective actions were successful.

AUDITOR SERVICES AND ACCOUNTANT OVERSIGHT

Purpose. The Organization will not engage any person not employed with a registered public accounting firm to prepare or participate in preparing an audit, and accounting firms preparing an audit will not be permitted to perform certain non-audit services (including investment adviser, appraisal, internal audit, or legal services) for the Organization without prior approval.

Policy.

1. Non-audit services to be provided by the Organization's independent auditor must be pre-approved by the Committee. However, tax services for corporate tax returns may be performed by the same firm that is performing the annual audit services.
2. All auditing services performed on behalf of the Organization must be performed by a Certified Public Accounting firm.
3. Public accounting firms performing any audit shall report audit results to the Committee on a timely basis.

Procedure.

Should non-audit services be required of the Organization's independent auditors, such services will be approved by the Committee prior to engagement.

AUDITOR ROTATION POLICY

Purpose. The Organization will not allow a registered public accounting firm to provide audit services if the lead (or coordinating) audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for the Organization in each of the five (5) previous fiscal years.

Policy.

It is the Organization's policy to rotate the lead or coordinating audit partner having primary responsibility for audits performed by the firm every five (5) years, or more frequently.

Procedure.

The Committee will ensure that the lead or coordinating audit partner having primary responsibility for audits performed by the firm is rotated at least every five (5) years.

POLICY AGAINST COERCION OF AUDITORS

Background / Purpose. The objective of this policy is to ensure that auditors adhere to the standards of independence, ethics, or competency in the profession. Federal law prohibits auditors from being coerced to misrepresent our true financial condition and any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of the financial statements for the purpose of rendering such financial statements materially misleading. It is our intention to guard against any such pressures being placed on an auditor engaged by the Organization.

Policy. The Committee has to rely on management and external auditors for information about the Organization's financial reporting process. Therefore, it is our policy to prohibit any actions by any employees, managers, executives, members of the Board of Directors, or any agent acting on our behalf designed to influence auditors and accountants or to impair their ability to perform their services honestly and with integrity. All accountants, auditors, and persons associated with them are required to abide by all applicable laws and regulations, including the provisions of professional ethics and competency standards, as well as our policies, procedures, and Ethics Code.

Procedures.

1. Any employee, manager, executive, member of the Board of Directors or agent acting on our behalf that attempts to coerce, induce, or take any action with the intent to impair or influence auditors and accountants in the performance of their services will be disciplined up to, and including, termination of services.
2. Any material breach of this policy will be reported to the Committee.
3. All auditors or accountants must immediately disclose and/or report to the Committee any conflicts of interest or potential conflicts of interest between an auditor and any Director, officer, and/or employee, and any affiliated business activities that may result in an impairment of auditor independence.
4. Management will maintain communication channels to receive reports directly from employees of problems and concerns regarding questionable accounting, internal accounting controls, or auditing matters including issues of impairment due to coercion, conflicts of interest, and influence.

ETHICAL STANDARDS OF BUSINESS CONDUCT POLICY

Background / Purpose. The Organization is committed to conducting business ethically and in conformance with all applicable laws, regulations, and standards. This policy applies to all employees, including the CEO, Administrative Team staff, principal accounting staff, and persons performing similar functions. It is our commitment to maintain a written Ethics Code to provide guidance on employee and Organizational responsibilities related to compliance with all applicable laws and regulations.

Policy.

1. The Organization will maintain a current written Ethics Code, prominently displayed in the Employee Handbook and the Policies and Procedures Manual, to provide employees with guidance on expectations for workplace conduct and how to report a potential problem or concern regarding questionable accounting, internal accounting controls, or auditing matters, or potential violations of federal, state, and local laws and regulations, our Ethics Code, policies, and procedures.
2. The Policy will apply to all employees.
3. New employees will be provided a copy of the Policy and participate in an orientation seminar that includes a thorough review of this document.

Procedures.

1. The Ethics Code is defined as written standards that are reasonably designed to deter wrongdoing. At a minimum, the Policy shall address and promote:
 - A. Honest and ethical conduct;
 - B. Full, fair, accurate, timely, and understandable disclosure in reports and documents that an issuer files with regulatory agencies;
 - C. Compliance with applicable governmental laws, rules, and regulations;
 - D. The prompt internal reporting of violations of the Policy to an appropriate person or persons identified in the Policy; and
 - E. Accountability for adherence to the Policy.
2. The Committee will be responsible for final approval of the Policy.
3. All executives, managers, and employees will be given a copy of the Policy every three years and will be required to sign a statement of understanding of the Policy.

- | 4. The Policy will be provided to all new employees as part of new employee orientation.
5. The Policy will be posted on all employee bulletin boards throughout the organization.
6. Management will ensure that all employees, managers, and executives receive training related to the contents of the Policy.
7. The Committee is responsible for overseeing management's investigations of possible violations of the Policy and enforcement of disciplinary action and may, if it deems necessary, perform its own investigations independent of management.

POLICY ON SUBPOENAS, SEARCH WARRANTS, AND OTHER INVESTIGATIONS RELATED TO GOODWILL INDUSTRIES OF COLORADO SPRINGS BUSINESS

Purpose. To provide guidance regarding the handling of subpoenas, search warrants and other legal investigations for matters directly related to Goodwill Industries of Colorado Springs business. This policy does not cover subpoenas or investigations which an employee may receive that are not directly related to their employment of Goodwill.

Policy. It is the policy of the Organization to cooperate with governmental investigations, searches and other external audits. If a visit or inquiry from a governmental agency regarding a subpoena, search warrant or other legal document is received, the Corporate Compliance Officer should be notified. The Corporate Compliance Officer will review the document and facilitate the appropriate follow-up action including the notification of the CEO/legal counsel.

Procedures.

1. Staff members who receive a visit or an inquiry from a governmental agency regarding Goodwill Industries of Colorado Springs should direct the individual to the Corporate Compliance Officer and should refrain from discussing Organization business with the individual unless and until direction is received from the Corporate Compliance Officer.
2. Staff who are served a subpoena for testimony involving a matter directly related to the course of their employment shall notify the Corporate Compliance Officer as soon as possible and submit a copy of the subpoena/search warrant to the Corporate Compliance Officer.
3. The Corporate Compliance Officer shall immediately evaluate any subpoena received and initiate appropriate follow up action, including but not limited to the following:
 - Notifying the employee's supervisor that the employee will be excused from work for the time requested by the subpoena
4. Any employee summoned to comply with any other mandated court appearance for matters directly related to Goodwill business will be granted time off with pay to fulfill their obligation. The employee is requested to notify his or her supervisor and the Human Resources department as far in advance as possible of any absence for such purpose.
5. A copy of the summons, subpoena or other written evidence of the required court appearance should be submitted to Human Resources. Time off for court appearances should be reflected on the employee's time sheet for the pay period involved.
6. The Board of Directors, Finance Committee and/or Finance Committee Chair shall be notified by the President/CEO of all staff members that have been subpoenaed to testify concerning Organization business, excluding workers compensation matters, within forty-five (45) days.
7. The staff member shall be entitled to retain any witness fee or mileage fee that may accompany the subpoena.
8. The Corporate Compliance Officer shall retain evidence of subpoena compliance steps.

Subpoenas—Records/Files

1. If the subpoena or search warrant is presented to a staff member for records including a particular employee's record/file, the staff member should immediately direct the subpoena to the Corporate Compliance Officer. These subpoenas should be handled in accordance with all federal privacy laws.
2. The Corporate Compliance Officer will review the subpoena and will initiate appropriate follow-up action. In the case of a subpoena seeking records/files of a particular employee, in a matter unrelated to Goodwill business, the Corporate Compliance Officer will inform the employee of the subpoena, and will inform the employee of the response the Organization will make regarding the subpoena.
3. In the case of a subpoena seeking Goodwill records in a matter related to business of the Organization, the Corporate Compliance Officer will report the matter to the President/CEO.
4. The President/CEO shall notify the Board of Directors when Goodwill records relating to the business of Organization have been subpoenaed.
5. Goodwill reserves the right to charge copy fees for employee records and other organizational files.
6. The Corporate Compliance Officer shall retain evidence of subpoena compliance steps.

REPORTING POLICY

Purpose. We recognize that a critical aspect of our compliance program is the establishment of a culture that promotes prevention, detection, and resolution of instances of conduct that do not conform to federal, state, and private payer health care program requirements, as well as the Organization's ethical and business policies. To promote this culture, we have established a policy that encourages employees to report problems, concerns, and potential violations of federal, state, and local laws and regulations, our Ethics Code, policies, and procedures.

Policy.

1. It is our policy for management to maintain communication channels to receive reports directly from employees of problems and concerns regarding questionable accounting, internal accounting controls, or auditing matters, or potential violations of federal, state, and local laws and regulations, our Ethics Code, policies, and procedures.
2. An employee with knowledge of a potential violation of law, regulation, Ethical Standards of Business Conduct Policy, policies, or procedures has an affirmative duty to report that information. Failure to report a potential violation may result in appropriate disciplinary action.
3. Employees cannot exempt themselves from the consequences of their own misconduct by reporting the issue, although self-reporting may be taken into account in determining the appropriate course of action.
4. An employee who reports a problem or concern shall be assured of their rights to anonymity or, if they identify themselves, confidentiality within the limits allowed by law. There will be no form of retaliation or retribution against anyone who reports perceived violations or problems in good faith to management.

Procedures.

1. Information on how to report possible violations is included in the Organization's Ethics Code and employee training programs.
2. Where feasible, management shall offer anonymity to reporters and assure those who identify themselves that their confidentiality will be maintained within the limits allowed by law.
3. Management shall direct and ensure appropriate follow-up and/or investigation through final resolution.