

Return of Organization Exempt from Income Tax

2001

Under Section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2001 calendar year, or tax year beginning 7/01, 2001, and ending 6/30, 20 02

B Check if applicable

- Address change
Name change
Initial return
Final return
Amended return
Application pending

Please use IRS label or print or type See specific instructions

CHALLENGE UNLIMITED, INC
#4 EMMIE KAUS LANE
ALTON, IL 62002

D Employer Identification Number

37-0805566

E Telephone number

618-465-0044

F Accounting method

Cash X Accrual

Other (specify)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

H and I are not applicable to Section 527 organizations

H (a) Is this a group return for affiliates? Yes No X

H (b) If yes enter number of affiliates

H (c) Are all affiliates included? Yes No

(If no attach a list See instructions)

H (d) Is this a separate return filed by an organization covered by a group ruling? Yes No X

I Enter 4 digit group GEN

M Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

G Web site N/A

J Organization type (check only one)

X 501(c) 3 (insert no) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000 The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data Some states require a complete return

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 17,428,170

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see instructions)

Table with 21 rows and 4 columns: Description, (A) Securities, (B) Other, Amount. Includes items like Contributions, Program service revenue, Gross rents, Special events, and Total revenue.

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Part I Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (att sch) (cash \$ _____ non cash \$ _____)	22			
23 Specific assistance to individuals (att sch)	23			
24 Benefits paid to or for members (att sch)	24			
25 Compensation of officers, directors, etc	25	580,841	580,841	
26 Other salaries and wages	26	6,930,005	322,993	
27 Pension plan contributions	27	120,674	86,178	34,496
28 Other employee benefits	28	2,077,911	1,985,003	92,908
29 Payroll taxes	29	633,791	556,904	76,887
30 Professional fundraising fees	30			
31 Accounting fees	31	19,800	19,800	
32 Legal fees	32	96,564	1,232	95,332
33 Supplies	33	916,411	813,949	102,462
34 Telephone	34	84,826	61,705	23,121
35 Postage and shipping	35	12,083	1,295	10,788
36 Occupancy	36	370,221	295,937	74,284
37 Equipment rental and maintenance	37	14,515	2,671	11,844
38 Printing and publications	38	3,142	2,247	895
39 Travel	39	99,155	82,712	16,443
40 Conferences, conventions, and meetings	40	3,045	1,366	1,679
41 Interest	41	439,896	148,074	291,822
42 Depreciation, depletion, etc (attach schedule)	42	407,267	201,415	205,852
43 Other expenses not covered above (itemize)				
a SEE STATEMENT 2	43a	4,132,161	3,898,253	221,688
b -----	43b			
c -----	43c			
d -----	43d			
e -----	43e			
44 Total functional expenses (add lines 22-43) Organizations completing columns (B) - (D), carry these totals to lines 13-15	44	16,942,308	14,745,953	2,184,135

Joint Costs Check if you are following SOP 98.2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If 'Yes,' enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to program services \$ _____, (iii) the amount allocated to management and general \$ _____, and (iv) the amount allocated to fundraising \$ _____

Part II Statement of Program Service Accomplishments

What is the organization's primary exempt purpose? PROVIDING SERVICE TO DISABLED	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts but optional for others)
a SEE STATEMENT 3 ----- ----- ----- (Grants and allocations \$ 3,387,018)	14,745,953
b ----- ----- ----- (Grants and allocations \$)	
c ----- ----- ----- (Grants and allocations \$)	
d ----- ----- ----- (Grants and allocations \$)	
e Other program services (Grants and allocations \$)	
f Total of Program Service Expenses (should equal line 44, column (B), program services)	14,745,953

Part IV Balance Sheets (See instructions)

Note Where required attached schedules and amounts within the description column should be for end of year amounts only		(A) Beginning of year		(B) End of year
ASSETS	45 Cash – non interest bearing		45	
	46 Savings and temporary cash investments	933,047	46	1,542,065
	47a Accounts receivable	2,648,814		
	b Less allowance for doubtful accounts	77,076	47c	2,571,738
	48a Pledges receivable			
	b Less allowance for doubtful accounts		48c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a Other notes & loans receivable (attach sch)	1,133,052		
	b Less allowance for doubtful accounts		51c	1,133,052
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	202,660	53	508,084
	54 Investments – securities (attach schedule)	20,000	54	20,000
	55a Investments – land, buildings, & equipment basis			
	b Less accumulated depreciation (attach schedule)		55c	
56 Investments – other (attach schedule)	1,969,828	56	3,566,999	
57a Land, buildings, and equipment basis	8,696,504			
b Less accumulated depreciation (attach schedule)	3,593,358	57c	5,103,146	
58 Other assets (describe ► <u>SEE STATEMENT 5</u>)	240,879	58	287,397	
59 Total assets (add lines 45 through 58) (must equal line 74)	12,135,955	59	14,732,481	
LIABILITIES	60 Accounts payable and accrued expenses	2,009,936	60	2,854,124
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a Tax exempt bond liabilities (attach schedule) <u>SEE STATEMENT 6</u>	6,295,000	64a	7,505,000
	b Mortgages and other notes payable (attach schedule) <u>SEE STATEMENT 7</u>	927,611	64b	916,334
	65 Other liabilities (describe ► <u>SEE STATEMENT 8</u>)	618,363	65	686,116
66 Total liabilities (add lines 60 through 65)	9,850,910	66	11,961,574	
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted	2,285,045	67	2,770,907
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19 and column (B) must equal line 21)	2,285,045	73	2,770,907
	74 Total liabilities and net assets/fund balances (add lines 66 and 73)	12,135,955	74	14,732,481

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

BAA

Part VI Other Information (See specific instructions)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If Yes, attach a detailed description of each activity	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If Yes, attach a conformed copy of the changes	77	X
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	78b	N/A
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement	79	X
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc, to any other exempt or nonexempt organization?	80a	X
b If Yes, enter the name of the organization ▶ <u>SEE STATEMENT 10</u>		
_____ and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a Enter direct or indirect political expenditures. See line 81 instructions	81a	0
b Did the organization file Form 1120-POL for this year?	81b	X
82a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	N/A
83a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84a Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85 501(c)(4) (5) or (6) organizations a Were substantially all dues nondeductible by members?	85a	N/A
b Did the organization make only in house lobbying expenditures of \$2,000 or less?	85b	N/A
If 'Yes' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
c Dues, assessments, and similar amounts from members	85c	N/A
d Section 162(e) lobbying and political expenditures	85d	N/A
e Aggregate nondeductible amount of Section 6033(e)(1)(A) dues notices	85e	N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g Does the organization elect to pay the Section 6033(e) tax on the amount on line 85f?	85g	N/A
h If Section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86 501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12	86a	N/A
b Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87 501(c)(12) organizations Enter a Gross income from members or shareholders	87a	N/A
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	N/A
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations Sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX	88	X
89a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under Section 4911 ▶ <u>0</u> , Section 4912 ▶ <u>0</u> , Section 4955 ▶ <u>0</u>		
b 501(c)(3) and 501(c)(4) organizations Did the organization engage in any Section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If Yes, attach a statement explaining each transaction	89b	X
c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under Sections 4912, 4955, and 4958		0
d Enter Amount of tax on line 89c, above, reimbursed by the organization		0
90a List the states with which a copy of this return is filed ▶ <u>ILLINOIS</u>		
b Number of employees employed in the pay period that includes March 12, 2001 (see instructions)	90b	0
91 The books are in care of ▶ <u>WAYNE SCOTT</u> Telephone number ▶ <u>618-465-0044</u> Located at ▶ <u>#4 EMMIE L KAUS LANE, ALTON IL</u> ZIP + 4 ▶ <u>62002</u>		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax exempt interest received or accrued during the tax year ▶ <u>92</u>		N/A

Part VII Analysis of Income-Producing Activities (See instructions)

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a SEE STATEMENT 11					13,307,925
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts			14	55,391	
96 Dividends & interest from securities					
97 Net rental income or (loss) from real estate					
a debt financed property					
b not debt financed property					
98 Net rental income or (loss) from pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events			1	19,237	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a					
b GAIN ON SALE OF EQUIP			1	1,424	
c LAW SUIT SETTLEMENT			1	640,000	
d MISCELLANEOUS			1	11,702	
e					
104 Subtotal (add columns (B), (D), and (E))				727,754	13,307,925
105 Total (add line 104, columns (B), (D), and (E))					14,035,679

Note Line 105 plus line 1d Part I should equal the amount on line 12 Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See instructions)

Line No	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
1	SEE STATEMENT 12

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See instructions)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See instructions)

- a** Did the organization, during the year, receive any funds directly or indirectly to pay premiums on a personal benefit contract? Yes No
 - b** Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
- Note If 'Yes' to (b), file Form 8870 and Form 4720 (see instructions)

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

11-15-02
Date

VICE PRESIDENT OF FINANCE

Schedule A
(Form 990 or 990-EZ)

**Organization Exempt Under
Section 501(c)(3)**

OMB No 1545-0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or Section 4947(a)(1)
Nonexempt Charitable Trust Supplementary Information - (See separate instructions)

2001

Supplementary Information - (see separate instructions)

▶ **Must be completed by the above organizations and attached to their Form 990 or 990-EZ.**

Department of the Treasury
Internal Revenue Service

Name of the Organization

CHALLENGE UNLIMITED, INC

Employer Identification Number

37-0805566

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See instructions List each one If there are none, enter None)

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$50,000		0		

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See instructions List each one (whether individuals or firms) If there are none, enter 'None')

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
CRAIN MILLER AND ASSOCIATES		
623 E BROADWAY, CENTRALIA IL 62801	LEGAL	91,382
Total number of others receiving over \$50,000 for professional services		0

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11 or 12) *Use cash method of accounting*

Note You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

Calendar year (or fiscal year beginning in)	(a) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	3,053,992	2,902,010	2,807,469	2,602,732	11,366,203
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc, purpose	13,882,857	14,102,992	13,957,487	11,540,031	53,483,367
18 Gross income from interest, dividends, amounts received from payments on securities loans (Section 512(a)(5)), rents, royalties, and unrelated business taxable income (less Section 511 taxes) from businesses acquired by the organization after June 30, 1975	83,553	82,236	41,107	110,400	317,296
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets SEE STMT 13	25,437	32,777	15,325	6,088	79,627
23 Total of lines 15 through 22	17,045,839	17,120,015	16,821,388	14,259,251	65,246,493
24 Line 23 minus line 17	3,162,982	3,017,023	2,863,901	2,719,220	11,763,126
25 Enter 1% of line 23	170,458	171,200	168,214	142,593	

26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24	26a	235,263
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1997 through 2000 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts		26b	
c Total support for Section 509(a)(1) test Enter line 24, column (e)		26c	11,763,126
d Add Amounts from column (e) for lines	18 317,296 22 79,627	19 26b	396,923
e Public support (line 26c minus line 26d total)		26e	11,366,203
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))		26f	96.63%

27 Organizations described on line 12	N/A		
a For amounts included in lines 15, 16, and 17 that were received from a 'disqualified person', prepare a list for your records to show the name of, and total amounts received in each year from, each 'disqualified person'. Do not file this list with your return. Enter the sum of such amounts for each year	(2000) _____ (1999) _____ (1998) _____ (1997) _____		
b For any amount included in line 17 that was received from each person (other than 'disqualified persons'), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (include in the list organizations described in lines 5 through 11, as well as individuals). Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year	(2000) _____ (1999) _____ (1998) _____ (1997) _____		
c Add Amounts from column (e) for lines	15 _____ 16 _____ 17 _____ 20 _____ 21 _____	27c	
d Add Line 27a total and line 27b total		27d	
e Public support (line 27c total minus line 27d total)		27e	
f Total support for section 509(a)(2) test Enter amount from line 23, column (e)	27f		
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))		27g	%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))		27h	%

28 Unusual Grants For an organization described in line 10, 11, or 12 that received any unusual grants during 1997 through 2000, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15

Part V Private School Questionnaire (See instructions)
 (To be completed Only by schools that checked the box on line 6 in Part IV)

		N/A	
		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If 'Yes,' please describe, if 'No,' please explain (If you need more space, attach a separate statement) ----- ----- -----		
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered 'No' to any of the above, please explain (If you need more space, attach a separate statement) ----- -----		
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities? If you answered 'Yes' to any of the above, please explain (if you need more space, attach a separate statement) ----- -----		
34a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered 'Yes' to either 34a or b, please explain using an attached statement		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75 50, 1975 2 C B 587, covering racial nondiscrimination? If 'No,' attach an explanation		

Part VI-A: Lobbying Expenditures by Electing Public Charities (See instructions)
 (To be completed **Only** by an eligible organization that filed Form 5768)

N/A

Check **a** if the organization belongs to an affiliated group Check **b** if you checked 'a' and limited control provisions apply

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for all electing organizations
(The term 'expenditures' means amounts paid or incurred)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount Enter the amount from the following table – If the amount on line 40 is – The lobbying nontaxable amount is – Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000	41	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36 Enter 0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38 Enter 0 if line 41 is more than line 38	44	
Caution If there is an amount on either line 43 or line 44 you must file Form 4720			

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
 See the instructions for lines 45 through 50)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4 -Year Averaging Period				
	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots non taxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B: Lobbying Activity by Nonelecting Public Charities (See instructions)
 (For reporting only by organizations that did not complete Part VI A)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of

- a** Volunteers
- b** Paid staff or management (include compensation in expenses reported on lines c through h)
- c** Media advertisements
- d** Mailings to members, legislators, or the public
- e** Publications, or published or broadcast statements
- f** Grants to other organizations for lobbying purposes
- g** Direct contact with legislators, their staffs, government officials, or a legislative body
- h** Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i** Total lobbying expenditures (add lines c through h)

Yes	No	Amount

If 'Yes' to any of the above, also attach a statement giving a detailed description of the lobbying activities

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary information for
line 1 of Form 990, 990-EZ and 990-PF (see instructions)

OMB No 1545-0047

2001

Name of Organization

CHALLENGE UNLIMITED, INC

Employer Identification Number

37-0805566

Organization type (check one)

Filers of

Form 990 or 990 EZ

Section

- 501(c)(3) (enter number) organization
 4947(a)(1) nonexempt charitable trust not treated as a private foundation
 527 political organization

Form 990 PF

- 501(c)(3) exempt private foundation
 4947(a)(1) nonexempt charitable trust treated as a private foundation
 501(c)(3) taxable private foundation

Check if your organization is covered by the **general rule** or a **special rule** (**Note** Only a Section 501(c)(7), (8), or (10) organization can check box(es) for both the general rule and a special rule – see instructions)

General Rule –

- For organizations filing Form 990, 990 EZ, or 990 PF that received, during the year, \$5,000 or more (in money or property) from any one contributor (Complete Parts I and II)

Special Rules –

- For a Section 501(c)(3) organization filing Form 990, or Form 990 EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II)
- For a Section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990 EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals (Complete Parts I, II, and III)
- For a Section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990 EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc, purposes, but these contributions did not aggregate to more than \$1,000 (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc, purpose Do not complete any of the Parts unless the general rule applies to this organization because it received nonexclusively religious, charitable, etc , contributions of \$5,000 or more during the year) ▶ \$ _____

Caution Organizations that are not covered by the general rule and/or the special rules do not file Schedule B (Form 990 990 EZ or 990-PF) but **must** check the box in the heading of their Form 990 Form 990-EZ, or on line 1 of their Form 990 PF to certify that they do not meet the filing requirements of Schedule B (Form 990 990 EZ or 990 PF)

BAA

Schedule B (Form 990, 990 EZ, or 990 PF) (2001)

Name of Organization

Employer Identification Number

CHALLENGE UNLIMITED, INC

37-0805566

Part I Contributors (see instructions)

(a) Number	(b) Name, address and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1		\$ 2,000,629	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is noncash contribution)
2		\$ 1,203,796	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is noncash contribution)
3		\$ 182,593	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is noncash contribution)

Name of Organization

Employer Identification Number

CHALLENGE UNLIMITED, INC

37-0805566

Part II Noncash Property

(a) No from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____	----- ----- ----- ----- -----	\$-----	-----
_____	----- ----- ----- ----- -----	\$-----	-----
_____	----- ----- ----- ----- -----	\$-----	-----
_____	----- ----- ----- ----- -----	\$-----	-----
_____	----- ----- ----- ----- -----	\$-----	-----
_____	----- ----- ----- ----- -----	\$-----	-----
_____	----- ----- ----- ----- -----	\$-----	-----
_____	----- ----- ----- ----- -----	\$-----	-----
_____	----- ----- ----- ----- -----	\$-----	-----

Name of Organization CHALLENGE UNLIMITED, INC	Employer Identification Number 37-0805566
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Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year (Complete cols (a) through (e) and the following line entry)

For organizations completing Part III, enter total of *exclusively* religious, charitable, etc., contributions of \$1,000 or less for the year (enter this information once – see instructions) ▶ \$

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

CHALLENGE UNLIMITED, INC

37-0805566

STATEMENT 1
FORM 990, PART I, LINE 9
NET INCOME (LOSS) FROM SPECIAL EVENTS

SPECIAL EVENTS	GROSS RECEIPTS	LESS CONTRI- BUTIONS	GROSS REVENUE	LESS DIRECT EXPENSES	NET INCOME (LOSS)
GOLF TOURNAMENT	19,237	0	19,237	0	19,237
TOTALS	<u>\$ 19,237</u>	<u>\$ 0</u>	<u>\$ 19,237</u>	<u>\$ 0</u>	<u>\$ 19,237</u>

STATEMENT 2
FORM 990, PART II, LINE 43
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
ADVERTISING	3,233	809	2,424	
BAD DEBT	18,000		18,000	
BOOKS & SUPPLIES	64	64		
BUILDING RENT	60,608	60,608		
COMMISSIONS	346,064	346,064		
CONSULTANTS & CONTRACTUAL	3,195,919	3,186,312	9,607	
CONVICTION INFO	2,877	2,320	557	
DUES	30,310	1,771	28,539	
INCENTIVE PROGRAM	12,348	5,991	6,357	
LICENSES & FEES	2,554	2,018	536	
MISCELLANEOUS ADMIN	19,513	9,716	9,797	
OTHER FUND RAISING	12,220			12,220
OTHER INSURANCE	54,121	1,951	52,170	
PAGER	7,462	6,685	777	
PUBLIC RELATIONS	35,705	2,362	33,343	
REAL ESTATE TAXES	6,061	6,061		
RECRUITING	9,157	8,199	958	
REFERENCE MATERIAL	7,279	617	6,662	
SAFETY	2,003		2,003	
SEMINARS & CLASSES	14,300	9,037	5,263	
SERVICE CHARGES	21,121	3,836	17,285	
SUBSCRIPTIONS	6,131	2,268	3,863	
TRAINING	2,983		2,983	
TRANSPORTATION FEES	23,475	23,475		
VEHICLE GAS & MAINTENANCE	160,438	156,604	3,834	
VEHICLE INSURANCE	59,553	54,193	5,360	
VEHICLE LEASE	11,157		11,157	
VEHICLE MISCELLANEOUS	7,505	7,292	213	
TOTAL	<u>\$ 4,132,161</u>	<u>\$ 3,898,253</u>	<u>\$ 221,688</u>	<u>\$ 12,220</u>

CHALLENGE UNLIMITED, INC

37-0805566

STATEMENT 3
FORM 990, PART III, LINE A
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

DESCRIPTION	GRANTS AND ALLOCATIONS	PROGRAM SERVICE EXPENSES
DEVELOPMENTAL TRAINING #31-PROVIDE EMPLOYMENT, SOCIAL, RECREATIONAL AND LIFE SKILLS TO SEVERELY DISABLED PEOPLE APPROXIMATELY 250 CLIENTS SERVED	2,482,115	2,492,597
VOCATIONAL DEVELOPMENT #32- PROVIDE DISABLED PEOPLE WITH AN ASSESSMENT OF ABILITIES AND A SKILLED TRAINING PROGRAM TO PREPARE THEM FOR EMPLOYMENT APPROXIMATELY 300 CLIENTS SERVED	606,978	11,985,336
COMMUNITY SUPPORT SERVICE #39- PROVIDE THE MENTALLY ILL WITH WORK AND ON THE JOB TRAINING IN ORDER TO PLACE THEM WITH EMPLOYERS AND REDUCE THE FREQUENCY OF PSYCHOLOGICAL HOSPITALIZATION APPROXIMATELY 40 CLIENTS SERVED	250,326	222,207
PSYCHOSOCIAL REHABILITATION AND SUPPORT # 21 1 - PROVIDE WORK EXPERIENCES AND ON THE JOB TRAINING FOR PERSONS WITH MENTAL ILLNESS AT COMMUNITY WORK SITES TO ENHANCE THEIR POTENTIAL TO OBTAIN AND RETAIN EMPLOYMENT APPROXIMATELY 15 CLIENTS SERVED	47,599	45,813
	<u>\$ 3,387,018</u>	<u>\$ 14,745,953</u>

STATEMENT 4
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM DEPREC.	BOOK VALUE
AUTOMOBILES / TRANSPORTATION EQUIPMENT	\$ 623,541	\$ 427,968	\$ 195,573
FURNITURE AND FIXTURES	668,911	462,768	206,143
BUILDINGS	6,226,306	2,339,352	3,886,954
IMPROVEMENTS	579,155	363,270	215,885
LAND	598,591		598,591
TOTAL	<u>\$ 8,696,504</u>	<u>\$ 3,593,358</u>	<u>\$ 5,103,146</u>

STATEMENT 5
FORM 990, PART IV, LINE 58
OTHER ASSETS

UNAMORTIZED LOAN DISCOUNTS AND COSTS		\$ 287,397
TOTAL		<u>\$ 287,397</u>

CHALLENGE UNLIMITED, INC

37-0805566

STATEMENT 6
FORM 990, PART IV, LINE 64A
TAX-EXEMPT BOND LIABILITIES

		<u>BALANCE DUE</u>
PURPOSE OF ISSUE	IL DEVELOPMENT FINANCE AUTH	
ISSUE DATE	1/01/1990	
ORIGINAL ISSUE AMOUNT	7,000,000	
BOND RETIREMENT DATE	1/01/2010	
OUTSTANDING ISSUE AMOUNT		\$ 1,045,000
PURPOSE OF ISSUE	IL DEVELOPMENT FINANCE AUTH	
ISSUE DATE	1/01/1995	
OUTSTANDING ISSUE AMOUNT		120,000
PURPOSE OF ISSUE	IL DEVELOPMENT FINANCE AUTH	
ISSUE DATE	7/01/1997	
ORIGINAL ISSUE AMOUNT	5,890,000	
BOND RETIREMENT DATE	7/01/2015	
OUTSTANDING ISSUE AMOUNT		4,745,000
PURPOSE OF ISSUE	SERIES 2002 BONDS	
OUTSTANDING ISSUE AMOUNT		1,595,000
	TOTAL	<u>\$ 7,505,000</u>

STATEMENT 7
FORM 990, PART IV, LINE 64B
MORTGAGES AND OTHER NOTES PAYABLE

<u>MORTGAGES PAYABLE</u>		<u>BALANCE DUE</u>
FIRSTAR BANK		\$ 49,546
		<u>\$ 49,546</u>
<u>OTHER NOTES PAYABLE</u>		
LENDER'S NAME	RESIDENTIAL OPTIONS	
RELATIONSHIP OF LENDER	COMMON BOARD OF DIRECTORS	
DATE OF NOTE	VARIOUS	
REPAYMENT TERMS	DEMAND	
INTEREST RATE	5 00%	
SECURITY PROVIDED	NONE	
PURPOSE OF LOAN	WORKING CAPITAL	
ORIGINAL AMOUNT	850,000	
BALANCE DUE		\$ 850,000

CHALLENGE UNLIMITED, INC.

37-0805566

STATEMENT 7 (CONTINUED)
FORM 990, PART IV, LINE 64B
MORTGAGES AND OTHER NOTES PAYABLE

OTHER NOTES PAYABLE

LENDER'S NAME	FORD MOTOR CREDIT		
DATE OF NOTE	1/14/1999		
MATURITY DATE	1/14/2003		
REPAYMENT TERMS	\$339 PER MONTH		
INTEREST RATE	0 90%		
SECURITY PROVIDED	VEHICLE		
PURPOSE OF LOAN	PURCHASE VEHICLE		
DESC OF CONSIDERATION	VEHICLE		
ORIGINAL AMOUNT	15,978		
BALANCE DUE		\$	2,367
LENDER'S NAME	FORD MOTOR CREDIT		
RELATIONSHIP OF LENDER	NONE		
REPAYMENT TERMS	622 PER MONTH		
SECURITY PROVIDED	VEHICLE		
PURPOSE OF LOAN	PURCHASE VEHICLE		
ORIGINAL AMOUNT	24,500		
BALANCE DUE		\$	14,421
		\$	<u>866,788</u>
		TOTAL \$	<u><u>916,334</u></u>

STATEMENT 8
FORM 990, PART IV, LINE 65
OTHER LIABILITIES

RELATED ACCOUNTS PAYABLE		\$	686,116
	TOTAL	\$	<u><u>686,116</u></u>

STATEMENT 9
FORM 990, PART V
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED</u>	<u>COMPEN- SATION</u>	<u>CONTRI- BUTION TO EBP & DC</u>	<u>EXPENSE ACCOUNT/ OTHER</u>
J THOMAS MOEHN 5029 VALLEYVIEW DRIVE ALTON, IL 62002	PRESIDENT/CEO 37 5	\$ 136,349	\$ 0	\$ 0
LAURINE HAMM 2715 DOVE DRIVE FLORISSANT, MO 63031	EXEC MNGR COMM 37 5	70,346	2,376	0

CHALLENGE UNLIMITED, INC.

37-0805566

STATEMENT 9 (CONTINUED)
 FORM 990, PART V
 LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
JIM KASTEN 600 MATHER ALTON, IL 62002	DIRECTOR NONE	\$ 0	\$ 0	\$ 0
STEVE BRENEGAN 5711 SIR GAWAIN GODFREY, IL 62002	EXEC VP MRKTNG 37 5	64,026	3,472	0
WAYNE SCOTT 14856 MONDOUBLEAU FLORISSANT, MO 63034	EXEC VP FINANCE 37 5	71,112	4,030	0
GEORGE DAVIS 1417 WINTER LANE GODFREY, IL 62035	TREASURER NONE	0	0	0
JOHN GIBBONS 220 ST LOUIS ST EDWARDSVILLE, IL 62025	GENERAL COUNSEL NONE	0	0	0
SANDRA CURRAN 306 ALEXANDER DRIVE EDWARDSVILLE, IL 62025	DIRECTOR NONE	0	0	0
FLOYD RAGLIN 1212 ROCKSPRING TERRACE ALTON, IL 62002	DIRECTOR NONE	0	0	0
ROSE GIBSON 816 FOXWOOD CIRCLE ALTON, IL 62002	VICE CHAIRMAN NONE	0	0	0
DEBRA MCMAHON 113 QUAIL RUN BETHALTO, IL 62010	EXEC VP HR 37 5	63,827	3,721	0
BRAD BECK 110 HODGE ALTON, IL 62002	EXEC VP OPER 37 5	60,687	3,538	0
KRESCENE BECK 517 EAST FRANKLIN EDWARDSVILLE, IL 62025	EXEC VP LFE SRV 37 5	60,347	3,534	0
MIKE GONZALES 24 RIVIERA BRIGHTON, IL 62012	VP OPERATIONS 37 5	54,147	3,166	0

CHALLENGE UNLIMITED, INC

37-0805566

STATEMENT 9 (CONTINUED)
FORM 990, PART V
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
DONALD SCHWAAB 2105 JEROME DRIVE GODFREY, IL 62035	CHAIRMAN NONE	\$ 0	\$ 0	\$ 0
STEVE JARRETT 935 PEARL STREET ALTON, IL 62002	TREASURER NONE	0	0	0
ROLAND BANKS 528 DIVISION STREET ALTON, IL 62002	SECRETARY NONE	0	0	0
TOTAL		<u>\$ 580,841</u>	<u>\$ 23,837</u>	<u>\$ 0</u>

STATEMENT 10
FORM 990, PART VI, LINE 80B
RELATED ORGANIZATIONS

NAME OF ORGANIZATION	EXEMPT	NONEXEMPT
RESIDENTIAL OPTIONS, INC	X	
SPECIALIZED PROFESSIONAL SERVICES, INC	X	

STATEMENT 11
FORM 990, PART VII, LINE 93
PROGRAM SERVICE REVENUE

PROGRAM SERVICE REVENUE	(A) BUSI- NESS CODE	(B) UNRELATED BUSINESS AMOUNT	(C) EXCLU- SION CODE	(D) EXCLUDED AMOUNT	(E) RELATED OR EXEMPT FUNCTION
CONTRACTUAL LABOR					\$ 456,796
DAY TRAINING/PRIVATE PAY					24,214
FOOD SERVICE INCOME					1,891,155
GROUNDSKEEPING INCOME					2,398,324
JANITORIAL INCOME					5,430,812
MAILROOM INCOME					58,401
MNGMNT FEE FROM 501C3'S					564,000
NA TRAINING					24,873
PRODUCTION INCOME					1,081
RECYCLING INCOME					450,428
REIMBURSABLE INCOME					138,692
RENT FROM RELT 501C3 ORG					611,400
RLTD 501C3 LABOR CHARGE					1,218,878
TRANSPORTATION INCOME					33,706
VENDING INCOME					5,165
TOTAL		<u>\$ 0</u>		<u>\$ 0</u>	<u>\$ 13,307,925</u>

CHALLENGE UNLIMITED, INC.

37-0805566

**STATEMENT 12
FORM 990, PART VIII
RELATIONSHIP OF ACTIVITIES TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES**

LINE #	EXPLANATION OF ACTIVITIES
93	<p>THE REVENUE IS GENERATED FROM SALES TO GOVERNMENTAL AGENCIES, NONPROFIT ORGANIZATIONS, AND FOR PROFIT ORGANIZATIONS THE SERVICES/PRODUCTS SOLD PROVIDE WORK ACTIVITY AND SKILLS TRAINING TO DISABLED AND MENTALLY HANDICAPPED INDIVIDUALS</p> <p>THE ORGANIZATION ALSO PROVIDES MANAGEMENT SERVICES TO RELATED ORGANIZATIONS WHICH PROVIDE JOB TRAINING, LIFE SKILLS AND RESIDENTIAL HOUSING TO DISABLED AND MENTALLY HANDICAPPED INDIVIDUALS</p> <p>THE ORGANIZATION ALSO OWNS RESIDENTIAL HOUSING UNITS WHICH ARE RENTED TO A RELATED NONPROFIT ORGANIZATION WHICH PROVIDES HOUSING TO THE DEVELOPMENTALLY DISABLED</p>
101	<p>ALL OF THE NET PROCEEDS FROM THE SPECIAL EVENT (GOLF TOURNAMENT) WERE USED TO ASSIST THE ORGANIZATION IN PROVIDING SERVICES TO THE DEVELOPMENTALLY DISABLED</p>

**STATEMENT 13
SCHEDULE A, PART IV-A, LINE 22
OTHER INCOME**

DESCRIPTION	(A) 2000	(B) 1999	(C) 1998	(D) 1997	(E) TOTAL
MISCELLANEOUS	\$ 25,437	\$ 32,777	\$ 15,325	\$ 6,088	\$ 79,627
TOTAL	<u>\$ 25,437</u>	<u>\$ 32,777</u>	<u>\$ 15,325</u>	<u>\$ 6,088</u>	<u>\$ 79,627</u>