



FRIENDSHIP
Industries, Inc.

FY 2016 ANNUAL REPORT

CHANGE

We have all heard CHANGE is the one constant in life. Change can be opportunity. Change can be scary. Regardless of how you view it, change is hard and we all must face it. Friendship Industries had its share this past year.

Two big developments were in staffing and rehabilitation services. Due to the retirement of several long time employees, we had the opportunity to evaluate our organizational chart. Our reorganization created staff for training and for compliance. The restructuring has resulted in efficiencies in production and more comprehensive service in rehabilitation. These were exciting changes and will help Friendship Industries move forward. Other more difficult developments came from alterations in the administration of government rehabilitation services. The meant Friendship Industries had to transition from offering prevocational programs to focusing on work training and assessment services.

Our decisions and the resulting changes have not been easy - especially for those directly affected. A former employee and his parents (see pg.4) sent us a note as he transitioned out of prevocational services. His parents said, "Changes are challenging but we know you all have worked hard to find solutions for the changes you've been faced with and have made the best decision for the mission of Friendship. That's just part of the excellence that's so hard to replace." What more could we ask for from our parents, employees, families, and communities?

Our efforts at creating positive innovations should benefit our mission, our employees and the larger community. To that end, here are some highlights of 2015-16:

Commercial Operations successfully passed a FDA audit for our medical packaging division.

Work Adjustment assessed fourteen individuals, measuring workplace strengths and helping prepare those individuals for their next work steps.

Friendship Industries Supported Employment was chosen as the preferred supported employment vendor for a large, local business.

Rehabilitation Services was awarded a three-year certification by the Committee on the Assessment of Rehabilitation Facilities (CARF) in work adjustment, extended employment, and supported employment.

Thank you for taking an interest in Friendship Industries. Sometimes the more things change, the more they remain the same - like Friendship Industries' commitment to our mission. Our mission remains the same; to provide employment and training opportunities for persons with disabilities in integrated work environments. The courage to try new things, and the grace to accept change, make all of us at Friendship Industries wake up every day and work harder to provide opportunities for all those who wish to work.



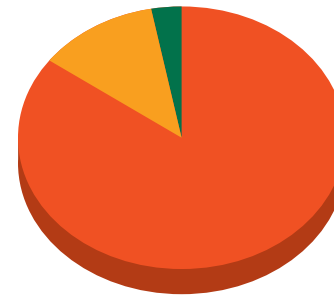
Brian B. Shull
Board Chairman



George W. Homan, II
President and CEO

FRIENDSHIP INDUSTRIES FY 2016 FINANCIALS

\$2,490,504 back into the community through salaries to your neighbors and friends



REVENUE

Production: \$4,400,205 (85%)

Rehabilitation: \$639,278 (12%)

Donations: \$132,843 (3%)

TOTAL REVENUE: \$5,172,326

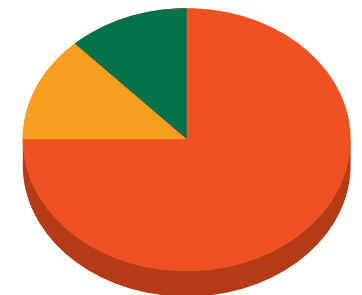
EXPENSES

Production: \$3,781,283 (75%)

Development, Overhead & Marketing: \$644,424 (13%)

Rehabilitation: \$624,512 (12%)

TOTAL EXPENSES: \$5,050,219



PRODUCTION

Quality Assurance and Compliance

Friendship Industries underwent extensive auditing from outside sources this past year. These included audits by the FDA on our medical device assembly project and the first aid/survival kits we supply to the US Military. We are proud to say that we passed with flying colors in all areas. As we move to the future, we are particularly interested in expanding our market share in both Medical Device Assembly and Secondary Food Packaging. Both of these areas require significant Quality Assurance measures and we are putting great emphasis on our Standard Operating Procedures, Good Manufacturing Practices, and Inventory Control Procedures. Our recent addition of the position of Compliance Officer will assist us in ensuring quality procedures and products for all of our customers.

Launch of an International Customer

This past year, Friendship Industries secured its first international customer. Degustabox chose Friendship Industries for the US launch of its monthly subscription food service. We are responsible for assembling and packaging the boxes and fulfilling the finished product to the customer's door. The growth of this customer is dependent on US demand for product. We hope to report exponential growth this time next year!

Controlled Environment for Food and Medical

In order to serve more customers in food and medical, Friendship Industries completed the building of a new interior wall. The wall allows better temperature and moisture control in that area of the facility. To increase accuracy we have invested in a temperature control monitor. This device prompts staff when temperatures near unacceptable tolerances.

Increase in Document Destruction

Document Destruction, or Shredding as it is commonly called, increased this past year. You and our other customers in our community are seeing the value of our AAA NAID certified services. Our NAID certified team enjoys delivering great service. Our customers state they like using our professional services and appreciate being able to keep their business dollars local.



REHABILITATION



Successful CARF Award

Rehabilitation Services in work adjustment and extended and supported employment was awarded a three-year certification by the Committee on the Assessment of Rehabilitation Facilities (CARF).

Difficult MedWaiver Change

Medwaiver prevocational services were terminated by the Virginia Department of Behavioral Health and Developmental Services. A new program called My Life, My Community was created. After many thoughtful meetings with parents and caregivers, Department of Aging and Rehabilitation Services, Community Services Board and Friendship Industries Board, Friendship Industries determined the new service options were not in keeping with our mission of providing paid work opportunities. While change has been difficult, these individuals have been able to transition into new opportunities in the community.

Good Outcomes for 2015-16

Highlights of the year include our Work Adjustment Program, which successfully assessed 14 individuals with disabilities, directly hiring three. Supported Employment continues to move forward, especially in the area of providing one-on-one job coaching. Our job coaches assist people in finding and maintaining jobs at other employers in our area.

PROGRAM *# SERVED*

Medwaiver **11**

Ext. Employ **62**

Supp Employ **33**

Work Adj **14**

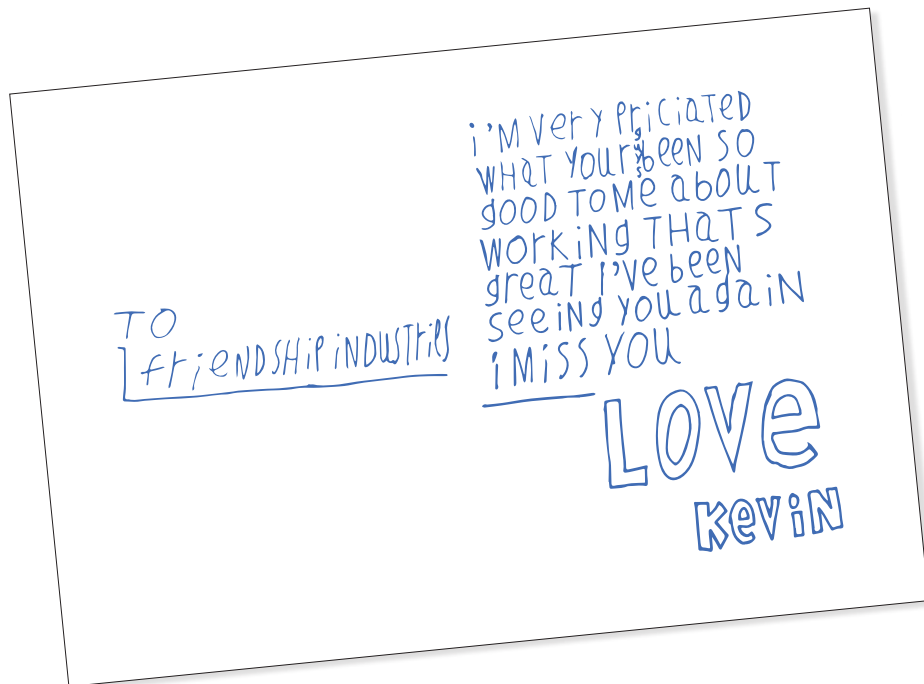


REHABILITATION

Change Can Be Rewarding

After a wonderful experience in the public school system, Kevin was ready to start work. He, with his family's support, chose Friendship Industries. The prevocational program offered at Friendship Industries assisted Kevin in developing skills in the areas of cooperation and team building, following instructions, and learning standard operating procedures for the many jobs on the production floor. During his years at Friendship Industries, Kevin blossomed and matured in many areas. He learned to work more efficiently in production, developed more appropriate social skills, and learned to be more flexible. One of his favorite jobs was working on mailing jobs.

When the state closed the prevocational program, Kevin had to make a change. Kevin transitioned out of Friendship Industries into a community connections program where he volunteers at different sites in the community. His parents noted that the skills he learned at Friendship Industries have helped him in this new endeavor therefore his transition has gone smoothly. He and his family stated that the staff at Friendship Industries was always, "helpful, respectful, and professional," before, during and after his transition. Though he misses his friends at Friendship Industries, Kevin and his family is forever grateful for all that Friendship Industries has done for him.



COMMUNITY

Friendship Industries continues to benefit from investments made by you and the public.

Story: Harrisonburg & Rockingham County Community Foundation Flippo Foundation Gives Support

The Harry and Margaret Flippo Foundation of the Harrisonburg and Rockingham Community Foundation donated funds to help purchase rack bins freeing up revenue-producing floor space.

The rack bins were needed for Friendship Industries' employees to sort over 2.6 million plastic geometric shapes into educational math kits. We repack kits for use in math curriculum for students across the country. We are assembling thousands of these kits.

Transportation Support

Did you know your gifts to us through United Way go to support employee transportation? Transportation is a key element in getting and maintaining employment. Friendship Industries drives van throughout the County; picking up people from their homes and then returning them to home in the evenings. Without the support of Rockingham County, the United Way of Harrisonburg and Rockingham County, and the Department of Rail and Public Transportation (DRPT), Friendship Industries could not maintain this service.

Intern Support

Each year, Friendship Industries benefits from the interaction with interns. Highlights this year include a human resources consulting group from JMU Professor Marshall Patty's class. They reviewed our policies with our Human Resources Director. JMU nursing students taught helpful lunchtime seminars for our employees. Other activities included a job fair conducted by local employers who volunteered their time to showcase jobs in the area our employees can consider while building skills at Friendship Industries.

Surprise Support

Friendship Industries was excited to be the winner of a new case sealer from Hathaway, Inc. (photo below)



BOARD MEMBERS 2015-16

Mr.	Brian B.	Shull	Chairman
Mr.	W. Marshall	Price	Vice Chairman
Mr.	Steven "Dusty"	Rhodes	Secretary
Mr.	Devon C.	Anders	Treasurer
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Dr.	Ken R.	Rutherford	
Mr.	David	Sharpe	
Mr.	Gary W.	Shickel	
Mr.	Ronald L.	Williams	

Friendship Industries Board Vice Chair, Marshall Price, at his retirement from Massanutten Technical Center:



Gifts in Honor of:

Granville E. Life Living Trust
Mrs. Ruth B. Life

Bryan Acker
Mr. & Mrs. Gary & Kathy Ritcher

Burke Arnold
Mrs. & Dr. Julianne & James Colville

Lesley Barnes
Denton Family Charitable Foundation

Jeremy Beach
Mr. Wallace M. Brown

**Donnie & Beverly Callison & in Memory of
Don, Leola & Jack Callison**
Ms. Elsie T. Hyde

Donnie Callison
Dr. & Mrs. Rufus C. Huffman
Mr. & Mrs. David & Karin Mars

Dr. Ronald Carrier
Dan & Gail O'Donnell

Pope Francis
Knights Of Columbus, Council #9488

Spencer Halveland
Mr. & Mrs. Edward & Mary Ellen Martin

David Hamilton & in Memory of Audrey Smith
Mr. & Mrs. Chris & Phyllis Hamilton

George W. Homan, II
Mr. & Mrs. William & Phyllis Carper
The Community Foundation of Harrisonburg &
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Mr. & Mrs. James R & Patricia O. Messner
Ms. Austine H. Roudabush
Mrs. Judith S. Strickler

Tom & Breck Hook
Dr. Cathy Slusher

**Mabel Martin & in Memory of Kay M.
Riggleman & Robert M. Martin**
Ms. Judy M. Baker

Kevin Rublee
Mrs. & Mr. Marie & Daniel Rublee

Kyle Sampson
Mr. & Mrs. Keith & Jennifer Sampson

Brian Shank
Mr. & Mrs. Larry Shank

Dick Simon
Joseph D & Joseph W Rudmin

Sandy Wampler
Mr. & Mrs. Bobbie K. & Mrs. Joyce C. Lough

Gifts in Memory of:

Patricia Bruce
Mr. & Mrs. Douglas B. & Lila Gardner

David E. Fulk
Mrs. Norma T. Fulk

Gay W. Gilkerson
Mr. Cecil F. Gilkerson

Paul J. Glanzer
Mrs. Eva G. Glanzer

John & Wilda Kaylor
Ms. Elizabeth E. Kaylor

James C. Kelly
Ms. Maureen E. Kelly

Irvin C. Lee
Mrs. Irvin C. Lee

Lowell Miller
Mrs. Kathleen Williard

Chris Michael Simmons
Mr. & Mrs. Alfred J., Jr. & Lisel Francfort

Audrey Leake Smith
Mr. & Mrs. Henry & Jane M. Bowers
Dr. & Mrs. Ronald E. & Jo Ellen Capstack
Mrs. Mary Ann Clark
Mr. & Mrs. Weldon & Betty Click
Mr. & Mrs. Erik R. & Sheila S. Dart
Mr. & Mrs. Lloyd & Catherine Derflinger
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Mr. & Mrs. Richard L. & Etha Jane Parker
Sellers Real Estate
Mr. & Mrs. T. Edgar & Zizi C. Sipe
Dr. & Mrs. Ray Sonner & Phyllis Sonner
Mr. & Mrs. Steven & Fran Smith
Mr. & Mrs. Victor J. & Cheryl B. Smith
Mr. & Mrs. Robert & Kristin Stolz
Mr. & Mrs. Walter R. & Linda L. Waddell
Mrs. Denise A. Whitman

In Memory of cont...

Katheryn G. Suter
Mr. Gary L. Suter

Anne Tholen
Dr. & Mrs. David & Claudia Pascarella

Beverly "Vicki" Wood & in Honor of Christy Wood
Mr. & Mrs. Mike A. & Sherry H. Callahan

Beverly "Vicki" Wood
Ms. Ruth M. Coffman
Mr. & Mrs. Gene & Anna Combs
Ms. Anne Farmer
Mr. & Mrs. Robert B. & Paula K. Frazier
Mr. Horst Locher & Mrs. Deborah J. Locher
Ms. Colleen Mullen
Mrs. Anna Wittig
Mr. & Mrs. Raymond & Margaret Whitmore

**The Community Foundation of Harrisonburg
& Rockingham Co.**
Anne & Ralph Cline Foundation
Harrisonburg Mass. Rotary Charitable Fund
W&C Hatcher Designated Fund
Harry F. & Margaret M. Flippo Foundation
Gail P. & Frederick L. Fox Fund
Tom & Barbara & Melby Charitable Fund

Mr. Allen M. Clague III
Virginia Panel Corp via United Way of
Greater Augusta, Inc.



Friendship Industries' Mission
is to develop and maintain
employment and training
opportunities for
persons with disabilities
in integrated work
environments.

WE WORK



FRIENDSHIP
Industries, Inc.



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