THE EMPLOYMENT PROJECT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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FINANCIAL STATEMENTS

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FRANK L. SASSETTI & CO.
CERTIFIED PUBLIC ACCOUNTANTS

To The Board of Directors
The Employment Project
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial position of THE EMPLOYMENT PROJECT as of June 30, 2005, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THE EMPLOYMENT PROJECT as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Frank L. Sassetti & Co.

September 29, 2005
Oak Park, Illinois

THE EMPLOYMENT PROJECT

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2005

ASSETS		
Cash and cash equivalents	$	34,790
Contracts receivable (Note 2)		35,376
Prepaid expenses		5,097
Furniture and equipment, net (Note 3)		9,370
Total Assets	$	84,633
LIABILITIES		
Accounts payable and accrued expenses	$	11,863
Deferred revenue		3,621
Notes payable (Note 4)		30,800
Total Liabilities		46,284
NET ASSETS		
Unrestricted		38,349
Temporarily restricted		
Total Net Assets		38,349
Total Liabilities and Net Assets	$	84,633

The accompanying notes are an integral part of these financial statements.

THE EMPLOYMENT PROJECT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT (Note 7)			
Government	$ 487,467	$ -	$ 487,467
Foundations and corporations	124,714		124,714
Individual donors	5,195		5,195
Special events	33,209		33,209
CVM membership fees	3,600		3,600
Interest income	151		151
Other income	3,083		3,083
Release of restrictions	1,190	(1,190)	-
Total Revenues and Other Support	658,609	(1,190)	657,419
EXPENSES			
Program services	576,856		576,856
Management and general	87,915		87,915
Fundraising	25,737		25,737
Total Expenses	690,508	-	690,508
CHANGE IN NET ASSETS	(31,899)	(1,190)	(33,089)
NET ASSETS			
Beginning of year	70,248	1,190	71,438
End of year	$ 38,349	$ -	$ 38,349

The accompanying notes are an integral part of these financial statements.

THE EMPLOYMENT PROJECT

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2005

	Program services	Management and general	Fundraising	Total
Salaries	$ 319,343	$ 51,193	$ 16,091	$ 386,627
Fringe benefits	81,958	13,139	4,130	99,227
Computer expense	4,961	795	250	6,006
Depreciation	2,443	537		2,980
Dream Job event	6,665	-	-	6,665
Equipment repair/rental	6,256	1,003	315	7,574
Insurance	1,623	357	-	1,980
Interest and bank charges	-	4,527	-	4,527
Internet	174	28	9	211
Legal and accounting	-	6,212	-	6,212
Marketing	-	-	2,515	2,515
Meeting expenses	-	1,198	-	1,198
Membership and dues	700	-	-	700
Miscellaneous	-	1,211	-	1,211
Needs based allowance	6,237	-	-	6,237
Occupany and utilities	30,480	4,886	1,536	36,902
Participant travel	57,712	-	-	57,712
Postage	1,738	279	88	2,105
Professional fees	3,516	-	-	3,516
Staff travel	3,544	568	179	4,291
Supplies	3,764	603	190	4,557
Telephone	8,604	1,379	434	10,417
Telephone - Community Voice Mail	32,842	-	-	32,842
Training and conferences	939	-	-	939
Workshop materials	3,357	-	-	3,357
	$ 576,856	$ 87,915	$ 25,737	$ 690,508

The accompanying notes are an integral part of these financial statements.

THE EMPLOYMENT PROJECT

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(33,089)
Adjustments to reconcile to net cash used in operating activities -		
Depreciation		2,980
Contracts receivable		26,733
Prepaid expenses		4
Increases (decreases) in liabilities:		
Accounts payable and expenses		(2,306)
Deferred revenue		1,453
Net Cash Used In Operating Activities		(4,225)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings		30,800
Net Cash Provided by Financing Activities		30,800
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,575
CASH AND CASH EQUIVALENTS -		
Beginning of year		8,215
End of year	$	34,790

The accompanying notes are an integral part of these financial statements.

THE EMPLOYMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The organization, a successor corporation to the Mentor Connection, was originally incorporated in April 1992. The name was changed to The Employment Project as of July 19, 1994. The organization provides employment-related social services to Chicago homeless men and women to help them become gainfully employed.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no temporarily or permanently restricted net assets at June 30, 2005.

Statement of Cash Flows - The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Interest paid during the year ended June 30, 2005 was $1,745. No cash was paid for income taxes.

Promises to Give - Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Property and Equipment - All acquisitions of property and equipment in excess of $500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using primarily the straight - line method based upon estimated service lives. Depreciation expense for the year ended June 30, 2005 was $2,980.

Donated Assets - Noncash donations are recorded as contributions at their estimated fair values at the date of donation.

THE EMPLOYMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - The Organization is exempt from federal income taxes under the provision of Section 501 (c) (3) of the Internal Revenue Code. Management believes that it did not engage in any unrelated business activities; thus, no provision for income tax has been provided for in the financial statements.

2. CONTRACTS RECEIVABLE

Contracts receivable consist of amounts that are due within the subsequent fiscal year.

Department of Human Services	$	5,019
City of Chicago - WIA		14,697
Community Development Block Grants		15,660
	$	35,376

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2005:

Furniture and equipment	$	84,414
Less accumulated depreciation		(75,044)
	$	9,370

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

4. NOTES PAYABLE

The Organization has a $40,000 line of credit with a bank, payable on demand, at a variable rate 2% above the bank's prime rate. There is an outstanding balance of $30,800 at June 30, 2005.

5. LEASE OBLIGATIONS

The Organization leases its office facilities under a month to month arrangement . The Organization also leases certain office equipment. During the year ended June 30, 2005, net expense was $33,222 under these leases.

Future minimum leases payments are as follows:

Year Ended	June 30, 2006	$	1,668
	June 30, 2007		1,529

6. SUBSEQUENT EVENT

The Board of Directors of the Organization approved a merger with Inspiration Corporation, Chicago (a 501(c)(3) exempt organization) effective July 1, 2005. The net assets of the Organization were transferred to Inspiration Corporation, Chicago, along with all lease commitments and other liabilities.

7. CONCENTRATIONS

For the year ended June 30, 2005, 74% of the Organization's revenue was from three government contracts.