

**Return of Organization Exempt From Income Tax**

**2005**

Department of the Treasury  
Internal Revenue Service

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

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

**A** For the 2005 calendar year, or tax year beginning 7/01, 2005, and ending 6/30, 2006

- 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  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

**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

**G** Web site: N/A

**J** Organization type (check only one)  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 chooses to file a return, be sure to file a complete return. Some states require a complete return.

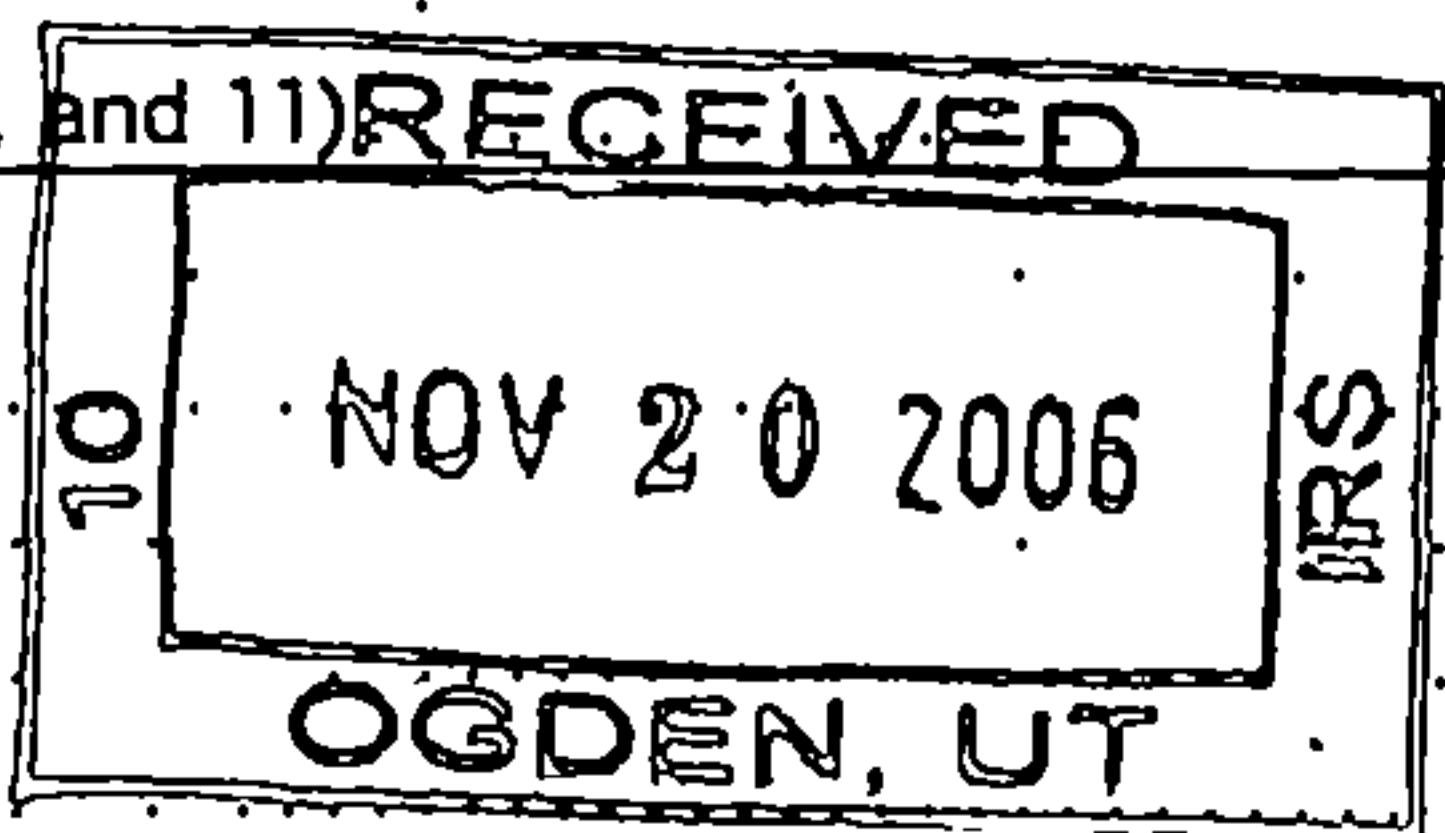
**I** Group Exemption Number \_\_\_\_\_

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

**L** Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 21,435,929.

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

REVENUE	1	Contributions, gifts, grants, and similar amounts received.			
		a	Direct public support	1a	67,457.
		b	Indirect public support	1b	
		c	Government contributions (grants)	1c	3,496,427.
		d	Total (add lines 1a through 1c) (cash \$ <u>3,563,884.</u> noncash \$ _____)	1d	3,563,884.
		2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	17,700,663.
		3	Membership dues and assessments	3	
		4	Interest on savings and temporary cash investments	4	56,172.
		5	Dividends and interest from securities	5	
		6a	Gross rents	6a	
		b	Less. rental expenses	6b	
		c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	
	EXPENSES	7	Other investment income (describe _____)	7	
8a		Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
			8a	16,600.	
			8b	66,666.	
c		Gain or (loss) (attach schedule) <u>STATEMENT 1</u>	8c	-50,066.	
d		Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	-50,066.	
9		Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
a		Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a		
b		Less: direct expenses other than fundraising expenses	9b		
c		Net income or (loss) from special events (subtract line 9b from line 9a)	9c		
10a	Gross sales of inventory, less returns and allowances	10a			
		b	Less. cost of goods sold		
		10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11	Other revenue (from Part VII, line 103)	11	98,610.		
12	<b>Total revenue</b> (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	21,369,263.		
ASSETS	13	Program services (from line 44, column (B))	13	18,522,391.	
	14	Management and general (from line 44, column (C))	14	2,585,381.	
	15	Fundraising (from line 44, column (D))	15		
	16	Payments to affiliates (attach schedule)	16		
	17	<b>Total expenses</b> (add lines 16 and 44, column (A))	17	21,107,772.	
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	261,491.		
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	2,650,834.		
20	Other changes in net assets or fund balances (attach explanation)	20			
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	2,912,325.		



SCANNED DEC 11 2006

**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 \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	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	727,700.	0.	727,700.	0.
26 Other salaries and wages	26	5,025,260.	4,669,373.	355,887.	
27 Pension plan contributions	27	43,489.	25,503.	17,986.	
28 Other employee benefits	28	1,614,046.	1,454,941.	159,105.	
29 Payroll taxes	29	517,513.	426,370.	91,143.	
30 Professional fundraising fees	30				
31 Accounting fees	31	18,700.		18,700.	
32 Legal fees	32	46,679.		46,679.	
33 Supplies	33	2,099,313.	1,879,629.	219,684.	
34 Telephone	34	109,525.	85,106.	24,419.	
35 Postage and shipping	35	17,961.	9,542.	8,419.	
36 Occupancy	36	512,838.	345,930.	166,908.	
37 Equipment rental and maintenance	37	20,863.	16,567.	4,296.	
38 Printing and publications	38	3,085.	150.	2,935.	
39 Travel	39	123,180.	89,863.	33,317.	
40 Conferences, conventions, and meetings	40	5,138.	3,765.	1,373.	
41 Interest	41	396,631.	134,521.	262,110.	
42 Depreciation, depletion, etc (attach schedule)	42	664,343.	365,478.	298,865.	
43 Other expenses not covered above (itemize)					
a SEE STATEMENT 2	43a	9,161,508.	9,015,653.	145,855.	
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g	43g				
44 Total functional expenses. Add lines 22 through 43 (Organizations completing columns (B) - (D), carry these totals to lines 13 - 15)	44	21,107,772.	18,522,391.	2,585,381.	0.

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**

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.

What is the organization's primary exempt purpose? ▶ <u>PROVIDING SERVICE TO DISABLED</u> All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts, but optional for others )
a <u>DEVELOPMENTAL TRAINING #31-PROVIDE EMPLOYMENT, SOCIAL, RECREATIONAL AND LIFE SKILLS TO SEVERELY DISABLED PEOPLE. APPROXIMATELY 250 CLIENTS SERVED.</u> ----- ----- (Grants and allocations \$ <u>3,876,030.</u> ) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	3,086,050.
b <u>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.</u> ----- ----- (Grants and allocations \$ <u>16,271,200.</u> ) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	15,206,539.
c <u>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.</u> ----- ----- (Grants and allocations \$ <u>245,976.</u> ) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	229,802.
d <u>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</u> ----- ----- (Grants and allocations \$ <u>17,613.</u> ) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
e Other program services (Grants and allocations \$ _____ ) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	
<b>f Total of Program Service Expenses (should equal line 44, column (B), Program services)</b> ▶	<b>18,522,391.</b>

BAA

**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
<b>ASSETS</b>	45 Cash – non-interest-bearing		45	
	46 Savings and temporary cash investments	603,977.	46	598,629.
	47a Accounts receivable	47a 2,778,589.		
	b Less. allowance for doubtful accounts	47b 30,396.	2,909,206.	47c 2,748,193.
	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)	51a 204,099.		
	b Less. allowance for doubtful accounts	51b	216,314.	51c 204,099.
	52 Inventories for sale or use			52
	53 Prepaid expenses and deferred charges		292,105.	53 155,711.
	54 Investments – securities (attach schedule)	<input type="checkbox"/> Cost <input type="checkbox"/> FMV		54
	55a Investments – land, buildings, & equipment: basis	55a		
	b Less: accumulated depreciation (attach schedule)	55b		55c
	56 Investments – other (attach schedule)		2,267,192.	56 2,283,428.
	57a Land, buildings, and equipment: basis	57a 11,193,134.		
	b Less. accumulated depreciation (attach schedule) <b>STATEMENT 3</b>	57b 5,098,402.	6,396,911.	57c 6,094,732.
	58 Other assets (describe <b>SEE STATEMENT 4</b> )		222,657.	58 201,078.
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58		12,908,362.	59 12,285,870.	
<b>LIABILITIES</b>	60 Accounts payable and accrued expenses		60	2,292,763.
	61 Grants payable		61	
	62 Deferred revenue		62	1,438.
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a Tax-exempt bond liabilities (attach schedule) <b>SEE STATEMENT 5</b>		6,122,000.	64a 5,567,000.
	b Mortgages and other notes payable (attach schedule) <b>SEE STATEMENT 6</b>		644,944.	64b 625,998.
	65 Other liabilities (describe <b>SEE STATEMENT 7</b> )		813,616.	65 886,346.
	66 <b>Total liabilities.</b> Add lines 60 through 65		10,257,528.	66 9,373,545.
<b>NET ASSETS OR FUND BALANCES</b>	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.</b>			
	67 Unrestricted		67	2,912,325.
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.</b>			
	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 <b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19; column (B) must equal line 21)		2,650,834.	73 2,912,325.	
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73		12,908,362.	74 12,285,870.	

BAA

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

<b>a</b>	Total revenue, gains, and other support per audited financial statements		<b>a</b>	21,369,263.
<b>b</b>	Amounts included on line a but not on Part I, line 12			
	1 Net unrealized gains on investments	<b>b1</b>		
	2 Donated services and use of facilities	<b>b2</b>		
	3 Recoveries of prior year grants	<b>b3</b>		
	4 Other (specify) _____	<b>b4</b>		
	Add lines <b>b1</b> through <b>b4</b>		<b>b</b>	
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>		<b>c</b>	21,369,263.
<b>d</b>	Amounts included on Part I, line 12, but not on line a:			
	1 Investment expenses not included on Part I, line 6b	<b>d1</b>		
	2 Other (specify) _____	<b>d2</b>		
	Add lines <b>d1</b> and <b>d2</b>		<b>d</b>	
<b>e</b>	<b>Total revenue</b> (Part I, line 12). Add lines <b>c</b> and <b>d</b>		<b>e</b>	21,369,263.

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

<b>a</b>	Total expenses and losses per audited financial statements		<b>a</b>	21,107,772.
<b>b</b>	Amounts included on line a but not on Part I, line 17.			
	1 Donated services and use of facilities	<b>b1</b>		
	2 Prior year adjustments reported on Part I, line 20	<b>b2</b>		
	3 Losses reported on Part I, line 20	<b>b3</b>		
	4 Other (specify) _____	<b>b4</b>		
	Add lines <b>b1</b> through <b>b4</b>		<b>b</b>	
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>		<b>c</b>	21,107,772.
<b>d</b>	Amounts included on Part I, line 17, but not on line a:			
	1 Investment expenses not included on Part I, line 6b	<b>d1</b>		
	2 Other (specify) _____	<b>d2</b>		
	Add lines <b>d1</b> and <b>d2</b>		<b>d</b>	
<b>e</b>	<b>Total expenses</b> (Part I, line 17). Add lines <b>c</b> and <b>d</b>		<b>e</b>	21,107,772.

**Part V-A Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the 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 plans	(E) Expense account and other allowances
SEE STATEMENT 8		727,700.	15,231.	0.
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Part VI Other Information (continued)		Yes	No
82 a	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
82 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.)		N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83 b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
84 b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		N/A
85 a	501(c)(4), (5), or (6) organizations. Were substantially all dues nondeductible by members?		N/A
85 b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?		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.			
85 c	Dues, assessments, and similar amounts from members		N/A
85 d	Section 162(e) lobbying and political expenditures		N/A
85 e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		N/A
85 f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		N/A
85 g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		N/A
85 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?		N/A
86 a	501(c)(7) organizations. Enter. a Initiation fees and capital contributions included on line 12		N/A
86 b	Gross receipts, included on line 12, for public use of club facilities		N/A
87 a	501(c)(12) organizations. Enter. a Gross income from members or shareholders		N/A
87 b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		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
89 a	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.		
89 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		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.
90 a	List the states with which a copy of this return is filed ▶ IL		
90 b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)		846
91 a	The books are in care of ▶ THERESA BLANKENSHIP Telephone number ▶ 618-465-0044 Located at ▶ #4 EMMIE L. KAUS LANE, ALTON IL, ZIP + 4 ▶ 62002		
91 b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country ▶		X
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Statements			
91 c	At any time during the calendar year, did the organization maintain an office outside of the United States? If 'Yes,' enter the name of the foreign country ▶		X
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	<input type="checkbox"/>



**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 4947(a)(1) Nonexempt Charitable Trust

**2005**

Department of the Treasury  
Internal Revenue Service

Supplementary Information — (See separate instructions.)

▶ **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 - A 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
SEE STATEMENT 12		3,816,097.

Total number of others receiving over \$50,000 for professional services ▶

0

**Part II - B Compensation of the Five Highest Paid Independent Contractors for Other Services**

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter 'None.' See instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of other contractors receiving over \$50,000 for other services ▶

0

Part III Statements About Activities (See instructions.)

Table with 3 columns: Question, Yes, No. Contains questions 1 through 4b regarding lobbying activities, property sales, lending, and grants.

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 [X] 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). Check the box that describes the type of supporting organization: Type 1 Type 2 Type 3

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

Table with 2 columns: (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) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
<b>15</b> Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	3,616,902.	3,417,455.	3,428,310.	3,392,491.	13,855,158.
<b>16</b> Membership fees received					0.
<b>17</b> 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	16,416,408.	16,286,011.	14,623,600.	13,307,925.	60,633,944.
<b>18</b> 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	39,659.	38,076.	59,520.	55,391.	192,646.
<b>19</b> Net income from unrelated business activities not included in line 18					0.
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0.
<b>21</b> 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					0.
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets SEE STMT 13	106,857.	33,676.	49,564.	672,363.	862,460.
<b>23</b> Total of lines 15 through 22	20,179,826.	19,775,218.	18,160,994.	17,428,170.	75,544,208.
<b>24</b> Line 23 minus line 17	3,763,418.	3,489,207.	3,537,394.	4,120,245.	14,910,264.
<b>25</b> Enter 1% of line 23	201,798.	197,752.	181,610.	174,282.	
<b>26 Organizations described on lines 10 or 11:</b>	a Enter 2% of amount in column (e), line 24 <b>N/A</b>				<b>26a</b>
<b>b</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 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					<b>26b</b>
<b>c</b> Total support for section 509(a)(1) test: Enter line 24, column (e)					<b>26c</b>
<b>d</b> Add. Amounts from column (e) for lines:	<b>18</b> _____	<b>19</b> _____			<b>26d</b>
	<b>22</b> _____	<b>26b</b> _____			
<b>e</b> Public support (line 26c minus line 26d total)					<b>26e</b>
<b>f</b> Public support percentage (line 26e (numerator) divided by line 26c (denominator))					<b>26f</b> %
<b>27 Organizations described on line 12:</b>					
<b>a</b> 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. (2004) _____ 0. (2003) _____ 0. (2002) _____ 0. (2001) _____ 0.					
<b>b</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 11b, 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. (2004) _____ 0. (2003) _____ 0. (2002) _____ 0. (2001) _____ 0.					
<b>c</b> Add. Amounts from column (e) for lines:	<b>15</b> 13,855,158.	<b>16</b> _____			<b>27c</b> 74,489,102.
	<b>17</b> 60,633,944.	<b>20</b> _____	<b>21</b> _____	<b>27d</b> 0.	
<b>d</b> Add. Line 27a total _____ 0. and line 27b total _____ 0.					<b>27e</b> 74,489,102.
<b>e</b> Public support (line 27c total minus line 27d total)					<b>27f</b> 75,544,208.
<b>f</b> Total support for section 509(a)(2) test. Enter amount from line 23, column (e)					<b>27g</b> 98.60 %
<b>g</b> Public support percentage (line 27e (numerator) divided by line 27f (denominator))					<b>27h</b> 0.26 %
<b>h</b> Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					

**28 Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, 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
<b>29</b>	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?		
<b>30</b>	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?		
<b>31</b>	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.) ----- ----- -----		
<b>32</b>	Does the organization maintain the following.		
<b>32a</b>	a Records indicating the racial composition of the student body, faculty, and administrative staff?		
<b>32b</b>	b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
<b>32c</b>	c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
<b>32d</b>	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.) ----- -----		
<b>33</b>	Does the organization discriminate by race in any way with respect to:		
<b>33a</b>	a Students' rights or privileges?		
<b>33b</b>	b Admissions policies?		
<b>33c</b>	c Employment of faculty or administrative staff?		
<b>33d</b>	d Scholarships or other financial assistance?		
<b>33e</b>	e Educational policies?		
<b>33f</b>	f Use of facilities?		
<b>33g</b>	g Athletic programs?		
<b>33h</b>	h Other extracurricular activities?  If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.) ----- ----- -----		
<b>34a</b>	Does the organization receive any financial aid or assistance from a governmental agency?		
<b>34b</b>	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.		
<b>35</b>	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
<b>36</b> Total lobbying expenditures to influence public opinion (grassroots lobbying) . . .	<b>36</b>		
<b>37</b> Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>		
<b>38</b> Total lobbying expenditures (add lines 36 and 37)	<b>38</b>		
<b>39</b> Other exempt purpose expenditures	<b>39</b>		
<b>40</b> Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>		
<b>41</b> Lobbying nontaxable amount. Enter the amount from the following table –			
<b>If the amount on line 40 is –</b>	<b>The lobbying nontaxable amount is –</b>		
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	<b>41</b>	
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		
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>		
<b>43</b> Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 . . .	<b>43</b>		
<b>44</b> Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 . . .	<b>44</b>		
<b>Caution:</b> 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) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
<b>45</b> Lobbying nontaxable amount					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures					
<b>48</b> Grassroots non-taxable amount					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> 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
<b>a</b> Volunteers . . . . .			
<b>b</b> Paid staff or management (include compensation in expenses reported on lines c through h.)			
<b>c</b> Media advertisements . . . . .			
<b>d</b> Mailings to members, legislators, or the public . . . . .			
<b>e</b> Publications, or published or broadcast statements . . . . .			
<b>f</b> Grants to other organizations for lobbying purposes . . . . .			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .			
<b>i</b> 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.

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**STATEMENT 1  
FORM 990, PART I, LINE 8  
NET GAIN (LOSS) FROM NONINVENTORY SALES**

OTHER ASSETS

DESCRIPTION:	V 42 1994 FORD TRUCK		
DATE ACQUIRED:	7/01/1994		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	7/06/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	600.		
COST OR OTHER BASIS:	0.		
		GAIN (LOSS)	600.
DESCRIPTION:	V75 1992 SUPER CLUB WAGON		
DATE ACQUIRED:	7/01/1997		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	8/30/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	500.		
COST OR OTHER BASIS:	0.		
		GAIN (LOSS)	500.
DESCRIPTION:	ALTON ADMIN PHONES		
DATE ACQUIRED:	2/12/2005		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	8/31/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	0.		
COST OR OTHER BASIS:	4,067.		
		GAIN (LOSS)	-4,067.
DESCRIPTION:	ALTON DT PHONES		
DATE ACQUIRED:	5/22/2001		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	8/31/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	0.		
COST OR OTHER BASIS:	16,105.		
		GAIN (LOSS)	-16,105.
DESCRIPTION:	SWANSEA DT PHONES		
DATE ACQUIRED:	12/01/2002		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	8/31/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	0.		
COST OR OTHER BASIS:	6,783.		
		GAIN (LOSS)	-6,783.
DESCRIPTION:	GRANITE DT PHONES		
DATE ACQUIRED:	7/01/2003		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	8/31/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	0.		
COST OR OTHER BASIS:	5,765.		
		GAIN (LOSS)	-5,765.
DESCRIPTION:	STRETCH MACH PREDATOR		

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STATEMENT 1 (CONTINUED)  
FORM 990, PART I, LINE 8  
NET GAIN (LOSS) FROM NONINVENTORY SALES

DATE ACQUIRED:	12/31/2004		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	8/31/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	1,500.		
COST OR OTHER BASIS:	3,432.		
		GAIN (LOSS)	-1,932.
DESCRIPTION:	BLOOMER PHONES		
DATE ACQUIRED:	12/02/2003		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	9/29/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	0.		
COST OR OTHER BASIS:	6,002.		
		GAIN (LOSS)	-6,002.
DESCRIPTION:	SCOTT AFB PHONES		
DATE ACQUIRED:	9/05/2002		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	10/25/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	0.		
COST OR OTHER BASIS:	1,913.		
		GAIN (LOSS)	-1,913.
DESCRIPTION:	V26 1994 FORD SUPERWAGON		
DATE ACQUIRED:	1/30/1998		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	11/23/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	500.		
COST OR OTHER BASIS:	0.		
		GAIN (LOSS)	500.
DESCRIPTION:	V28 1994 FORD E350		
DATE ACQUIRED:	1/07/1999		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	11/23/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	500.		
COST OR OTHER BASIS:	0.		
		GAIN (LOSS)	500.
DESCRIPTION:	PAGE PHONES		
DATE ACQUIRED:	11/25/2003		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	2/28/2006		
TO WHOM SOLD:			
GROSS SALES PRICE:	0.		
COST OR OTHER BASIS:	4,082.		
		GAIN (LOSS)	-4,082.
DESCRIPTION:	CARPET MACHINE		
DATE ACQUIRED:	11/12/2003		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	2/28/2006		

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**STATEMENT 1 (CONTINUED)**  
**FORM 990, PART I, LINE 8**  
**NET GAIN (LOSS) FROM NONINVENTORY SALES**

TO WHOM SOLD:			
GROSS SALES PRICE:	0.		
COST OR OTHER BASIS:	2,186.		
		GAIN (LOSS)	-2,186.

DESCRIPTION:	L SEALER		
DATE ACQUIRED:	12/31/2004		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	5/24/2006		
TO WHOM SOLD:			
GROSS SALES PRICE:	13,000.		
COST OR OTHER BASIS:	16,331.		
		GAIN (LOSS)	-3,331.

TOTAL GAIN (LOSS) OTHER ASSETS \$ -50,066.

TOTAL NET GAIN (LOSS) FROM NONINVENTORY SALES \$ -50,066.

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

	(A)	(B)	(C)	(D)
	TOTAL	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING
ADVERTISING	1,155.	1,155.		
BAD DEBT	18,000.		18,000.	
BANK FEES	58,312.	30,695.	27,617.	
BUILDING RENT	27,390.	27,390.		
CONSULTANTS & CONTRACTUAL	8,097,415.	8,081,226.	16,189.	
CONVICTION INFO	9,994.	9,383.	611.	
DUES	23,129.		23,129.	
INCENTIVE PROGRAM	20,514.	7,698.	12,816.	
LICENSES & FEES	29,837.	10,106.	19,731.	
MISCELLANEOUS ADMIN	-77,536.	4,464.	-82,000.	
OTHER FUND RAISING	345.		345.	
OTHER INSURANCE	33,319.	1,135.	32,184.	
PAGER	1,675.	1,675.		
PETTY CASH OVER/SHORT	423.	423.		
PROFESSIONAL FEES	25,074.	16,551.	8,523.	
PUBLIC RELATIONS	17,568.	2,465.	15,103.	
RECRUITING	27,740.	25,737.	2,003.	
REFERENCE MATERIALS	6,115.	708.	5,407.	
SAFETY	3,021.		3,021.	
SALES COMMISSIONS	470,551.	470,551.		
SEMINARS & CLASSES	11,901.	3,694.	8,207.	
SUBSCRIPTIONS	5,761.	599.	5,162.	
TRAINING	10,327.		10,327.	
TRANSPORTATION FEES	50,033.	50,033.		
VEHICLE GAS & MAINTENANCE	201,097.	195,327.	5,770.	
VEHICLE INSURANCE	61,056.	58,871.	2,185.	
VEHICLE LEASE	18,276.	6,844.	11,432.	

STATEMENT 2 (CONTINUED)  
FORM 990, PART II, LINE 43  
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
VEHICLE MISCELLANEOUS	9,016.	8,923.	93.	
TOTAL	<u>\$ 9,161,508.</u>	<u>\$ 9,015,653.</u>	<u>\$ 145,855.</u>	<u>\$ 0.</u>

STATEMENT 3  
FORM 990, PART IV, LINE 57  
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
AUTOMOBILES / TRANSPORTATION EQUIPMENT	\$ 944,773.	\$ 671,904.	\$ 272,869.
FURNITURE AND FIXTURES	1,563,318.	674,362.	888,956.
BUILDINGS	7,463,260.	3,301,848.	4,161,412.
IMPROVEMENTS	630,692.	450,288.	180,404.
LAND	591,091.		591,091.
TOTAL	<u>\$ 11,193,134.</u>	<u>\$ 5,098,402.</u>	<u>\$ 6,094,732.</u>

STATEMENT 4  
FORM 990, PART IV, LINE 58  
OTHER ASSETS

ROUNDING			1.
UNAMORTIZED LOAN DISCOUNTS AND COSTS			\$ 201,077.
TOTAL			<u>\$ 201,078.</u>

STATEMENT 5  
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:	\$ 675,000.
PURPOSE OF ISSUE: FACILITY CONSTRUCTION	
THIRD PARTY INFORMATION: IL DEVELOPMENT FINANCE AUTH	
ISSUE DATE: 1/01/1995	
ORIGINAL ISSUE AMOUNT: 120,000.	
OUTSTANDING ISSUE AMOUNT:	120,000.
PURPOSE OF ISSUE: FACILITY CONSTRUCTION	
THIRD PARTY INFORMATION: IL DEVELOPMENT FINANCE AUTH	
ISSUE DATE: 7/01/1997	

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STATEMENT 5 (CONTINUED)  
FORM 990, PART IV, LINE 64A  
TAX-EXEMPT BOND LIABILITIES

BALANCE DUE

ORIGINAL ISSUE AMOUNT: 5,890,000.  
BOND RETIREMENT DATE: 7/01/2015  
OUTSTANDING ISSUE AMOUNT: \$ 3,262,000.

PURPOSE OF ISSUE: FACILITY CONSTRUCTION  
THIRD PARTY INFORMATION: IL DEVELOPMENT FINANCE AUTH  
ISSUE DATE: 6/01/2002  
ORIGINAL ISSUE AMOUNT: 1,595,000.  
OUTSTANDING ISSUE AMOUNT:

TOTAL \$ 1,510,000.  
5,567,000.

STATEMENT 6  
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: ASSOCIATED BANK  
DATE OF NOTE: 1/26/2005  
MATURITY DATE: 12/01/2009  
INTEREST RATE: 9.50%  
SECURITY PROVIDED: SHREDDER  
ORIGINAL AMOUNT: 105,386.  
BALANCE DUE: \$ 75,998.

TOTAL \$ 625,998.

STATEMENT 7  
FORM 990, PART IV, LINE 65  
OTHER LIABILITIES

RELATED ACCOUNTS PAYABLE ..... TOTAL \$ 886,346.  
TOTAL \$ 886,346.

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STATEMENT 8  
FORM 990, PART V-A  
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 38	\$ 176,527.	\$ 0.	\$ 0.
MICHAEL ROBINSON 6249 TESSON PARK DR HAZELWOOD, MO 63042	VP MIS 38	46,992.	1,175.	0.
JIM KASTEN 7512 TIMBERCREST GODFREY, IL 62035	DIRECTOR 1	0.	0.	0.
STEVE BRENEGAN 5711 SIR GAWAIN GODFREY, IL 62002	EXEC VP MRKTNG 38	74,585.	2,364.	0.
WAYNE SCOTT 14856 MONDOUBLEAU FLORISSANT, MO 63034	EXEC VP FINANCE 38	79,255.	2,000.	0.
GEORGE DAVIS 1417 WINTER LANE GODFREY, IL 62035	DIRECTOR 1	0.	0.	0.
JOHN GIBBONS 220 ST. LOUIS ST EDWARDSVILLE, IL 62025	GENERAL COUNSEL 1	0.	0.	0.
JOHN GILLILAND 15513 WINDSOR RIDGE CT CHESTERFIELD, MO 63017	EXEC VP OPERATI 38	21,154.	0.	0.
DIANE TEBBE 820 COPPER RIDGE MARYVILLE, IL 62062	VP RESIDENTIAL 38	58,594.	2,366.	0.
SANDRA CURRAN 306 ALEXANDER DRIVE EDWARDSVILLE, IL 62025	SECRETARY 1	0.	0.	0.
STEPHANIE BROWN 4900 PARIS DR GODFREY, IL 62035	VP DT 38	53,497.	1,872.	0.
FLOYD RAGLIN 1212 ROCKSPRING TERRACE ALTON, IL 62002	DIRECTOR 1	0.	0.	0.

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STATEMENT 8 (CONTINUED)  
FORM 990, PART V-A  
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
ROSE GIBSON 816 FOXWOOD CIRCLE ALTON, IL 62002	VICE CHAIRMAN 1	\$ 0.	\$ 0.	0.
DEBRA MCMAHON 304 HICKORY DRIVE BETHALTO, IL 62010	EXEC VP HR 38	71,720.	2,554.	0.
KRESCENE BECK 517 EAST FRANKLIN EDWARDSVILLE, IL 62025	EXEC VP LFE SRV 38	72,755.	1,819.	0.
MIKE GONZALES 24 RIVIERA BRIGHTON, IL 62012	VP OPERATIONS 38	72,621.	1,081.	0.
DONALD SCHWAAB 5226 WILLIS AVENUE GODFREY, IL 62035	CHAIRMAN 1	0.	0.	0.
JAMES GREEN 10 LAKERIDGE TRAIL ALTON, IL 62002	DIRECTOR 1	0.	0.	0.
ROLAND BANKS 528 DIVISION STREET ALTON, IL 62002	DIRECTOR 1	0.	0.	0.
TOTAL		\$ 727,700.	\$ 15,231.	\$ 0.

STATEMENT 9  
FORM 990, PART VI, LINE 80B  
RELATED ORGANIZATIONS

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

**STATEMENT 10  
FORM 990, PART VII, LINE 93  
PROGRAM SERVICE REVENUE**

	(A) BUSI- NESS CODE	(B) UNRELATED BUSINESS AMOUNT	(C) EXCLU- SION CODE	(D) EXCLUDED AMOUNT	(E) RELATED OR EXEMPT FUNCTION
PROGRAM SERVICE REVENUE					
CONTRACTUAL LABOR					\$ 833,076.
DAY TRAINING/PRIVATE PAY					24,447.
FOOD SERVICE INCOME					3,977,459.
GROUNDKEEPING INCOME					2,417,655.
JANITORIAL INCOME					7,744,810.
MAILROOM INCOME					57,572.
MNGMNT FEE FROM 501C3'S					384,000.
NURSE'S AID TRAINING					16,112.
PRODUCTION INCOME					788,653.
RECYCLING INCOME					498,447.
REIMBURSABLE INCOME					136,096.
RENT FROM RELT 501C3 ORG					525,000.
RLTD 501C3 LABOR CHARGE					266,434.
TBI					22,555.
TRANSPORTATION INCOME					495.
VENDING INCOME					7,852.
TOTAL		\$ 0.		\$ 0.	\$ 17,700,663.

**STATEMENT 11  
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>

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CHALLENGE UNLIMITED, INC.

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STATEMENT 12  
 SCHEDULE A, PART II-A  
 COMPENSATION OF FIVE HIGHEST PAID PROFESSIONAL SERVICE CONTRACTORS

NAME AND ADDRESS	TYPE OF SERVICE	COMPENSATION
SPECIALIZED PROFESSIONAL SERVICES, INC 4 EMMIE KAUS LANE, ALTON, IL 62002 ALTON, IL 62002	LABOR	1,263,412.
MUNIE OUTDOOR SERVICES 1000 MILBURN SCHOOL ROAD, CASEYVILLE IL 60677 CASEYVILLE, IL 62232	LABOR	2,017,758.
OLSTEN DEPT CH 14091 PALATINE, IL 60055-4091	LABOR	61,498.
NISH PO BOX 791236 BALTIMORE , MD 21279-1236	SUBCONTRACT	473,429.
TOTAL		<u>\$ 3,816,097.</u>

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

DESCRIPTION	(A) 2004	(B) 2003	(C) 2002	(D) 2001	(E) TOTAL
MISCELLANEOUS	\$ 106,857.	\$ 33,676.	\$ 49,564.	\$ 672,363.	\$ 862,460.
TOTAL	<u>\$ 106,857.</u>	<u>\$ 33,676.</u>	<u>\$ 49,564.</u>	<u>\$ 672,363.</u>	<u>\$ 862,460.</u>

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ATTACHEMENT TO 990 PAGE4, PART IV-A LINE B(4) AND PART IV-B LINE(4)

LOSSES ON SALE OF ASSETS ARE INCLUDED IN THE STATEMENT OF FUNCTIONAL EXPENSES IN THE AUDITED FINANCIAL STATEMENTS; HOWEVER AND LOSSES ARE REPORTED SEPARATELY FROM THE FUNCTIONAL EXPENSES ON THE 990. THE FOLLOWING IS A RECONCILIATION OF THE AUDITED STATEMENT OF FUNCTIONAL EXPENSES, AND THE FUNCTIONAL EXPENSES AS REPORTED ON THE 990.

PROGRAM SERVICES PER AUDITED FINANCIAL STATEMENTS	\$18,570,489
PROGRAM SERVICES PER 990 PAGE 2	18,522,391
DIFFERENCE=LOSS ON SALE OF ASSETS	\$ 48,098

MANAGEMENT & GENERAL PER AUDITED FINANCIAL STATEMENTS	\$ 2,589,449
MANAGEMENT & GENERAL PER 990 PAGE 2	2,585,381
DIFFERENCE=LOSS ON SALE OF ASSETS	\$ 4,068

TOTAL FUNCTIONAL EXPENSES PER AUDITED FINANCIAL STATEMENTS	\$21,159,938
TOTAL FUNCTIONAL EXPENSES PER 990 PAGE 2	21,109,772
DIFFERENCE=TOTAL LOSSES ON SALES	\$ 52,166

## GAINS/LOSSES REPORTED ON TAX RETURN

SALE OF ALTON ADMIN PHONES	\$ ( 4,067)
SALE OF ALTON DT PHONES	( 16,105)
SALE OF SWANSEA DT PHONES	( 6,783)
SALE OF GRANITE DT PHONES	( 5,765)
SALE OF STRETCH MACH PREDATOR	( 1,932)
SALE OF BLOOMER PHONES	( 6,002)
SALE OF SCOTT AFB PHONES	( 1,913)
SALE OF PAGE PHONES	( 4,082)
SALE OF CARPET MACHINE	( 2,186)
SALE OF L SEALER	( 3,331)
TOTAL LOSSES ON SALES	( 52,166)
NET OF GAINS ON SALES	2,100
NET GAINS/LOSSES SHOWN ON LINE 8D OF 990	\$ ( 50,066)

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, 2006, was \$38,403.

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>Total</u> <u>2006</u>
Revenue:			
Day Training	\$ 919,030	\$ -	\$ 919,030
Management Fees	348,000	36,000	384,000
Contract Labor	117,835	148,598	266,433
Building Rental	513,000	-	513,000
Food Services	1,484	-	1,484
Equipment Rental	1,865	1,535	3,400
Total Revenue	<u>1,901,214</u>	<u>186,133</u>	<u>2,087,347</u>
Expenses:			
Production	-	-	-
Interest Expense	27,500	-	27,500
Contract Labor	-	1,263,412	1,263,412
Supplies	-	-	-
Loss on Forgiveness of Debt	-	-	-
Total Expenses	<u>27,500</u>	<u>1,263,412</u>	<u>1,290,912</u>
ACCOUNTS RECEIVABLE - RELATED	<u>118,372</u>	<u>15,727</u>	<u>134,099</u>
ACCOUNTS PAYABLE - RELATED	<u>850,634</u>	<u>\$ 35,712</u>	<u>886,346</u>
NOTES PAYABLE - RELATED	<u>\$ 550,000</u>		<u>\$ 550,000</u>