efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93490364000088

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2007

Open to Public Inspection

A For the 2007 calendar year, or tax year beginning 07-01-2007 and ending 06-30-2008

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.

C Name of organization
CHALLENGE UNLIMITED INC

Number and street (or P O box if mail is not delivered to street address) | Room/suite
4 EMMIE KAUS LANE

City or town, state or country, and ZIP + 4
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

I Group Exemption Number ▶

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

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 is not a 509(a)(3) supporting organization **and** its gross receipts are normally **not** more than 25,000 A return is not required, but if the organization chooses to file a return, be sure to file a complete return

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 19,346,689

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

Revenue

1	Contributions, gifts, grants, and similar amounts received				
a	Contributions to donor advised funds	1a			
b	Direct public support (not included on line 1a)	1b			
c	Indirect public support (not included on line 1a)	1c			
d	Government contributions (grants) (not included on line 1a)	1d	3,394,775		
e	**Total** (add lines 1a through 1d) (cash $ 3,394,775 noncash $)			1e	3,394,775
2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	15,629,903
3	Membership dues and assessments			3	
4	Interest on savings and temporary cash investments			4	70,022
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	
7	Other investment income (describe ▶)			7	

		(A) Securities		(B) Other
8a	Gross amount from sales of assets other than inventory		8a	84,073
b	Less cost or other basis and sales expenses		8b	90,169
c	Gain or (loss) (attach schedule)		8c	-6,096

d	Net gain or (loss) Combine line 8c, columns (A) and (B)			8d	-6,096
9	Special events and activities (attach schedule) If any amount is from **gaming**, check here ▶ ☐				
a	Gross revenue (not including $ ____ of contributions reported on line 1b)	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	4,254		
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	4,254
11	Other revenue (from Part VII, line 103)			11	163,662
12	**Total revenue** Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12	19,256,520

Expenses

13	Program services (from line 44, column (B))	13	14,945,530
14	Management and general (from line 44, column (C))	14	2,917,328
15	Fundraising (from line 44, column (D))	15	
16	Payments to affiliates (attach schedule)	16	
17	**Total expenses** Add lines 16 and 44, column (A)	17	17,862,858

Net Assets

18	Excess or (deficit) for the year Subtract line 17 from line 12	18	1,393,662
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	4,063,374
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	5,457,036

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 (*See the instructions.*)

	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
22a	Grants paid from donor advised funds (attach Schedule) (cash $______ noncash $______) If this amount includes foreign grants, check here ▶ ☐	22a				
22b	Other grants and allocations (attach schedule) (cash $______ noncash $______) If this amount includes foreign grants, check here ▶ ☐	22b				
23	Specific assistance to individuals (attach schedule)	23				
24	Benefits paid to or for members (attach schedule)	24				
25a	Compensation of current officers, directors, key employees etc Listed in Part V-A (attach schedule)	25a	920,986		920,986	
b	Compensation of former officers, directors, key employees etc listed in Part V-B (attach schedule)	25b				
c	Compensation and other distributions not icluded above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)	25c				
26	Salaries and wages of employees not included on lines 25a, b and c	26	3,973,557	3,646,373	327,184	
27	Pension plan contributions not included on lines 25a, b and c	27	59,645	36,589	23,056	
28	Employee benefits not included on lines 25a - 27	28	1,498,713	1,290,699	208,014	
29	Payroll taxes	29	455,895	347,202	108,693	
30	Professional fundraising fees	30				
31	Accounting fees	31				
32	Legal fees	32				
33	Supplies	33	1,863,851	1,705,804	158,047	
34	Telephone	34	97,558	66,754	30,804	
35	Postage and shipping	35	20,264	5,714	14,550	
36	Occupancy	36	620,132	509,323	110,809	
37	Equipment rental and maintenance	37	34,955	31,343	3,612	
38	Printing and publications	38	2,524	494	2,030	
39	Travel	39	174,023	127,514	46,509	
40	Conferences, conventions, and meetings	40	2,687	935	1,752	
41	Interest	41	348,199	132,761	215,438	
42	Depreciation, depletion, etc (attach schedule)	42	694,721	381,049	313,672	
43	Other expenses not covered above (itemize)					
a	See Additional Data Table	43a				
b		43b				
c		43c				
d		43d				
e		43e				
f		43f				
g		43g				
44	**Total functional expenses.** Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13—15)	44	17,862,858	14,945,530	2,917,328	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 *(See the instructions.)*

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? ▶ PROVIDING SERVICE TO DISABLED 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) orgs , and 4947(a)(1) trusts, but optional for others)
a 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 44 CLIENTS SERVED (Grants and allocations $ 250,506) If this amount includes foreign grants, check here ▶ ☐	240,897
b VOCATIONAL DEVELOPMENT #32- PROVIDE DISABLED PEOPLE WITH AN ASSESSMENT OF ABILITIES AND A SKILLED TRAINING PROGRAM TO PREPARE THEM FOR EMPLOYMENT APPROXIMATELY 280 CLIENTS SERVED (Grants and allocations $ 14,331,783) If this amount includes foreign grants, check here ▶ ☐	12,107,028
c DEVELOPMENTAL TRAINING #31-PROVIDE EMPLOYMENT, SOCIAL, RECREATIONAL AND LIFE SKILLS TO SEVERELY DISABLED PEOPLE APPROXIMATELY 293 CLIENTS SERVED (Grants and allocations $ 3,590,446) If this amount includes foreign grants, check here ▶ ☐	2,597,605
d (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
e Other program services (attach schedule) (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) . . . . ▶	14,945,530

Part IV **Balance Sheets** ***(See the 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			574,871	46	2,035,932
47a	Accounts receivable	47a	2,546,973			
b	Less allowance for doubtful accounts	47b	40,000	2,501,755	47c	2,506,973
48a	Pledges receivable	48a				
b	Less allowance for doubtful accounts	48b			48c	
49	Grants receivable				49	
50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule)				50a	
b	Receivables from other disqualified persons (as defined under section 4958(c)(3)(B) (attach schedule)				50b	
51a	Other notes and loans receivable (attach schedule)	51a	145,445			
b	Less allowance for doubtful accounts	51b		157,819	51c	145,445
52	Inventories for sale or use				52	
53	Prepaid expenses and deferred charges			137,036	53	152,736
54a	Investments—publicly-traded securities ▶ ☐ Cost ☐ FMV				54a	
b	Investments—other securities (attach schedule) ▶ ☐ Cost ☐ FMV				54b	
55a	Investments—land, buildings, and equipment basis	55a				
b	Less accumulated depreciation (attach schedule)	55b			55c	
56	Investments—other (attach schedule)			2,301,246	56	2,390,215
57a	Land, buildings, and equipment basis	57a	12,008,604			
b	Less accumulated depreciation (attach schedule)	57b	6,344,056	5,732,167	57c	5,664,548
58	Other assets, including program-related investments (describe ▶)			179,497	58	160,683
59	**Total assets** (must equal line 74) Add lines 45 through 58			11,584,391	59	13,056,532
Liabilities						
60	Accounts payable and accrued expenses			1,881,784	60	1,638,988
61	Grants payable				61	
62	Deferred revenue			3,364	62	10,800
63	Loans from officers, directors, trustees, and key employees (attach schedule)				63	
64a	Tax-exempt bond liabilities (attach schedule)			4,975,000	64a	4,345,000
b	Mortgages and other notes payable (attach schedule)			605,646	64b	978,220
65	Other liabilities (describe ▶)			55,223	65	626,488
66	**Total liabilities** Add lines 60 through 65			7,521,017	66	7,599,496
Net Assets or Fund Balances						
	Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 67 through 69 and lines 73 and 74					
67	Unrestricted			4,063,374	67	5,457,036
68	Temporarily restricted				68	
69	Permanently restricted				69	
	Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 70 through 74					
70	Capital stock, trust principal, or current funds				70	
71	Paid-in or capital surplus, or land, building, and equipment fund				71	
72	Retained earnings, endowment, accumulated income, or other funds				72	
73	**Total net assets or fund balances** Add lines 67 through 69 **or** lines 70 through 72 (Column (A) **must** equal line 19 and column (B) **must** equal line 21)			4,063,374	73	5,457,036
74	**Total liabilities and net assets / fund balances** Add lines 66 and 73			11,584,391	74	13,056,532

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

a	Total revenue, gains, and other support per audited financial statements			a	19,270,061
b	Amounts included on line **a** but not on Part I, line 12				
1	Net unrealized gains on investments	b1			
2	Donated services and use of facilities	b2			
3	Recoveries of prior year grants	b3			
4	Other (specify)	b4	14,027		
	Add lines **b1** through **b4**			b	14,027
c	Subtract line **b** from line **a**			c	19,256,034
d	Amounts included on Part I, line 12, but not on line **a**				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify)	d2	486		
	Add lines **d1** and **d2**			d	14,027
e	**Total revenue** (Part I, line 12) Add lines **c** and **d** ▶			e	19,256,520

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

a	Total expenses and losses per audited financial statements			a	17,876,399
b	Amounts included on line **a** but not on Part I, line 17				
1	Donated services and use of facilities	b1			
2	Prior year adjustments reported on Part I, line 20	b2			
3	Losses reported on Part I, line 20	b3			
4	Other (specify)	b4	14,027		
	Add lines **b1** through **b4**			b	14,027
c	Subtract line **b** from line **a**			c	17,862,372
d	Amounts included on Part I, line 17, but not on line **a:**				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify)	d2	486		
	Add lines **d1** and **d2**			d	486
e	**Total expenses** (Part I, line 17) Add lines **c** and **d** ▶			e	17,862,858

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 & deferred compensation plans	**(E)** Expense account and other allowances
See Additional Data Table				

Part V-A Current Officers, Directors, Trustees, and Key Employees *(continued)*

			Yes	No
75a	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings ▶ 19			
b	Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b	Yes	
c	Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization" ▶	75c		No
	If "Yes," attach a statement that includes the information described in the instructions			
d	Does the organization have a written conflict of interest policy?	75d	Yes	

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits

(If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation (If not paid enter -0-)	(D) Contributions to employee benefit plans and deferred compensation plans	(E) Expense account and other allowances

Part VI Other Information *(See the instructions.)*

			Yes	No
76	Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76		No
77	Were any changes made in the organizing or governing documents but not reported to the IRS?	77		No
	If "Yes," attach a conformed copy of the changes			
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a		No
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	78b		No
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		No
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc , to any other exempt or nonexempt organization?	80a	Yes	
b	If "Yes," enter the name of the organization ▶ See Additional Data Table and check whether it is ☐ exempt **or** ☐ nonexempt			
81a	Enter direct or indirect political expenditures (See line 81 instructions) **81a**			
b	Did the organization file **Form 1120-POL** for this year?	81b		No

Part VI Other Information *(continued)*

			Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a		No
b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	Yes	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	Yes	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		No
85	*501(c)(4), (5), or (6) organizations.* **a** Were substantially all dues nondeductible by members?	85a		No
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	85b		No
	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 the prior year			
c	Dues assessments, and similar amounts from members	85c		
d	Section 162(e) lobbying and political expenditures	85d		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		No
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		No
86	*501(c)(7) orgs.* Enter **a** Initiation fees and capital contributions included on line 12	86a	0	
b	Gross receipts, included on line 12, for public use of club facilities	86b	0	
87	*501(c)(12) orgs.* Enter **a** Gross income from members or shareholders	87a	0	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	0	
88a	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	88a		No
b	At any time during the year, did the organization directly or indirectly own a controlled entity within the meaning of section 512(b)(13)? If yes complete Part XI	88b		No
89a	*501(c)(3) organizations* Enter Amount of tax imposed on the organization during the year under section 4911 ▶ ______, section 4912 ▶ ______, section 4955 ▶ ______			
b	*501(c)(3) and 501(c)(4) orgs.* Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		No
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶			
d	Enter Amount of tax on line 89c, above, reimbursed by the organization ▶			
e	*All organizations.* At any time during the tax year was the organization a party to a prohibited tax shelter transaction?	89e		No
f	*All organizations.* Did the organization acquire direct or indirect interest in any applicable insurance contract?	89f		No
g	*For supporting organizations and sponsoring organizations maintaining donor advised funds.* Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g		No

90a List the states with which a copy of this return is filed ▶ IL

b Number of employees employed in the pay period that includes March 12, 2007 (See instructions) **90b** 733

91a The books are in care of ▶ CHARLOTTE JONES Telephone no ▶ (618) 465-0044

Located at ▶ 4 EMMIE L KAUS LANE ALTON, IL ZIP + 4 ▶ 62002

			Yes	No
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)?	91b		No

If "Yes," enter the name of the foreign country ▶

See the instructions for exceptions and filing requirements for **Form TD F 90-22.1**, Report of Foreign Bank and Financial Accounts

Part VI Other Information *(continued)*

			Yes	No
c	At any time during the calendar year, did the organization maintain an office outside of the United States?	91c		No
	If "Yes," enter the name of the foreign country ▶			
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		

Part VII Analysis of Income-Producing Activities ***(See the 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 Additional Data Table					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments . . .					
95 Interest on savings and temporary cash investments			14	70,022	
96 Dividends and interest from securities . . .					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b non debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					-6,096
101 Net income or (loss) from special events . .					
102 Gross profit or (loss) from sales of inventory					4,254
103 Other revenue a MISCELLANEOUS			1	163,176	
b D'ADRIAN BOARD OF GOVERNO			1	486	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E)) . .				233,684	15,628,061

105 **Total** (add line 104, columns (B), (D), and (E)) . . . . ▶ 15,861,745

Note: *Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.*

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes ***(See the 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)
101	ALL OF THE NET PROCEEDS FROM THE SPECIAL EVENT (GOLF TOURNAMENT) WERE USED TO ASSIST THE ORGANIZATION IN PROVIDING SERVICES TO THE DEVELOPMENTALLY DISABLED
93	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 THE ORGANIZATION ALSO PROVIDES MANAGEMENT SERVICES TO RELATED ORGANIZATIONS WHICH PROVIDE JOB TRAINING, LIFE SKILLS AND RESIDENTIAL HOUSING TO DISABLED AND MENTALLY HANDICAPPED INDIVIDUALS THE ORGANIZATION ALSO OWNS RESIDENTIAL HOUSING UNITS WHICH ARE RENTED TO A RELATED NONPROFIT ORGANIZATION WHICH PROVIDES HOUSING TO THE DEVELOPMENTALLY DISABLED

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities ***(See the 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
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts ***(See the 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).*

Part XI **Information Regarding Transfers To and From Controlled Entities** *Complete only if the organization is a controlling organization as defined in section 512(b)(13)*

		Yes	No
106	Did the reporting organization **make** any transfers **to** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity		No

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

		Yes	No
107	Did the reporting organization **receive** any transfers **from** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity		No

	(A) Name and address of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

		Yes	No
108	Did the organization have a binding written contract in effect on August 17, 2006 covering the interests, rents, royalties and annuities described in question 107 above?		No

Please Sign Here

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

****** 2008-12-29

Signature of officer Date

CHARLOTTE JONES CFO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature STACEY ECCLES	Date	Check if self-empolyed ☐	Preparer's SSN or PTIN (See Gen Inst W)
Firm's name (or yours if self-employed), address, and ZIP + 4: Hughes & Associates CPA PC 1321 DAdrian Professional Prk Godfrey, IL 62035			EIN Phone no (618) 466-6278

SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information—(See separate instructions.)

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

OMB No 1545-0047

2007

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 page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
LEONARD POETTKER 1119 UNION AVENUE BELLEVILLE,IL 62220	DIR OF HR 38 00	51,535	0	0
Total number of other employees paid over $50,000 ▶				

Part II-A **Compensation of the Five Highest Paid Independent Contractors for Professional Services** (See page 2 of the instructions. List each one (whether individual 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
None		
Total number of others receiving over $50,000 for professional services ▶		

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 individual or firms. If there are none, enter "None". See page 2 for instructions.)

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
NISH PO BOX 791236 BALTIMORE,MD 212791236	SUBCONTRACT	534,833
LABOR READY MIDWEST 1002 SOLUTIONS CENTER CHICAGO,IL 60677	LABOR	62,271
MOBILE PO BOX 668 GODFREY,IL 62035	LABOR	56,027
SPECIALIZED PROFESSIONAL SERVICES INC 4 EMMIE KAUS LANE ALTON,IL 62002	LABOR	1,270,450
Total number of other contractors receiving over $50,000 for other services ▶		

Part III Statements About Activities (See page 2 of the instructions.)

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, include 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 ▶$ ____________ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B)	1		No
	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			
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 property?	2a		No
b	Lending of money or other extension of credit?	2b		No
c	Furnishing of goods, services, or facilities?	2c		No
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)?	2d	Yes	
e	Transfer of any part of its income or assets?	2e		No
3a	Did the organization make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments)	3a		No
b	Did the organization have a section 403(b) annuity plan for its employees?	3b		No
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment , historic land areas or structures? If "Yes" attach a detailed statement	3c		No
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		No
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete lines 4f and 4g	4a		No
b	Did the organization make any taxable distributions under section 4966?	4b		No
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		No

d Enter the total number of donor advised funds owned at the end of the tax year ▶ ____________

e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ ____________

f Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶ ____________

g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶ ____________

Part IV **Reason for Non-Private Foundation Status** (See pages 4 through 7 of the instructions.)

I certify that 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 331/3%** 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 331/3%** 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 otherwise meets the requirements of section 509(a)(3) Check the box that describes the type of supporting organization

☐ Type I ☐ Type II ☐ Type III - Functionally Integrated ☐ Type III - Other

Provide the following information about the supported organizations. (see page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents? Yes	No	(e) Amount of support?
Total ▶					

14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 7 of the 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) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15	Gifts, grants, and contributions received (Do not include unusual grants See line 28)	3,336,159	3,563,884	3,616,902	3,417,455	13,934,400
16	Membership fees received					0
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	16,840,200	17,700,663	16,416,408	16,286,011	67,243,282
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	72,795	56,172	39,659	38,076	206,702
19	Net income from unrelated business activities not included in line 18					0
20	Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
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					0
22	Other income Attach a schedule Do not include gain or (loss) from sale of capital assets	50,769	98,610	106,857	33,676	289,912
23	Total of lines 15 through 22	20,299,923	21,419,329	20,179,826	19,775,218	81,674,296
24	Line 23 minus line 17	3,459,723	3,718,666	3,763,418	3,489,207	14,431,014
25	Enter 1% of line 23	202,999	214,193	201,798	197,752	

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 ▶ **26a**

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 2002 through 2005 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** 0

d Add Amounts from column (e) for lines 18 ______ 19 ______ 22 ______ 26b ______ ▶ **26d**

e Public support (line 26c minus line 26d total) ▶ **26e**

f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶ **26f**

27 Organizations described on line 12: 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

(2006) ______ (2005) ______ (2004) ______ (2003) ______

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

(2006) ______ (2005) ______ (2004) ______ (2003) ______

c Add Amounts from column (e) for lines 15 13,934,400 16 0 17 67,243,282 20 0 21 0 ▶ **27c** 81,177,682

d Add Line 27a total ______ and line 27b total ______ ▶ **27d**

e Public support (line 27c total minus line 27d total) ▶ **27e** 81,177,682

f Total support for section 509(a)(2) test Enter amount from line 23, column (e) ▶ **27f** 81,674,296

g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) ▶ **27g** 9939 00 %

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) ▶ **27h** 25 00 %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, 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 page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

			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?	29		
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?	30		
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?	31		
	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?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	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?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	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?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
	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	35		

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.)
(To be completed **ONLY** by an eligible organization that filed Form 5768)

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**	0	
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—	**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**		

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

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 on page 11 of the instructions)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	**(a)** 2007	**(b)** 2006	**(c)** 2005	**(d)** 2004	**(e)** Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable 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 page 11 of the instructions.)

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			0
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

Part VII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations** (See page 12 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of			
(i) Cash	**51a(i)**		No
(ii) Other assets	**a(ii)**		No
b Other transactions			
(i) Sales or exchanges of assets with a noncharitable exempt organization	**b(i)**		No
(ii) Purchases of assets from a noncharitable exempt organization	**b(ii)**		No
(iii) Rental of facilities, equipment, or other assets	**b(iii)**		No
(iv) Reimbursement arrangements	**b(iv)**		No
(v) Loans or loan guarantees	**b(v)**		No
(vi) Performance of services or membership or fundraising solicitations	**b(vi)**		No
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	**c**		No

d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received

(a) Line no	**(b)** Amount involved	**(c)** Name of noncharitable exempt organization	**(d)** Description of transfers, transactions, and sharing arrangements

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☑ No

b If "Yes," complete the following schedule

(a) Name of organization	**(b)** Type of organization	**(c)** Description of relationship

Additional Data

Software ID: 07000211
Software Version: 2007v2.4
EIN: 37-0805566
Name: CHALLENGE UNLIMITED INC

Form 990, Part II, Line 43 - Other expenses not covered above (itemize):

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
a VEHICLE MISCELLANEOUS	**43a**	9,933	9,653	280	
b VEHICLE LEASE	**43b**	24,932	8,172	16,760	
c VEHICLE INSURANCE	**43c**	75,554	72,539	3,015	
d VEHICLE GAS & MAINTENANCE	**43d**	323,274	316,750	6,524	
e TRAINING	**43e**	5,640	499	5,141	
f SUBSCRIPTIONS	**43f**	5,390	1,759	3,631	
g SEMINARS & CLASSES	**43g**	13,687	8,553	5,134	
h SALES COMMISSIONS	**43h**	501,279	501,279		
i SAFETY	**43i**	2,520	406	2,114	
j REFERENCE MATERIALS	**43j**	5,842	456	5,386	
k RECRUITING	**43k**	49,173	41,580	7,593	
l PUBLIC RELATIONS	**43l**	12,434	1,389	11,045	
m PROFESSIONAL FEES	**43m**	128,166	5,713	122,453	
n PETTY CASH OVER/SHORT	**43n**	436	436		
o PAGER	**43o**	2,096	2,096		
p OTHER INSURANCE	**43p**	33,455	1,776	31,679	
q MISCELLANEOUS ADMIN	**43q**	5,739	3,362	2,377	
r LICENSES & FEES	**43r**	8,170	4,047	4,123	
s INCENTIVE PROGRAM	**43s**	27,311	8,061	19,250	
t DUES	**43t**	29,745	235	29,510	
u D'ADRIAN BOARD OF GOVERNORS	**43u**	486		486	
v CONVICTION INFO	**43v**	13,627	12,120	1,507	
w CONSULTANTS & CONTRACTUAL	**43w**	5,706,249	5,625,866	80,383	
x BANK FEES	**43x**	68,933	34,129	34,804	
y BAD DEBT	**43y**	33,854		33,854	
z ADVERTISING	**43z**	7,223	2,100	5,123	

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(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 & deferred compensation plans	(E) Expense account and other allowances
JAMES GREEN 10 LAKERIDGE TRAIL ALTON,IL 62002	Director 1 00	0		
DONALD SCHWAAB 5226 WILLIS AVENUE GODFREY,IL 62035	Chairman 1 00	0		
DEBRA McMAHON 304 HICKORY DRIVE BETHALTO,IL 62010	Exec VP HR 38 00	88,959	2,000	
ROSE GIBSON 816 FOXWOOD CIRCLE ALTON,IL 62002	Vice CHAIRMAN 1 00	0		
FLOYD RAGLIN 1212 ROCKSPRING TERRACE ALTON,IL 62002	Director 1 00	0		
ALBERT WATSON 726 SPRING STREET ALTON,IL 62002	Director 1 00	0		
BRANDON ARMFIELD 2600 E B STREET RD BELLEVILLE,IL 62221	Vice President 38 00	52,101		
JEFFERY ALLSMAN 304 HICKORY DRIVE BETHALTO,IL 62010	VP OF SUPPORT 38 00	65,357	2,000	
STEPHANIE BROWN 4900 PARIS DR GODFREY,IL 62035	VP DT 38 00	69,703	2,000	
SANDRA CURRAN 306 ALEXANDER DRIVE EDWARDSVILLE,IL 62025	Secretary 1 00	0		

Form 990, Part V-A - Current Officers, Directors, Trustees, and Key Employees:

(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 & deferred compensation plans	(E) Expense account and other allowances
DIANE TEBBE 820 COPPER RIDGE MARYVILLE, IL 62062	VP RESIDENTIAL 38 00	63,030	2,000	
JOHN GILLILAND 15513 WINDSOR RIDGE CT CHESTERFIELD, MO 63017	Exec VP OPERATI 38 00	138,212		
JOHN GIBBONS 220 ST LOUIS ST EDWARDSVILLE, IL 62025	GENERAL COUNSEL 1 00	0		
GEORGE DAVIS 1417 WINTER LANE GODFREY, IL 62035	Director 1 00	0		
CHARLOTTE JONES 3947 MCREE ST LOUIS, MO 63110	Exec VP FINANCE 38 00	89,950		
STEVE BRENEGAN 5711 SIR GAWAIN GODFREY, IL 62002	Exec VP MRKTNG 38 00	79,063	2,000	
JIM KASTEN 7512 TIMBERCREST GODFREY, IL 62035	Director 1 00	0		
MICHAEL ROBINSON 6249 TESSON PARK DR HAZELWOOD, MO 63042	VP MIS 38 00	63,395	1,488	
J THOMAS MOEHN 5029 VALLEYVIEW DRIVE ALTON, IL 62002	President & CEO 38 00	199,728		

Form 990, Part VI, Line 80b - If "Yes", enter the name of the organization and whether it is exempt or nonexempt:

Name of the Organization	Exempt	Nonexempt
SPECIALIZED PROFESSIONAL SERVICES INC	X	
RESIDENTIAL OPTIONS INC	X	

Form 990, Part VII, Line 93 - Program service revenue:

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	
a	VENDING INCOME					856
b	TRANSPORTATION INCOME					495
c	TBI					38,190
d	RLTD 501C3 LABOR CHARGE					114,883
e	RENT FROM RELT 501C3 ORG					513,000
f	REIMBURSABLE INCOME					120,244
g	RECYCLING INCOME					263,902
h	PRODUCTION INCOME					656,701
i	NURSE'S AID TRAINING					9,019
j	MNGMNT FEE FROM 501C3'S					399,996
k	MAILROOM INCOME					71,869
l	JANITORIAL INCOME					8,165,487
m	GROUNDSKEEPING INCOME					1,908,273
n	FOOD SERVICE INCOME					3,327,107
o	DAY TRAINING/PRIVATE PAY					39,881
p	CONTRACTUAL LABOR					

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2007 Gain/Loss from Sale of Other Assets Schedule

Name: CHALLENGE UNLIMITED INC

EIN: 37-0805566

Software ID: 07000211

Software Version: 2007v2.4

Name	Date Acquired	How Acquired	Date Sold	Purchaser Name	Gross Sales Price	Basis	Basis Method	Sales Expenses	Total (net)	Accumulated Depreciation
MOWER	2000-01	Purchase	2008-06		200		Cost		200	
V-80 SALE	2000-01	Purchase	2007-10		100		Cost		100	
CYROVAC SHRINK	2000-01	Purchase	2007-09		60		Cost		60	
RACKING SYSTEM	2000-01	Purchase	2007-09		750		Cost		750	
MOTORIZED CONVEYOR	2004-12	Purchase	2007-09		200		Cost		200	
AIR COMPRESSOR	2000-01	Purchase	2007-09		25		Cost		25	
CONVEYORS	2005-06	Purchase	2007-08		325		Cost		325	
INDUSTRIAL TABLE	2000-01	Purchase	2007-08		190		Cost		190	
CONFERENCE TABLE	1997-01	Purchase	2007-08		450		Cost		450	
ELECTRIC GLUE POT	2005-10	Purchase	2007-08		2,000	1,288	Cost		712	
VIDEO JET PRINTER	2005-06	Purchase	2007-08		7,900	2,981	Cost		4,919	
SHREDDER	2005-09	Purchase	2007-01		53,873	63,799	Cost		-9,926	
SHRINK TUNNEL	2005-06	Purchase	2007-08		18,000	22,101	Cost		-4,101	

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93490364000088

TY 2007 General Explanation Attachment

Name: CHALLENGE UNLIMITED INC
EIN: 37-0805566
Software ID: 07000211
Software Version: 2007v2.4

Identifier	Return Reference	Explanation
		RELATED PARTY TRANSACTIONSThe Board of Directors and management of Challenge Unlimited, In c provides substantial oversight, management, and common directorship of Residential Opti ons, Inc and Specialized Professional Services, Inc D B A Alpha Industries Challenge Un limited, Inc provides management services, day training services, contract labor, food se rvices, and leases facilities, equipment, and group homes to Residential Options, Inc Cha llenge Unlimited, Inc provides management services, temporary production w orkers, and lea ses facilities and equipment to Specialized Professional Services, Inc D B A Alpha Indus tries Challenge Unlimited, Inc contracts labor, and professional services from Specializ ed Professional Services, Inc D B A Alpha Industries A company ow ned by an officer of Ch allenge Unlimited Inc provided janitorial and maintenance supplies to the Organization T otal commodities purchased for the year ended June 30, 2008, and 2007, w ere approximately $3,385 and $22,050 respectively A summary of transactions w ith related organizations is as follow s Specialized Residential Professional Total Options, Inc Services, Inc 2008 Rev enue Day Training $ 1,012,339 $ -0- $ 1,012,339 Managment Fees 399,996 -0- 399,996 Contra ct Labor 81,877 -0- 81,877 Building Rent 513,000 -0- 513,000 Total Revenue 2,007,212 -0- 2 ,007,212 Expenses Interest Expense 27,500 -0- 27,500 Contract Labor -0- 1,401,759 1,401,7 59 Total Expense 27,500 1,401,759 1,429,259 Accounts Receivable 114,645 30,800 145,445 Acc ounts Payable 626,488 -0- 626,488 Notes Payable $ 550,000 $ -0- $ 550,000

Identifier	Return Reference	Explanation
		ATTACHMENT TO 990 PAGE 4, PART IV-A LINE B(4) AND PART IV-B LINE (4)LOSSES ON SALE OF ASSE TS ARE INCLUDED IN THE STATEMENT OF FUNCTIONAL EXPENSES IN THE AUDITED FINANCIAL STATEMENT S, HOWEVER, LOSSES ARE REPORTED SEPARATELY FROM THE FUNCTIONAL EXPENSE ON THE 990 THE FOL LOWING IS A RECONCILIATION OF TH AUDITED STATEMENT OF FUNCTIONAL EXPENSES, AND THE FUNCTIO NAL EXPENSES AS REPORTED ON THE 990 PROGRAM SERVICES PER AUDITED FINANCIAL STATEMENTS $14, 959,557PROGRAM SERVICES PER 990 PAGE 2 14,945,530 DIFFERENCE = LOSS ON SALE OF ASSETS $ 14 ,027MANAGEMENT & GENERAL PER AUDITED FINANCIAL STATEMENTS $ 2,916,842MANAGEMENT & GENERAL PER 990 PAGE 2 2,916,842 DIFFERENCE $ 0TOTAL FUNCTIONAL EXPENSES PER AUDITED FINANCIAL STA TEMENTS $17,876,399TOTAL FUNCTIONAL EXPENSES PER 990 PAGE 2 17,862,372DIFFERENCE = TOTAL L OSSES ON SALES $ 14,027GAINS/LOSSES REPORTED ON TAX RETURN SALE OF SHRINK TUNNEL $(4,100) SALE OF SHREDDER (9,926)TOTAL LOSSES ON SALES (14,027)NET OF GAINS ON SALES 7,931NET GA INS/LOSSES SHOWN ON LINE 8D ON 990 $(6,096)

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93490364000088

TY 2007 Land etc. Schedule

Name: CHALLENGE UNLIMITED INC
EIN: 37-0805566
Software ID: 07000211
Software Version: 2007v2.4

Category/Item	Cost/Other Basis	Accumulated Depreciation	Book Value
Land	591,091		591,091
Improvements	670,070	507,044	163,026
Buildings	7,483,260	3,800,933	3,682,327
Furniture and Fixtures	2,109,902	1,117,081	992,821
Automobiles / Transportation Equipment	1,154,281	918,998	235,283

TY 2007 Mortgages and Notes Payable Schedule

Name: CHALLENGE UNLIMITED INC
EIN: 37-0805566
Software ID: 07000211
Software Version: 2007v2.4
Total Mortgage Amount:

Item No.	1
Lender's Name	ASSOCIATED BANK
Lender's Title	
Relationship to Insider	
Original Amount of Loan	
Balance Due	113563
Date of Note	
Maturity Date	
Repayment Terms	
Interest Rate	
Security Provided by Borrower	LAWN MAINTENANCE EQUIPMENT
Purpose of Loan	
Description of Lender Consideration	
Consideration FMV	

Item No.	2
Lender's Name	ASSOCIATED BANK
Lender's Title	
Relationship to Insider	
Original Amount of Loan	
Balance Due	14100
Date of Note	
Maturity Date	
Repayment Terms	
Interest Rate	
Security Provided by Borrower	TRACTOR
Purpose of Loan	
Description of Lender Consideration	
Consideration FMV	

Item No.	3
Lender's Name	ASSOCIATED BANK
Lender's Title	
Relationship to Insider	
Original Amount of Loan	
Balance Due	39475
Date of Note	
Maturity Date	
Repayment Terms	
Interest Rate	
Security Provided by Borrower	VEHICLE
Purpose of Loan	
Description of Lender Consideration	
Consideration FMV	

Item No.	4
Lender's Name	ASSOCIATED BANK
Lender's Title	
Relationship to Insider	
Original Amount of Loan	
Balance Due	197954
Date of Note	
Maturity Date	
Repayment Terms	
Interest Rate	
Security Provided by Borrower	VEHICLES
Purpose of Loan	
Description of Lender Consideration	
Consideration FMV	

Item No.	5
Lender's Name	ASSOCIATED BANK
Lender's Title	
Relationship to Insider	
Original Amount of Loan	
Balance Due	63128
Date of Note	
Maturity Date	
Repayment Terms	
Interest Rate	
Security Provided by Borrower	LAWN MAINTENANCE EQUIPMENT
Purpose of Loan	
Description of Lender Consideration	
Consideration FMV	

Item No.	6
Lender's Name	RESIDENTIAL OPTIONS
Lender's Title	
Relationship to Insider	COMMON BOARD OF DIRECTORS
Original Amount of Loan	850000
Balance Due	550000
Date of Note	1995-12
Maturity Date	
Repayment Terms	DEMAND
Interest Rate	5.0000
Security Provided by Borrower	NONE
Purpose of Loan	WORKING CAPITAL
Description of Lender Consideration	
Consideration FMV	

TY 2007 Other Assets Schedule

Name: CHALLENGE UNLIMITED INC

EIN: 37-0805566

Software ID: 07000211

Software Version: 2007v2.4

Description	Beginning of Year Amount	End of Year Amount
BOND ISSUANCE COSTS	179,497	160,683

TY 2007 Other Expenses Included Schedule

Name: CHALLENGE UNLIMITED INC
EIN: 37-0805566
Software ID: 07000211
Software Version: 2007v2.4

Description	Amount
LOSS ON SALE OF INVESTMENT	14,027

TY 2007 Other Expenses Not Included Schedule

Name: CHALLENGE UNLIMITED INC

EIN: 37-0805566

Software ID: 07000211

Software Version: 2007v2.4

Description	Amount
D'ADRIAN BOARD OF GOVERNORS	486

TY 2007 Other Liabilities Schedule

Name: CHALLENGE UNLIMITED INC
EIN: 37-0805566
Software ID: 07000211
Software Version: 2007v2.4

Description	Beginning of Year Amount	End of Year Amount
RELATED ACCOUNTS PAYABLE	55,223	626,488

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2007 Other Notes/Loans Receivable Long Schedule

Name: CHALLENGE UNLIMITED INC

EIN: 37-0805566

Software ID: 07000211

Software Version: 2007v2.4

Borrower's Name	Relationship to Insider	Original Amount of Loan	Balance Due	Date of Note	Maturity Date	Repayment Terms	Interest Rate	Security Provided by Borrower	Purpose of Loan	Description of Lender Consideration	Consideration FMV
RESIDENTIAL OPTIONS INC	COMMON BOARD OF DIRECTORS		114,645			NONE	0 %	NONE	ADVANCES	NONE	
SPECIALIZED PROF SERVICES INC	COMMON BOARD OF DIRECTORS		30,800			CURRENT	0 %	NONE	ADVANCES	NONE	

TY 2007 Other Revenues Included Schedule

Name: CHALLENGE UNLIMITED INC
EIN: 37-0805566
Software ID: 07000211
Software Version: 2007v2.4

Description	Amount
LOSS ON SALE OF INVESTMENTS	14,027

TY 2007 Other Revenues Not Included Schedule

Name: CHALLENGE UNLIMITED INC

EIN: 37-0805566

Software ID: 07000211

Software Version: 2007v2.4

Description	Amount
D'ADRIAN BOARD OF GOVERNORS	486

TY 2007 Relationship Schedule

Name: CHALLENGE UNLIMITED INC

EIN: 37-0805566

Software ID: 07000211

Software Version: 2007v2.4

Person Name / Business Name	Title or Role	Person Name 2 / Business Name 2	Title or Role 2	Relationship
STEVE BRENEGAN				STEVE IS THE OWNER OF A COMPANY WHICH SELLS JANITORIAL AND MAINTENANCE SUPPLIES TO THE ORGANIZATION

TY 2007 Sales Of Inventory Schedule

Name: CHALLENGE UNLIMITED INC

EIN: 37-0805566

Software ID: 07000211

Software Version: 2007v2.4

Category	Gross Sales	Cost of Goods Sold	Net (Gross Sales Minus Cost of Goods Sold)
DIAL RESALE	4,254		4,254

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93490364000088

TY 2007 Tax-Exempt Bond Liabilities Schedule

Name: CHALLENGE UNLIMITED INC
EIN: 37-0805566
Software ID: 07000211
Software Version: 2007v2.4

Item No.	1
Name of Issue	
Purpose	FACILITY CONSTRUCTION
Amount Outstanding	1415000
Unexpeded Bond Proceeds	
Third Party Use	Yes
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	2
Name of Issue	
Purpose	FACILITY CONSTRUCTION
Amount Outstanding	2375000
Unexpeded Bond Proceeds	
Third Party Use	Yes
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	3
Name of Issue	
Purpose	FACILITY CONSTRUCTION
Amount Outstanding	120000
Unexpeded Bond Proceeds	
Third Party Use	Yes
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

Item No.	4
Name of Issue	
Purpose	FACILITY CONSTRUCTION
Amount Outstanding	435000
Unexpeded Bond Proceeds	
Third Party Use	Yes
Space Percentage	
Maturity Date	
Repayment Terms	
Interest Rate	
Security	

TY 2007 Contractor Compensation Explanation

Name: CHALLENGE UNLIMITED INC
EIN: 37-0805566
Software ID: 07000211
Software Version: 2007v2.4

Contractor	Explanation
SPECIALIZED PROFESSIONAL SERVICES INC	
NISH	
MOBILE	
LABOR READY MIDWEST	

TY 2007 Employee Compensation Explanation

Name: CHALLENGE UNLIMITED INC
EIN: 37-0805566
Software ID: 07000211
Software Version: 2007v2.4

Employee	Explanation
LEONARD POETTKER	

TY 2007 Other Income Schedule

Name: CHALLENGE UNLIMITED INC

EIN: 37-0805566

Software ID: 07000211

Software Version: 2007v2.4

Description	2006	2005	2004	2003	Total
MISCELLANEOUS	50,769	98,610	106,857	33,676	289,912