

Return of Organization Exempt from Income Tax

2002

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 2002 calendar year, or tax year beginning 7/01, 2002, and ending 6/30, 2003

- 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 [X] No H (b) If Yes enter number of affiliates H (c) Are all affiliates included? [] Yes [] No H (d) Is this a separate return filed by an organization covered by a group ruling? [] Yes [X] No I Enter 4-digit 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 18,160,994.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Instructions)

Table with 21 rows and multiple columns for revenue, expenses, and net assets. Includes a 'RECEIVED' stamp dated NOV 19 2003 from OGDEN, UT.

FILMED DEC 10 2003

EXPENSES ASSIST

Part II 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	632,050	632,050	
26 Other salaries and wages	26	7,472,685	7,150,891	321,794
27 Pension plan contributions	27	119,131	85,136	33,995
28 Other employee benefits	28	1,860,215	1,758,995	101,220
29 Payroll taxes	29	673,034	597,550	75,484
30 Professional fundraising fees	30			
31 Accounting fees	31	19,800		19,800
32 Legal fees	32	2,890	320	2,570
33 Supplies	33	1,125,886	1,011,238	114,648
34 Telephone	34	94,672	71,276	23,396
35 Postage and shipping	35	18,184	3,082	15,102
36 Occupancy	36	398,105	330,458	67,647
37 Equipment rental and maintenance	37	9,938	6,121	3,817
38 Printing and publications	38	16,822	1,994	14,828
39 Travel	39	109,489	91,724	17,765
40 Conferences conventions and meetings	40	3,818	3,461	357
41 Interest	41	487,168	225,870	261,298
42 Depreciation, depletion, etc (attach schedule)	42	447,832	243,132	204,700
43 Other expenses not covered above (itemize)				
a SEE STATEMENT 2	43a	4,323,794	4,076,389	234,952
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	17,815,513	15,657,637	2,145,423

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 III 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 \$ 3,249,469)	15,657,637
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)	15,657,637

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	1,542,065.	46	1,739,883
	47a Accounts receivable	47a 2,613,296		
	b Less allowance for doubtful accounts	47b 91,998	2,571,738	47c 2,521,298
	48a Pledges receivable	48a		
	b Less allowance for doubtful accounts	48b		48c
	49 Grants receivable			49
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)			50
	51a Other notes & loans receivable (attach sch) SEE ST 4	51a 986,527		
	b Less allowance for doubtful accounts	51b	1,133,052.	51c 986,527
	52 Inventories for sale or use			52
	53 Prepaid expenses and deferred charges		508,084.	53 226,567
	54 Investments – securities (attach schedule) <input checked="" type="checkbox"/> Cost <input type="checkbox"/> FMV		20,000	54 20,000.
	55a Investments – land, buildings, & equipment basis	55a		
	b Less accumulated depreciation (attach schedule)	55b		55c
56 Investments – other (attach schedule)		3,566,999	56 2,240,850.	
57a Land, buildings, and equipment basis	57a 10,218,298			
b Less accumulated depreciation (attach schedule) STATEMENT 5	57b 3,854,475	5,103,146.	57c 6,363,823	
58 Other assets (describe ► SEE STATEMENT 6)		287,397	58 265,817	
59 Total assets (add lines 45 through 58) (must equal line 74)		14,732,481.	59 14,364,765.	
LIABILITIES	60 Accounts payable and accrued expenses		2,854,124	60 2,866,372
	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) SEE STATEMENT 7		7,505,000	64a 7,090,000
	b Mortgages and other notes payable (attach schedule) SEE STATEMENT 8		916,334	64b 558,105
	65 Other liabilities (describe ► SEE STATEMENT 9)		686,116	65 733,900
	66 Total liabilities (add lines 60 through 65)		11,961,574	66 11,248,377
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		2,770,907	67 3,116,388
	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, column (B) must equal line 21)		2,770,907	73 3,116,388
	74 Total liabilities and net assets/fund balances (add lines 66 and 73)		14,732,481	74 14,364,765

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 IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions)

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total revenue, gains, and other support per audited financial statements	a	18,160,994
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments \$		
(2)	Donated services and use of facilities \$		
(3)	Recoveries of prior year grants \$		
(4)	Other (specify)		
	----- \$		
	Add amounts on lines (1) through (4)	b	
c	Line a minus line b	c	18,160,994.
d	Amounts included on line 12, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify)		
	----- \$		
	Add amounts on lines (1) and (2)	d	
e	Total revenue per line 12, Form 990 (line c plus line d)	e	18,160,994.

a	Total expenses and losses per audited financial statements	a	17,815,513
b	Amounts included on line a but not on line 17, Form 990		
(1)	Donated services and use of facilities \$		
(2)	Prior year adjustments reported on line 20, Form 990 \$		
(3)	Losses reported on line 20, Form 990 \$		
(4)	Other (specify)		
	----- \$		
	Add amounts on lines (1) through (4)	b	
c	Line a minus line b	c	17,815,513
d	Amounts included on line 17, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify)		
	----- \$		
	Add amounts on lines (1) and (2)	d	
e	Total expenses per line 17, Form 990 (line c plus line d)	e	17,815,513

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see instructions)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation	(E) Expense account and other allowances
SEE STATEMENT 10		632,050.	20,214	0.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? Yes No

If 'Yes,' attach schedule - see instructions

Part VI Other Information (See 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			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			X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?			X
78b	If 'Yes,' has it filed a tax return on Form 990-T for this year?			N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement			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?		X	
81a	Enter direct or indirect political expenditures See line 81 instructions	81a		0
81b	Did the organization file Form 1120-POL for this year?			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?			X
82b	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?		X	
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?			X
84b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			N/A
85a	501(c)(4), (5), or (6) organizations Were substantially all dues nondeductible by members?			N/A
85b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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			N/A
85c	Dues assessments, and similar amounts from members	85c		N/A
85d	Section 162(e) lobbying and political expenditures	85d		N/A
85e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e		N/A
85f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f		N/A
85g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?			N/A
85h	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?			N/A
86a	501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12	86a		N/A
86b	b Gross receipts, included on line 12, for public use of club facilities	86b		N/A
87a	501(c)(12) organizations Enter a Gross income from members or shareholders	87a		N/A
87b	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			X
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 ▶ 0, section 4912 ▶ 0, section 4955 ▶ 0.			
89b	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			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 ▶ ILLINOIS			
90b	Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	90b		0
91	The books are in care of ▶ WAYNE SCOTT Telephone number ▶ 618-465-0044 Located at ▶ #4 EMMIE L KAUS LANE, ALTON IL ZIP + 4 ▶ 62002			
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92		N/A

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

Note Enter gross amounts unless otherwise indicated

	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 12					14,623,600
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	59,520.	
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	11,880.	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a					
b GAIN ON SALE OF EQUIP			1	1,927.	
c MISCELLANEOUS			1	35,757.	
d					
e					
104 Subtotal (add columns (B), (D), and (E))				109,084.	14,623,600.
105 Total (add line 104, columns (B), (D), and (E))					14,732,684

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 13

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

11-17-03
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)

2002

Department of the Treasury
Internal Revenue Service

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

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 and 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
SPECIALIZED PROFESSIONAL SERVICES, INC 4 EMMIE KAUS LANE, ALTON, IL 62002	LABOR	1,076,414
MUNIE OUTDOOR SERVICES 1000 MILBURN SCHOOL ROAD, CASEYVILLE IL 60677	LABOR	2,157,390
Total number of others receiving over \$50,000 for professional services ▶	0	

Part III Statements About Activities (See instructions)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If 'Yes,' enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>N/A</u> (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI A Other organizations checking 'Yes,' must complete Part VI B AND attach a statement giving a detailed description of the lobbying activities		X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions)		
a Sale, exchange, or leasing of property?	2a	X
b Lending of money or other extension of credit?	2b	X
c Furnishing of goods, services, or facilities?	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	X
e Transfer of any part of its income or assets?	2e	X
3 Does the organization make grants for scholarships, fellowships, student loans, etc? (See Note below)	3	X
4 Do you have a section 403(b) annuity plan for your employees?	4	X
Note Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs qualify to receive payments		

Part IV Reason for Non-Private Foundation Status (See instructions)

The organization is not a private foundation because it is (Please check only **ONE** applicable box)

- 5 A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6 A school Section 170(b)(1)(A)(ii) (Also complete Part V)
- 7 A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8 A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)
- 9 A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state ▶** _____
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 11b A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV A)
- 12 An organization that normally receives (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc, functions — subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3))

Provide the following information about the supported organizations (See instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14 An organization organized and operated to test for public safety Section 509(a)(4) (See instructions)

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) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	3,392,491	3,053,992	2,902,010	2,807,469	12,155,962
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	13,307,925	13,882,857	14,102,992	13,957,487	55,251,261
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	55,391	83,553	82,236	41,107	262,287
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 14	672,363	25,437	32,777	15,325	745,902
23 Total of lines 15 through 22	17,428,170	17,045,839	17,120,015	16,821,388	68,415,412
24 Line 23 minus line 17	4,120,245	3,162,982	3,017,023	2,863,901	13,164,151
25 Enter 1% of line 23	174,282	170,458	171,200	168,214	
26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24				26a 263,283
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 1998 through 2001 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 13,164,151
d Add Amounts from column (e) for lines	18 262,287	19			26d 1,008,189
	22 745,902	26b			26e 12,155,962
e Public support (line 26c minus line 26d total)					26e 12,155,962
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 92 34 %
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					
(2001) _____ (2000) _____ (1999) _____ (1998) _____					
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					
(2001) _____ (2000) _____ (1999) _____ (1998) _____					
c Add Amounts from column (e) for lines	15 _____	16 _____			27c _____
	17 _____	20 _____	21 _____		
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 1998 through 2001, 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

(The term 'expenditures' means amounts paid or incurred)

		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
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) 2002	(b) 2001	(c) 2000	(d) 1999	(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

(For reporting only by organizations that did not complete Part VI A) (See instructions)

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

	Yes	No	Amount
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)			

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

CHALLENGE UNLIMITED, INC.

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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	11,880	0	11,880	0.	11,880.
TOTAL	<u>\$ 11,880</u>	<u>\$ 0</u>	<u>\$ 11,880</u>	<u>\$ 0</u>	<u>\$ 11,880.</u>

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

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
ADVERTISING	1,218	717.	501	
BAD DEBT	14,922		14,922	
BUILDING RENT	45,817	45,817.		
COMMISSIONS	316,996	316,996.		
CONSULTANTS & CONTRACTUAL	3,370,937	3,339,022.	31,915	
CONVICTION INFO	4,397	3,282.	1,115.	
DUES	47,399	100.	47,299	
INCENTIVE PROGRAM	33,184	14,354.	18,830	
LICENSES & FEES	3,875	2,462.	1,413	
LOSS ON SALE OF BUILDING	63,380	63,380.		
LOSS ON SALE OF EQUIPMENT	1,847.	453.	1,394	
LOSS ON SALE OF VEHICLE	11,575	11,575.		
MISCELLANEOUS ADMIN	2,375	1,154	1,221.	
OTHER FUND RAISING	12,453			12,453.
OTHER INSURANCE	33,575	2,173.	31,402.	
PAGER	7,058	6,675.	383	
PETTY CASH SHORTAGE	79	79.		
PUBLIC RELATIONS	16,438	2,192	14,246.	
REAL ESTATE TAXES	1,767	1,767		
RECRUITING	8,129	5,798	2,331.	
REFERENCE MATERIALS	9,463.	668	8,795.	
SAFETY	7,360		7,360.	
SEMINARS & CLASSES	14,193.	9,535	4,658.	
SERVICE CHARGES	37,393.	18,384	19,009.	
SUBSCRIPTIONS	6,470	908	5,562.	
TRAINING	4,762.	200.	4,562	
TRANSPORTATION FEES	29,800.	29,800.		
VEHICLE GAS & MAINTENANCE	140,551.	137,637	2,914.	
VEHICLE INSURANCE	54,205.	51,484.	2,721.	
VEHICLE LEASE	12,205.		12,205.	
VEHICLE MISCELLANEOUS	9,971.	9,777	194.	
TOTAL	<u>\$ 4323794.</u>	<u>\$ 4076389</u>	<u>\$ 234,952</u>	<u>\$ 12,453.</u>

CHALLENGE UNLIMITED, INC.

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**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	2,529,626.	2,606,924
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	436,264	12,806,885
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.	253,525.	216,605.
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	30,054	27,223
	<u>\$ 3,249,469</u>	<u>\$ 15,657,637</u>

**STATEMENT 4
FORM 990, PART IV, LINE 51
OTHER NOTES AND LOANS RECEIVABLE**

NOTES AND LOANS REPORTED SEPARATELY	BALANCE DUE	DOUBTFUL ACCOUNTS ALLOWANCE
BORROWER'S NAME. SPECIALIZED PROF SERVICES, INC		
BORROWER'S TITLE. RELATED NONPROFIT CORPORATION		
DATE OF NOTE		
MATURITY DATE		
REPAYMENT TERMS CURRENT		
INTEREST RATE		
SECURITY PROVIDED. NONE		
PURPOSE OF LOAN ADVANCES		
BORROWER RELATIONSHIP COMMON BOARD OF DIRECTORS		
CONSIDERATION NONE		
CONSIDERATION FMV:		
ORIGINAL AMOUNT		
BALANCE DUE \$ 836,991		
DOUBTFUL ACCT ALLOW \$ 0.		
BORROWER'S NAME RESIDENTIAL OPTIONS, INC		
BORROWER'S TITLE. RELATED NONPROFIT CORPORATION		
DATE OF NOTE		
MATURITY DATE		
REPAYMENT TERMS NONE		
INTEREST RATE:		
SECURITY PROVIDED NONE		
PURPOSE OF LOAN ADVANCES		

CHALLENGE UNLIMITED, INC.

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STATEMENT 4 (CONTINUED)
FORM 990, PART IV, LINE 51
OTHER NOTES AND LOANS RECEIVABLE

BORROWER RELATIONSHIP	COMMON BOARD OF DIRECTORS		
CONSIDERATION	NONE		
CONSIDERATION FMV:			
ORIGINAL AMOUNT.			
BALANCE DUE.		\$ 149,536.	
DOUBTFUL ACCT ALLOW..			\$ 0
TOTAL NOTES AND LOANS REPORTED SEPARATELY		\$ 986,527	\$ 0
			\$ 986,527

STATEMENT 5
FORM 990, PART IV, LINE 57
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC	BOOK VALUE
AUTOMOBILES / TRANSPORTATION EQUIPMENT	\$ 839,620.	\$ 478,088	\$ 361,532
FURNITURE AND FIXTURES	807,884.	461,022	346,862
BUILDINGS	7,463,260.	2,552,032	4,911,228.
IMPROVEMENTS	516,443.	363,333	153,110
LAND	591,091.		591,091
TOTAL	\$ 10,218,298.	\$ 3,854,475	\$ 6,363,823

STATEMENT 6
FORM 990, PART IV, LINE 58
OTHER ASSETS

UNAMORTIZED LOAN DISCOUNTS AND COSTS		\$ 265,817
	TOTAL	\$ 265,817

STATEMENT 7
FORM 990, PART IV, LINE 64A
TAX-EXEMPT BOND LIABILITIES

		BALANCE DUE
PURPOSE OF ISSUE.	FACILITY CONSTRUCTION	
THIRD PARTY INFORMATION	IL DEVELOPMENT FINANCE AUTH	
ISSUE DATE	1/01/1990	
ORIGINAL ISSUE AMOUNT:	7,000,000.	
BOND RETIREMENT DATE	1/01/2010	
OUTSTANDING ISSUE AMOUNT		\$ 965,000
PURPOSE OF ISSUE	FACILITY CONSTRUCTION	
THIRD PARTY INFORMATION	IL DEVELOPMENT FINANCE AUTH	
ISSUE DATE	1/01/1995	
ORIGINAL ISSUE AMOUNT	120,000	

CHALLENGE UNLIMITED, INC.

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STATEMENT 7 (CONTINUED)
FORM 990, PART IV, LINE 64A
TAX-EXEMPT BOND LIABILITIES

	<u>BALANCE DUE</u>
OUTSTANDING ISSUE AMOUNT	\$ 120,000.
PURPOSE OF ISSUE: FACILITY CONSTRUCTION	
THIRD PARTY INFORMATION: IL DEVELOPMENT FINANCE AUTH	
ISSUE DATE: 7/01/1997	
ORIGINAL ISSUE AMOUNT: 5,890,000	
BOND RETIREMENT DATE: 7/01/2015	
OUTSTANDING ISSUE AMOUNT:	4,410,000
 PURPOSE OF ISSUE: FACILITY CONSTRUCTION	
THIRD PARTY INFORMATION: IL DEVELOPMENT FINANCE AUTH	
ISSUE DATE: 6/01/2002	
ORIGINAL ISSUE AMOUNT: 1,595,000	
UNEXPENDED BOND PROCEEDS: 5,966	
OUTSTANDING ISSUE AMOUNT:	1,595,000
TOTAL	<u>\$ 7,090,000</u>

STATEMENT 8
FORM 990, PART IV, LINE 64B
MORTGAGES AND OTHER NOTES PAYABLE

OTHER NOTES PAYABLE

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	\$ 550,000
 LENDER'S NAME: FORD MOTOR CREDIT	
RELATIONSHIP OF LENDER: NONE	
REPAYMENT TERMS: 622 PER MONTH	
INTEREST RATE: 9 85%	
SECURITY PROVIDED: VEHICLE	
PURPOSE OF LOAN: PURCHASE VEHICLE	
ORIGINAL AMOUNT: 24,500	
BALANCE DUE	\$ 8,105
TOTAL	<u>\$ 558,105</u>

CHALLENGE UNLIMITED, INC.

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STATEMENT 9
FORM 990, PART IV, LINE 65
OTHER LIABILITIES

RELATED ACCOUNTS PAYABLE

TOTAL	\$	733,900
	\$	<u>733,900</u>

STATEMENT 10
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
J THOMAS MOEHN 5029 VALLEYVIEW DRIVE ALTON, IL 62002	PRESIDENT/CEO 37 5	\$ 144,334	\$ 0	\$ 0
LAURINE HAMM 2715 DOVE DRIVE FLORISSANT, MO 63031	EXEC MNGR COMM 37 5	57,077.	79	0.
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	65,027	2,983	0
WAYNE SCOTT 14856 MONDOUBLEAU FLORISSANT, MO 63034	EXEC VP FINANCE 37.5	68,460	3,107	0
GEORGE DAVIS 1417 WINTER LANE GODFREY, IL 62035	DIRECTOR NONE	0.	0	0.
JOHN GIBBONS 220 ST. LOUIS ST EDWARDSVILLE, IL 62025	GENERAL COUNSEL NONE	0.	0	0.
LAURIE GILTNER 223 TANNER DR WENTZVILLE, MO 63385	EX VP COM REHAB 37 5	50,316.	2,451	0
SANDRA CURRAN 306 ALEXANDER DRIVE EDWARDSVILLE, IL 62025	SECRETARY NONE	0	0	0
LAURIE GILTNER 223 TANNER DR WENTZVILLE, MO 63385	EX VP COM REHAB NONE	0.	0	0.

CHALLENGE UNLIMITED, INC.

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STATEMENT 10 (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
FLOYD RAGLIN 1212 ROCKSPRING TERRACE ALTON, IL 62002	TREASURER 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	61,990.	3,051	0
BRAD BECK 110 HODGE ALTON, IL 62002	EXEC VP OPER 37.5	59,784.	2,751	0
KRESCENE BECK 517 EAST FRANKLIN EDWARDSVILLE, IL 62025	EXEC VP LFE SRV 37.5	64,489	2,975	0
MIKE GONZALES 24 RIVIERA BRIGHTON, IL 62012	VP OPERATIONS 37.5	60,573	2,817	0
DONALD SCHWAAB 2105 JEROME DRIVE GODFREY, IL 62035	CHAIRMAN NONE	0	0	0
JAMES GREEN 10 LAKERIDGE TRAIL ALTON, IL 62002	DIRECTOR NONE	0.	0	0.
ROLAND BANKS 528 DIVISION STREET ALTON, IL 62002	DIRECTOR NONE	0.	0	0
TOTAL		\$ 632,050.	\$ 20,214	\$ 0

STATEMENT 11
FORM 990, PART VI, LINE 80B
RELATED ORGANIZATIONS

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

CHALLENGE UNLIMITED, INC.

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**STATEMENT 12
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					\$ 523,890
DAY TRAINING/PRIVATE PAY					20,699
FOOD SERVICE INCOME					2,263,341
GROUNDSKEEPING INCOME					2,479,641
JANITORIAL INCOME					5,890,969
MAILROOM INCOME					101,549
MNGMNT FEE FROM 501C3'S					564,000
NURSE'S AID TRAINING					10,749
PRODUCTION INCOME					2,522
RECYCLING INCOME					511,733.
REIMBURSABLE INCOME					153,304
RENT FROM RELT 501C3 ORG					699,900
RLTD 501C3 LABOR CHARGE					1,385,297
TRANSPORTATION INCOME					12,675.
VENDING INCOME					3,331
TOTAL		\$ 0		\$ 0	\$ 14,623,600.

**STATEMENT 13
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>

CHALLENGE UNLIMITED, INC.

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STATEMENT 14
SCHEDULE A, PART IV-A, LINE 22
OTHER INCOME

<u>DESCRIPTION</u>	<u>(A) 2001</u>	<u>(B) 2000</u>	<u>(C) 1999</u>	<u>(D) 1998</u>	<u>(E) TOTAL</u>
MISCELLANEOUS	\$ 672,363	\$ 25,437	\$ 32,777	\$ 15,325	\$ 745,902
TOTAL	<u>\$ 672,363</u>	<u>\$ 25,437</u>	<u>\$ 32,777</u>	<u>\$ 15,325</u>	<u>\$ 745,902</u>

CHALLENGE UNLIMITED, INC
ATTACHMENT TO 990

RELATED PARTY TRANSACTIONS

The Board of Directors and management of Challenge Unlimited, Inc provides substantial oversight, management, and common directorship of Residential Options, Inc and Specialized Professional Services, Inc D B A Alpha Industries

Challenge Unlimited, Inc provides management services, day training services, contract labor, food services, and leases facilities, equipment, and group homes to Residential Options, Inc

Challenge Unlimited, Inc provides management services, temporary production workers, and leases facilities and equipment to Specialized Professional Services, Inc D B A Alpha Industries Challenge Unlimited, Inc contracts labor, and professional services from Specialized Professional Services, Inc D B A Alpha Industries

A company owned by an officer of Challenge Unlimited Inc provided janitorial and maintenance supplies to the Organization Total commodities purchased for the year ended June 30, 2003, were approximately \$212,105

A summary of transactions with related organizations is as follows

	<u>Residential</u> <u>Options, Inc</u>	<u>Specialized</u> <u>Professional</u> <u>Services, Inc</u>	<u>2003</u>
Revenue			
Day Training	\$ 668,102	\$ -	\$ 668,102
Management Fees	348,000	216,000	564,000
Contract Labor	98,399	1,286,898	1,385,297
Building Rental	513,000	160,500	673,500
Food Services	14,820	-	14,820
Miscellaneous	-	-	-
Equipment Rental	2,444	2,313	4,757
Total Revenue	<u>1,644,765</u>	<u>1,665,711</u>	<u>3,310,476</u>
Expenses			
Janitorial	-	620	620
Equipment Repairs & Maintenance	-	-	-
Production	-	45,000	45,000
Interest Expense	30,000	-	30,000
Contract Labor	-	1,031,414	1,031,414
Total Expenses	<u>30,000</u>	<u>1,077,034</u>	<u>1,107,034</u>
ACCOUNTS RECEIVABLE - RELATED	<u>149,536</u>	<u>\$ 836,991</u>	<u>986,527</u>
ACCOUNTS PAYABLE - RELATED	<u>733,900</u>		<u>733,900</u>
NOTES PAYABLE - RELATED	<u>\$ 550,000</u>		<u>\$ 550,000</u>