

2016 Annual Report

Pride. Purpose. Paycheck.



1300 Hopeman Parkway
Waynesboro, Va. 22980
540.943.8444
800.636.9803 toll-free
540.943.0704 fax



Find Us Online

Web: vectorindustries.org

Social Media: facebook.com/VectorInd



Staff

Chief Executive Officer
Chrissy Johnston

**Director of Operations/
Engineering**
David Tanner

**Director of Human
Resources/Corporate
Compliance**
Cheryl Moran

Director of Accounting
Angie Critzer

**Assistant Director
of Operations**
Stephanie McKee

Board of Directors

Chair
Robert L. Wade, Jr.
Former Americans with
Disabilities Coordinator,
City of Waynesboro

Vice Chair
Carole Smith
Controller, Berry Plastics

Richard Baldwin
General Manager, MITS
of Virginia

Wendell Coleman
Volunteer Service
Director, Wilson
Workforce and
Rehabilitation Center

Paul Dryer
Attorney, Franklin,
Denney, Ward & Lawson
PLC

Kodi Frye
Associate Vice President,
First Bank

Bill Hausrath
Real Estate Broker, Valley
Real Estate Brokers LLC

Leonard Pittman
Senior VP and Market
Executive, Union First
Market Bank

Jerry Thomas
Retired Executive Director,
VCSB
Retired Human Rights
Advocate, Western State
Hospital

chairman's report

On behalf of the Vector Industries Board of Directors I would like to thank you for your interest in Vector's future by taking the time to read our first annual report in many years. We believe that Vector is a jewel in the crown in our part of the Shenandoah Valley. Our employees provide their hands to assemble and package materials and products used throughout the world. We are proud of the work Vector's employees perform on behalf of our vendors and our community.

Since 1969, Vector has proven its relationship to Waynesboro, Staunton, and Augusta County by firmly maintaining our mission to employee individuals with diverse disabilities, give each a place in their respective communities for interaction, and provide an arena where they can feel appreciated and develop a sense of community with their peers. The board sincerely appreciates the efforts by the citizens of the valley who support and encourage our employees' successes and acceptance throughout society.

The past year has been incredible for Vector Industries. Two-thousand and sixteen was the first year in our new facility on Hopeman Parkway which is more than triple the square footage at Fairfax. It is a proven asset for the future of Vector. Our facility gives space to grow Vector's business and provide capacity for a greater level of end product. Additionally, the modern atmosphere gives a substantial degree of opportunity to query new and unique business potential.

Many businesses like Vector provide assistance to it employees with diverse disabilities by offering travel from home to work and home again. The transportation costs have been a challenge but with planning Vector has been able to provide efficiencies that have controlled cost and effectiveness. The \$2 a Mile Campaign began last year and has successfully offset the cost of travel for 2016. We certainly thank all who have contributed to the campaign and continuous support is much appreciated.

Finally, I encourage all of you to take the time to tour Vector Industries' new facility on Hopeman Parkway and meet our employees. I know you will be pleasantly surprised. Vector succeeds because it has caring leadership and we who participate in Vector's vision care deeply about its future.

Thank you for dedicating your time to further understanding Vector Industries!

Sincerely,

Robert L. Wade, Jr.

Chair



history

In 1969, a group of community and civic leaders in the Shenandoah Valley launched Vector Industries with the mission to operate a business that trains and employs people with diverse disabilities to enable them to reach their potential as productive community members.

The approach is unique. Vector Industries operates as a non-profit business, partnering with a number of business and industrial clients in Virginia to provide services including assembly, logistics and operational support. Since its inception, Vector has provided pride, purpose and a paycheck to thousands of employees in the area.

Located in Waynesboro, Vector Industries is a valuable resource for outsourcing projects that require a team of highly qualified and uniquely specialized individuals.

In 2015, Vector Industries moved to an 82,000-square-foot facility on Hopeman Parkway, after having outgrown the 27,000 square feet of space that had housed its operations in a complex of buildings on Fairfax Avenue since its founding.



mission

To operate a successful business that employs persons with diverse disabilities to enable them to reach their full potential as productive community members.

Vector Industries is a non-profit organization that is self-supporting in day-to-day operations through its contract work for a variety of customers across Virginia. As such, Vector contributes significantly to our local economy – both directly through its employees and indirectly through partnering with businesses, both large and small, allowing them to expand and increase output with low overhead – which also supports other jobs in our community.



I'd love to see them get more clients, get more business and employ more folks. They're doing something that's extremely valuable and at the same time filling an important role in society."

- Hayes Humphreys, Devils Backbone

Demographics

Total employees: 83

Residence:

Staunton	24
Waynesboro	42
Augusta County	17

Gender:

Male	42
Female	41

With a disability: 61

Age:

Under 30	18
30-40	12
40-50	16
50-60	24
60+	13

2,039,688

The number of bottles of Devils' Backbone Beer that Vector employees sorted into their popular Adventure Pack!

“

As we grow our business through creative solutions to our customers, Vector has provided an additional dimension, adding flexibility to our labor and service platforms. No project has been too large or small, too complicated or simple to pursue. Expectations are always exceeded proving it's an attitude, not the aptitude.

- Keith Marcks, SupplyOne

35,301

The number of Watch Ya' Mouth games that Vector mailed or shipped to consumers in the 4th quarter of 2016.

2016 highlights



Vector just completed its first full year in our new facility at 1300 Hopeman Parkway. Our campus is situated on 11 beautiful acres adjoining the South River in Waynesboro and includes 3 buildings. The main building offers 82,000 sf of manufacturing and fulfillment opportunity space. In 2016, renovations continued on the main building which is almost complete.

A second, smaller building is used for carpentry work and there are plans to complete renovations on the third building in 2017.

Vector has always been an important part of the community and as such, has received donations “in honor” or “in memory” of. In 2017, work will begin on a “Memorial Garden” area which will be dedicated to employees, patrons and staff of Vector Industries who have passed.

“

Vector has proven themselves time and time and time again to be very industrious in terms of always being willing to look at a new project, time-study it and quote it, and to be able to work it quickly.”

- Rob Mason, Parker Bows

2016 challenges

Over the years Vector has enjoyed a respectful and productive partnership with local agencies such as the Department of Aging and Rehabilitative Services (DARS), Department for the Blind and Vision Impaired, Valley Community Services Board and the Department of Social Services for referral and other support services to ensure that individuals with the most significant disabilities have the opportunity to work. Recent regulatory and systems changes have impacted organizations such as Vector who provide employment services to individuals with diverse disabilities. Virginia's Settlement agreement with the Department of Justice, the passage of the Workforce Innovation and Opportunity Act (WIOA) and the Commonwealth's adoption of the Employment First initiative have effectively resulted in the disenfranchisement of Virginians with the most significant disabilities who choose to work.

WIOA defines a positive employment outcome for individuals with disabilities as competitive and integrated which is further defined as full or part time work at minimum wage or higher, with wages and benefits similar to those without disabilities performing the same work, and fully integrated with co-workers without disabilities. It has been determined that center based employment organizations, (formally referred to as Sheltered Workshops) do not meet that definition of employment. Effective July 1, 2016 WIOA directed the Department of Aging and Rehabilitative Services (DARS) to stop all referrals to center based employment organizations, including Vector Industries.

Vector is a robust organization that contributes to local and regional commerce by providing meaningful work to our employees-regardless of the level of disability. While maintaining its mission, Vector generates most of its revenue from business operations, rather than being reliant upon government funding. The partnership with DARS – the referrals and the employment supports funding has been effective for many years in putting Virginians with significant disabilities to work. Like all Virginians these individuals have a positive impact on the economy by earning wages, paying taxes and purchasing goods and services in their communities. While Vector completely supports competitive integrated employment, we also believe there are some Virginians who will not be successful in a traditional business environment without on-going support. We remain concerned that this population will not have access to employment, or VR services consistent with the basic principle of informed choice included in the Americans with Disabilities Act (ADA).

As DARS counselor's work to find competitive integrated employment for persons with significant disabilities in and around their communities, they have found what Vector has known since its inception –one of the largest barriers to employment for persons with disabilities is getting TO the job. Transportation remains a huge challenge for these individuals especially in the more rural areas in the Shenandoah Valley of Virginia. An integral part of Vector's mission and of significant importance to the Board of Directors is addressing this need by providing transportation to employees who could not otherwise get to work. Currently, we transport 66% of our employees to the Vector Plant.

John F. Kennedy stated, "Change is the law of life. And those who look only to the past or present are certain to miss the future."

As change impacts our organization and organizations like ours, Vector Industries will remain supportive to our area citizens with disabilities and will advocate for their right to have choices where employment is concerned. We are committed to personal and professional growth, continuous business improvement and innovation and creativity in all that we do.

“

The team at Vector

Industries has exceeded

our expectations and are

an important partner in this

project. We are fortunate

that they also happen

to be so close. Vector

has provided the quality,

flexibility and capability that

is so essential in this age of

fast-paced. business.”

- Peter Denbigh, Skyler Innovations

304,046

The number of parts that Vector employees either assembled or packaged for Parker Bows in 2016.

Our Customers

PCG Education – delivering flexible learning solutions for K12 educators, the equivalent of 193 weeks of programming throughout a 12-week period in the summer benefitting 4,365 students

Skyler Innovations – popular card game “Watch Ya Mouth” developed by Peter and Alison Denbigh of Staunton, VA

Reynolds Consumer Products – provides quality household essentials and world-class brands such as Reynolds® brand parchment paper, oven bags, slow cooker liners, and more

Devils Backbone – the popularity of their craft beer continues to grow and consumers can’t get enough. Enter the Variety Pack, which is a hand mixed assortment of flavors

Bold Rock Hard Cider – one of the fastest-growing craft cider companies in the country, using locally grown and handpicked fruit in the Blue Ridge Mountains of Virginia and North Carolina

Graphic Packaging – a leading global provider of packaging solutions to food, beverage and other consumer products

Hollister Incorporated – an independent, employee-owned company that develops, manufactures, and markets healthcare products and services

Federated Auto – a nationally known auto parts distribution network with over 4,000 auto parts stores across the nation

Hershey Chocolate – making great chocolate since 1894

Supply One – specialty packaging company offers custom solutions, pressure-sensitive labels, marking systems, supplies, and equipment

Accutec – designs and engineers precision blades in global partnerships with manufacturers and distributors of material processing equipment

Parker Bows – one of the largest producers of compound bows and crossbows in the

Natural Spa Bath – locally owned company specializing in “bath bombs” which offer bathtub aromatherapy and are sold on Amazon

Invista – one of the world’s largest integrated producers of polymers and fibers, primarily for nylon, spandex and polyester applications

Oryx Designs and Promotional Products – provides logo’d dress, tee shirts and promotional items for many different stores and organizations across the United States

Mid Valley Press – located in Verona and the local high quality printer of choice since 1968

Klann Inc. – in business since 1910 and actively engaged in plastic injection molding and tooling for more than 60 years

Shields Self Storage – providing storage solutions to individuals and businesses

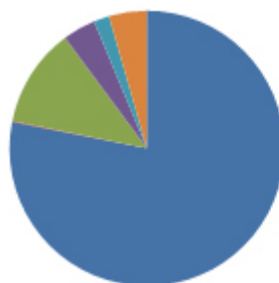
ET Games – purveyors of frantic hand made wooden games: Pucket, Rollet, and Bridget. Hilarious play for all ages

Blue Planet Environmental – innovators and inventors of the new subsurface aeration solution, BioBoost, which restores a pond’s natural ecosystem

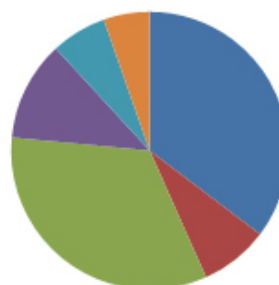
Bageladies – baking delicious and healthy Bake’mmm Bagels

2016 financials

Overall



- Business Revenue
- Charitable Donations
- Funding
- Prevocational Program*
- Other
- Transportation Income**



- Production Labor
- Production Materials & Supplies
- Staff & Management Labor
- Building & Utilities
- Other
- Transportation Expense**

Revenue

Business Revenue	\$1,325,013
Charitable Donations	\$2,355
Funding	\$197,393
Prevocational Program*	\$65,734
Other	\$31,181
Transportation Income**	\$75,497
Total	\$1,697,174

*Program ceased July 2016

**See Transportation Financials

Expenses

Production Labor	\$592,028
Production Materials/Supplies	\$134,301
Staff & Management Labor	\$557,200
Building/Utilities	\$195,250
Other	\$108,537
Transportation Expense**	\$90,015
Total	\$1,677,332

**See Transportation Financials

\$2 a Mile Campaign

Vector kicked off the \$2 a Mile Campaign to offset the expense of transporting employees to and from work each day.

Every weekday, three buses travel out from Vector Industries across Waynesboro, Staunton and Augusta County to pick up employees. More than half of the 70 employees at Vector, a unique nonprofit business that employs and trains persons with diverse disabilities to enable them to reach their potential as productive community members, wouldn't be able to get to work without the bus rides. This all comes at a steep cost to Vector, which spends more than \$90,000 a year to keep the buses running, roughly \$2 per mile.

Vector Industries raised more than \$20,000 toward transportation in 2016. Vector Industries set a goal of \$50,000 for 2017.

2016 Major Donors: \$2 a Mile Campaign

- Hershey: \$9,130.61
- McDonough Toyota and Scion: \$1,500
- Union Bank-Leonard Pittman: \$500
- Anonymous donor: \$500
- Nancy Benz: \$500
- Shenandoah Valley Kiwanis: \$500
- Augusta County Eagles: \$350
- Doug Sheets: \$250



“

This is more than a job.

It's family. I couldn't get to
work without the bus.”

- Erica Johnson, Employee

Contributions accepted through Website or mail.

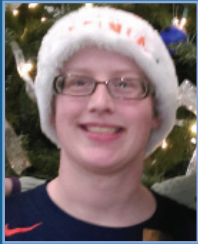
Transportation

Revenue		Expenses	
Cash Donations	\$50	Wages	\$38,683
United Way Grant Funding	\$9,897	Fuel/Maintenance/Insurance	\$51,332
Employee Contributions	\$43,176	Total	\$90,015
Caregiver Contributions	\$2,289		
\$2 Mile Campaign	\$20,085		
Total	\$75,497		

Transportation Breakdown

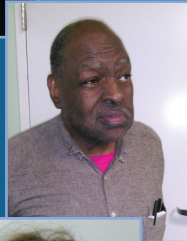
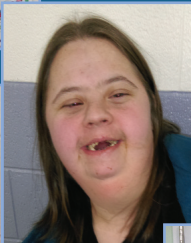
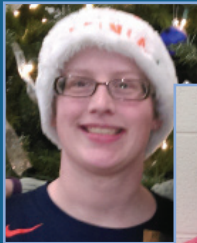
Year	Loss
2011	(\$32,525)
2012	(\$42,262)
2013	(\$53,253)
2014	(\$34,990)
2015	(\$47,104)
2016	(\$14,518)

Faces of Vector



**2016 Employee
of the Year**

2016 Employees of the Month



foundation

Created in 2011, the purpose of the Vector Industries Foundation is to provide for the long-term capital needs of Vector Industries, Inc. Those needs can include the purchasing of facilities, facility upgrades, program funding and investing, to name a few. Employment and services for persons with disabilities in Staunton, Waynesboro and Augusta County are the focus of the organization, and the Foundation insures that the organization has the necessary tools to be successful.

The Foundation is comprised of a Board of Trustees who serve a three-year term. The current roster of Trustees includes Paul Dyer, Rob Wade, Bill Hausrath and Richard Baldwin.

All donations made to Vector Industries, unless specified for another purpose such as the "\$2 Mile Campaign," are managed by our Foundation, which is a 501(c)3 public charity. As such, all donations are tax deductible.

For information on giving, please contact:

Chrissy Johnston
(540) 943-8444, ext. 1

