



**VOCATIONAL GUIDANCE SERVICES
VOCATIONAL SERVICES, INC.
VGS, INC.**

**DRESS FOR SUCCESS® CLEVELAND
DRESS FOR SUCCESS® COLUMBUS
SECOND GLANCE THRIFT**

Combined Financial Statements
As of December 31, 2007 and 2006

Together with Auditor's Report



SAMUEL, KELLOGG & CO., INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Vocational Guidance Services
Vocational Services, Inc. and VGS, Inc.
Dress for Success ® Cleveland
Dress for Success ® Columbus
Second Glance Thrift
Cleveland, Ohio

We have audited the combined statements of financial position of Vocational Guidance Services, Vocational Services, Inc., VGS, Inc., Dress for Success ® Cleveland, Dress for Success ® Columbus and Second Glance Thrift (all non-profit organizations), as of December 31, 2007, and the related statements of activities, statements of functional expenses, and statement of 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 Vocational Guidance Services, VGS, Inc., Vocational Services, Inc., Dress for Success ® Cleveland, Dress for Success ® Columbus, and Second Glance Thrift as of December 31, 2007, 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 of America.

Information for the year ended December 31, 2006, is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which an unqualified opinion dated May 1, 2007, was expressed.

Samuel, Kellogg & Co. Inc.

SAMUEL, KELLOGG & CO., INC.
Cleveland, Ohio

June 24, 2008

VOCATIONAL GUIDANCE SERVICES
VOCATIONAL SERVICES, INC. - VGS, INC.
DRESS FOR SUCCESS @ CLEVELAND - DRESS FOR SUCCESS @ COLUMBUS - SECOND GLANCE THRIFT
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND DECEMBER 31, 2006

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 233,201	\$ 275,419	\$ -	\$ 508,620	\$ 813,925
Accounts Receivable -					
Program Revenue	2,859,494	-	-	2,859,494	2,724,494
Donations	-	196,538	-	196,538	177,588
Less - allowance for bad debts	(29,004)	(25,000)	-	(54,004)	(49,830)
Investments (Notes 2, 3 and 4)	1,574,662	145,618	8,208,976	9,929,256	9,692,050
Inventories - (Note 1)					
Finished goods	361,127	-	-	361,127	358,223
Work in process	26,580	-	-	26,580	23,679
Raw materials	231,613	-	-	231,613	248,694
Prepaid expenses	47,564	-	-	47,564	22,701
Artwork	65,500	-	-	65,500	65,500
Deposits and other assets	17,892	-	-	17,892	27,283
	<u>\$ 5,388,629</u>	<u>\$ 592,575</u>	<u>\$ 8,208,976</u>	<u>\$ 14,190,180</u>	<u>\$ 14,104,307</u>
Land, buildings and equipment - (Note 1)					
Land	\$ 550,971	\$ -	\$ -	\$ 550,971	\$ 550,971
Building and improvements	7,695,691	7,713,163	-	15,408,854	15,227,598
Equipment	1,760,676	2,041,068	-	3,801,744	3,621,987
Vehicles	111,035	-	-	111,035	88,535
	<u>\$ 10,118,373</u>	<u>\$ 9,754,231</u>	<u>\$ -</u>	<u>\$ 19,872,604</u>	<u>\$ 19,489,091</u>
Less - accumulated depreciation	<u>6,913,634</u>	<u>2,178,534</u>	<u>-</u>	<u>9,092,168</u>	<u>8,512,067</u>
	<u>\$ 3,204,739</u>	<u>\$ 7,575,697</u>	<u>\$ -</u>	<u>\$ 10,780,436</u>	<u>\$ 10,977,024</u>
Total assets	<u>\$ 8,593,368</u>	<u>\$ 8,168,272</u>	<u>\$ 8,208,976</u>	<u>\$ 24,970,616</u>	<u>\$ 25,081,331</u>

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

VOCATIONAL GUIDANCE SERVICES
VOCATIONAL SERVICES, INC. - VGS, INC.
DRESS FOR SUCCESS @ CLEVELAND - DRESS FOR SUCCESS @ COLUMBUS - SECOND GLANCE THRIFT
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND DECEMBER 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2007</u>	<u>2006</u>
LIABILITIES					
Accounts payable	\$ 394,497	\$ -	\$ -	\$ 394,497	\$ 659,343
Line of credit (Note 7)	2,000,000	-	-	2,000,000	1,100,000
Notes payable - Bank (Note 8)	398,333	-	-	398,333	55,000
Note payable - HUD (Note 8)	1,704,739	-	-	1,704,739	1,801,767
Accrued expenses, other liabilities	<u>2,503,966</u>	<u>-</u>	<u>-</u>	<u>2,503,966</u>	<u>2,019,164</u>
Total liabilities	<u>\$ 7,001,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,001,535</u>	<u>\$ 5,635,274</u>
NET ASSETS (Note1)					
Unrestricted	\$ 17,171	\$ -	\$ -	\$ 17,171	\$ 1,533,761
Board of Trustee Designated (Note 3)					
Unrestricted	1,224,662	-	-	1,224,662	1,170,345
Temporarily restricted	-	145,618	-	145,618	137,165
Designated	350,000	-	-	350,000	350,000
Temporarily restricted	-	8,022,654	-	8,022,654	8,220,246
Permanently restricted (Note 2)	<u>-</u>	<u>-</u>	<u>8,208,976</u>	<u>8,208,976</u>	<u>8,034,540</u>
Total net assets	<u>\$ 1,591,833</u>	<u>\$ 8,168,272</u>	<u>\$ 8,208,976</u>	<u>\$ 17,969,081</u>	<u>\$ 19,446,057</u>
Total liabilities and net assets	<u>\$ 8,593,368</u>	<u>\$ 8,168,272</u>	<u>\$ 8,208,976</u>	<u>\$ 24,970,616</u>	<u>\$ 25,081,331</u>

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

VOCATIONAL GUIDANCE SERVICES
VOCATIONAL SERVICES, INC. - VGS, INC.
DRESS FOR SUCCESS @ CLEVELAND - DRESS FOR SUCCESS @ COLUMBUS - SECOND GLANCE THRIFT
COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007	2006
REVENUE, GAINS, AND OTHER SUPPORT:					
Government program fees	\$ 3,063,902	\$ -	\$ -	\$ 3,063,902	\$ 3,742,123
Allocation United Way Services	374,029	-	-	374,029	391,398
Government agency grants	800,745	-	-	800,745	3,230,722
Sales to business and industry	13,211,507	-	-	13,211,507	10,616,359
Rental and related agency charges	17,466	-	-	17,466	19,020
General contributions	257,265	-	-	257,265	245,229
Contributed clothing	176,813	-	-	176,813	178,560
Foundation support	699,941	198,224	-	898,165	698,494
Donations campus project	-	-	-	-	32,131
Depreciation of funded assets	395,816	(395,816)	-	-	-
Retail stores					
Income	342,795	-	-	342,795	391,212
Expenses	(500,415)	-	-	(500,415)	(562,831)
Investment income designated for current operations	460,977	-	-	460,977	452,361
Board funding of certain expenses	104,978	-	-	104,978	131,635
Private service fees	1,752,037	-	-	1,752,037	1,437,505
Special events					
Income	221,260	-	-	221,260	216,205
Expenses	(85,061)	-	-	(85,061)	(78,106)
Other revenue	88,742	-	-	88,742	35,397
	<u>\$ 21,382,797</u>	<u>\$ (197,592)</u>	<u>\$ -</u>	<u>\$ 21,185,205</u>	<u>\$ 21,177,414</u>
EXPENSES:					
Program services					
Vocational rehabilitation	\$ 5,419,008	\$ -	\$ -	\$ 5,419,008	\$ 7,823,590
Sheltered employment	13,394,550	-	-	13,394,550	10,626,473
	<u>\$ 18,813,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,813,558</u>	<u>\$ 18,450,063</u>
Supporting services					
Management and general	\$ 3,330,661	\$ -	\$ -	\$ 3,330,661	\$ 2,903,313
Fund raising and public education	272,725	-	-	272,725	356,720
	<u>\$ 3,603,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,603,386</u>	<u>\$ 3,260,033</u>
	<u>\$ 22,416,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,416,944</u>	<u>\$ 21,710,096</u>
CHANGE IN NET ASSETS FROM OPERATIONS	\$ (1,034,147)	\$ (197,592)	\$ -	\$ (1,231,739)	\$ (532,682)
OTHER CHANGES:					
Total investment return at gross	580,506	8,453	174,436	763,395	1,061,298
Total return used in operations	(460,977)	-	-	(460,977)	(452,361)
Use of Board of Trustee Designated Assets (Note 3)	(104,978)	-	-	(104,978)	(131,635)
Other charge for pension	(442,677)	-	-	(442,677)	130,584
Bequests and additions to endowments	-	-	-	-	31,067
CHANGE IN NET ASSETS	\$ (1,462,273)	\$ (189,139)	\$ 174,436	\$ (1,476,976)	\$ 106,271
NET ASSETS, beginning of year	<u>3,054,106</u>	<u>8,357,411</u>	<u>8,034,540</u>	<u>19,446,057</u>	<u>19,339,786</u>
NET ASSETS, end of year	<u>\$ 1,591,833</u>	<u>\$ 8,168,272</u>	<u>\$ 8,208,976</u>	<u>\$ 17,969,081</u>	<u>\$ 19,446,057</u>

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

VOCATIONAL GUIDANCE SERVICES
VOCATIONAL SERVICES, INC. - VGS, INC.
DRESS FOR SUCCESS @ CLEVELAND - DRESS FOR SUCCESS @ COLUMBUS - SECOND GLANCE THRIFT
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

	Program Services		Supporting Services		2007	2006
	Vocational Rehabilitation	Sheltered Employment	Management and General	Public/ Professional Education and Fund Raising		
Salaries and wages to staff	\$ 2,192,268	\$ 1,251,902	\$ 1,381,543	\$ 142,553	\$ 4,968,266	\$ 5,836,912
Wages to client	1,255,331	6,686,674	60,522	8,106	8,010,633	6,503,916
Employee and client benefits	710,575	1,979,642	440,385	56,801	3,187,403	2,938,016
Commissions, consultant, and professional fees	19,332	227,194	324,391	1,282	572,199	591,683
Payments to Sub-recipients	44,676	-	-	-	44,676	597,042
Transportation and travel	33,232	75,941	7,395	1,067	117,635	110,841
Supplies	220,392	568,451	8,960	9,425	807,228	905,996
Cost of goods sold and subcontract	13,995	1,802,190	-	-	1,816,185	1,388,603
Occupancy costs	299,567	232,521	141,245	6,836	680,169	759,011
Telephone, postage and shipping	45,918	93,621	75,104	9,513	224,156	235,043
Advertising and sales expenses	5,884	-	11,334	11,518	28,736	46,403
Volunteer expenses	-	-	4,645	341	4,986	4,657
Donations and clothing provided to clients	182,448	-	3,980	-	186,428	131,369
Repairs and maintenance	95,150	115,848	60,600	1,594	273,192	248,889
Equipment purchases and maintenance	53,123	90,727	117,929	4,238	266,017	266,693
Bad debts	-	-	-	-	-	-
Interest	30,995	3,440	215,168	-	249,603	199,819
Insurance	32,200	52,579	53,413	511	138,703	137,320
Meetings and conferences	9,248	21,234	27,738	17,354	75,574	94,942
Other expenses	9,038	20,105	43,705	204	73,052	69,924
	<u>\$ 5,253,372</u>	<u>\$ 13,222,069</u>	<u>\$ 2,978,057</u>	<u>\$ 271,343</u>	<u>\$ 21,724,841</u>	<u>\$ 21,067,079</u>
Depreciation	165,636	172,481	352,604	1,382	692,103	643,017
Total expenses	<u>\$ 5,419,008</u>	<u>\$ 13,394,550</u>	<u>\$ 3,330,661</u>	<u>\$ 272,725</u>	<u>\$ 22,416,944</u>	<u>\$ 21,710,096</u>

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

**VOCATIONAL GUIDANCE SERVICES
VOCATIONAL SERVICES, INC. - VGS, INC.
DRESS FOR SUCCESS ® CLEVELAND - DRESS FOR SUCCESS ® COLUMBUS
SECOND GLANCE THRIFT
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2007</u>	<u>2006</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ (1,476,976)	\$ 106,271
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	692,103	648,223
(Gain) on disposal of fixed assets	-	(4,500)
Investment return in (excess) of amounts designated for current operations	(302,418)	(608,937)
Other charges for pension	442,677	(130,584)
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(149,776)	325,121
(Increase) Decrease in inventories	11,276	(84,991)
Decrease (Increase) in prepaid expenses and other assets	(15,472)	9,925
(Decrease) Increase in accounts payable	(264,846)	(1,145,259)
(Decrease) Increase in accrued expenses and other liabilities	<u>42,125</u>	<u>(72,155)</u>
Net cash (used by) operating activities	\$ <u>(1,021,307)</u>	\$ <u>(956,886)</u>
INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets	\$ -	\$ 4,500
Purchase of equipment, vehicles and additions to building	(495,515)	(493,782)
Decrease in investments	<u>65,212</u>	<u>83,092</u>
Net cash (used by) investing activities	\$ <u>(430,303)</u>	\$ <u>(406,190)</u>
FINANCING ACTIVITIES:		
Proceeds from line of credit, net	\$ 900,000	\$ 1,100,000
Proceeds from long-term debt	400,000	-
Principal payments on long-term obligations	<u>(153,695)</u>	<u>(121,385)</u>
Net cash provided by financing activities	\$ <u>1,146,305</u>	\$ <u>978,615</u>
(Decrease) in cash and cash equivalents	\$ (305,305)	\$ (384,461)
Cash and cash equivalents at beginning of year	<u>813,925</u>	<u>1,198,386</u>
Cash and cash equivalents at end of year	\$ <u><u>508,620</u></u>	\$ <u><u>813,925</u></u>

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

**VOCATIONAL GUIDANCE SERVICES
VOCATIONAL SERVICES, INC. - VGS, INC.
DRESS FOR SUCCESS ® CLEVELAND AND COLUMBUS - SECOND GLANCE THRIFT**
Notes to the Financial Statements
December 31, 2007 and 2006

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

a.) Nature of activities -

Vocational Guidance Services, VGS, Inc. and Vocational Services, Inc. are not-for-profit operations which provide vocational evaluation, training, work experience, and placement services for Northeast Ohioans facing barriers to employment. The Organizations are supported by product sales, fees for service, grants from both private Foundations and Governmental Agencies, donor contributions, and the United Way.

Dress for Success ® Cleveland and Columbus are not-for-profit operations whose mission is to assist low-income women in preparation for employment by providing appropriate dress for interviews and the workplace. It is part of a national organization. The Organization provides counselors and seminars as well as clothing to accomplish the ultimate goal of work retention. Donations of cash and clothing is received from the local community.

Second Glance Thrift is a not-for-profit operation which sells gently worn women's clothing which is donated to it. The net income from this operation will be used to support the mission of Dress for Success ® Cleveland and Columbus.

b.) Financial statement presentation -

In 1995, the Organizations adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Non-Profit Organizations". Under SFAS No. 117, the Organizations are required to report information regarding its financial position and activities according to three categories of net assets.

A description of these categories is as follows -

Unrestricted net assets:

Include the net assets that are free of donor restrictions and are neither permanently restricted nor temporarily restricted.

Temporarily restricted net assets:

Include the net assets from contributions or other inflows where the use is limited by donor imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the Organization.

Permanently restricted net assets:

Include the net assets from contributions or other inflows where the use is limited by donor imposed restrictions that neither expire by passage of time nor can be fulfilled or removed by actions of the Organization.

Contributions which include donations and Foundation support are reported as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets.

c.) Combined financial presentation -

Due to related organizational goals and objectives, along with the combined operating locations and shared administrative services, it is deemed appropriate to present combined statements for Vocational Guidance Services, VGS, Inc., Vocational Services, Inc., Dress for Success ® Cleveland, Dress for Success ® Columbus, and Second Glance Thrift.

All significant interorganizational activity has been eliminated in this presentation.

d.) Land, buildings, and equipment -

Land is carried at cost or at an appraisal of historical cost where records are not available.

Buildings and improvements are carried at cost, as determined from memorandum records which approximate actual cost. The cost of the main building at 2233-45 East 55th Street is based on 1972 replacement cost as determined in connection with an insurance appraisal. Contributed assets are recorded at their fair market value at the date of receipt. Equipment is carried at cost or at appraisals of historical cost.

Maintenance and repairs are charged to income while expenditures for renewals which prolong the life of the assets are capitalized. A provision for depreciation of assets is recorded by a charge against income at rates considered adequate to amortize the cost of such assets over their estimated useful life.

e.) Depreciation -

Property and equipment accounts are depreciated utilizing the straight-line method based on estimated service lives of the property. Major classes of property and equipment, useful lives and accumulated depreciation at December 31, 2007 and 2006 are as follows:

<u>Assets</u>	<u>Estimated Useful Life</u>	<u>Cost</u>		<u>Accumulated Depreciation</u>	
		<u>2007</u>		<u>2007</u>	<u>2006</u>
Building and improvements	15 - 45 years	\$ 15,408,854	\$	5,966,914	\$ 5,595,542
Equipment	3 - 10 years	3,801,744		3,056,368	2,858,872
Vehicles	2 - 3 years	111,035		68,886	57,653
		<u>\$ 19,321,633</u>	<u>\$</u>	<u>9,092,168</u>	<u>\$ 8,512,067</u>

Depreciation expense for the years ended December 31, 2007 and 2006 totaled \$692,103 and \$648,223, respectively.

f.) Inventory -

Inventory is stated on the first-in, first-out method and is valued at the lower of cost or market.

Inventory includes the following classifications at December 31:

	<u>2007</u>	<u>2006</u>
VGS, Inc.		
Finished goods	\$ 26,988	\$ 40,928
Work in process	21,262	15,162
Raw materials	64,789	55,800
Sunbeam Shop:		
Retail inventory	95,766	112,525
Vocational Services, Inc.:		
Finished goods	173,032	63,927
Work in process	5,318	8,517
Raw materials	137,357	199,102
Allowance for obsolescence	(6,208)	(6,208)

Dress for Success ® Cleveland:		
Retail inventory	68,211	97,210
Dress for Success ® Columbus		
Retail inventory	32,805	-
Second Glance Thrift:		
Retail inventory	-	43,633
	\$ 619,320	\$ 630,596

g.) Income taxes -

Under Internal Revenue Code Section 501(c)(3), both Vocational Guidance Services, VGS, Inc. Vocational Services, Inc., Dress for Success ® Cleveland, Dress for Success ® Columbus and Second Glance Thrift qualify as a public charities and, accordingly are exempt from Federal income taxes.

h.) Statement of Cash Flow Disclosures -

The Organizations consider all highly liquid investments with a maturity of three months or less to be cash equivalents. Interest paid for the years ended December 31, 2007 and 2006, totaled \$247,787 and \$200,348, respectively.

i.) Donated Services & Facilities -

Amounts have been included in the financial statements for donated services and/or facilities if the amounts are considered material.

j.) Revenue recognition -

All public support and revenue are considered to be available for unrestricted use unless specifically restricted by the donor. After satisfaction of the donor restriction the revenue is transferred to unrestricted.

k.) Use of estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities. Accordingly, actual results could differ from those estimates.

l.) Recognition of investment income -

The Organization follows the total return concept with respect to income from its investments. This policy allows the Organization to use earnings of 5% for current operations with the balance of earnings (either realized or unrealized) being retained within the investment.

Investment income has been recognized in the Statement of Activities in accordance with terms of any endowment restrictions.

m.) Donations to be received in future periods -

As of December 31, 2007 and 2006 the Organization has received notification of donations for specific programs from various Foundations and individuals. These assets are shown as

temporarily restricted net assets until such time that they are expended for their intended purpose. Of the donations to be received in future periods, these funds should be received as follows:

<u>To be Received</u>	<u>2007</u>	<u>2006</u>
In less than one year	\$ 196,538	\$ 169,038
Between one year and five years	-	8,550
In more than five years	-	-
	<u>\$ 196,538</u>	<u>\$ 177,588</u>

n.) Endowment Assets-

The endowment assets are stated at the original amount contributed unless specific requirements were attached to the donation requiring earnings in excess of the total return policy be added to the endowment.

(2) **ENDOWMENT ASSETS:**

Vocational Guidance Services, Vocational Services, Inc. and Dress for Success ® Cleveland have received certain donor-restricted gifts which have been segregated as permanently restricted endowments. Earnings from these investments are part of the total return policy and are used as stipulated by the donor.

At December 31, 2007 and 2006, the permanently restricted endowment assets consist of the following:

	<u>2007</u>	<u>2006</u>
The GAR Foundation Endowment	\$ 32,910	\$ 31,902
The Elisabeth Severance Prentiss Endowment	120,000	120,000
The 1525 Foundation Endowment	300,000	300,000
The F. J. O'Neill Endowment	1,825,000	1,825,000
The Fabyan Job Placement Endowment	401,835	401,473
The McBride Endowment	35,000	35,000
The Mary Ann Swetland Building Fund	691,998	670,801
The Louis Kacalieff Endowment	400,000	400,000
Salaried Staff Continuing Education Fund	20,470	20,470
Irrevocable interest in The Jane Jenkins Trust	1,497,177	1,467,522
Irrevocable interest in The Robert Rhodes Trust	1,241,033	1,186,245
Irrevocable interest in The Ellen Garretson Wade Trust	346,478	329,889
Irrevocable interest in The Helen Bowler Trust	59,575	57,532
Irrevocable interest in The John Huntington Trust	141,024	136,890
Irrevocable interest in The Helen C. Cole Trust	934,745	896,001
Irrevocable interest in The Armington Trust	124,448	120,363
Investment fund with the Cleveland Foundation	37,283	35,452
	<u>\$ 8,208,976</u>	<u>\$ 8,034,540</u>

(3) **BOARD DESIGNATED ASSETS:**

Vocational Guidance Services, Vocational Services, Inc. and Dress for Success ® Cleveland have established a securities portfolio under control by the Board of Trustees. These assets consist of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Unrestricted	\$ 1,224,662	\$ 1,170,345
Temporarily Restricted		
VGS Pooled Income Fund	145,618	137,165
Designated -		
Bruce Griswold Job Placement Fund	50,000	50,000
J. Cunin Job Placement Fund	50,000	50,000
The Elizabeth M. & William Truehaft Endowment	<u>250,000</u>	<u>250,000</u>
	<u>\$ 1,720,280</u>	<u>\$ 1,657,510</u>

The Board has designated control over the use of these funds and allows the use by operations of 5% earnings as recognized under the total return policy. Excess earnings not required to be added to permanently restricted or temporarily restricted net assets are added to these other Board Designated Assets.

For the year ended December 31, 2007 and 2006 the Board of Trustees authorized the use of Board Designated funds to cover certain expenses that the Board viewed were non-operational in nature. These expenses include the following:

	<u>2007</u>	<u>2006</u>
Interest on funding for new Training Facility	\$ 104,978	\$ 111,139
Professional fees for lobbying efforts	<u>-</u>	<u>20,496</u>
	<u>\$ 104,978</u>	<u>\$ 131,635</u>

(4) INVESTMENTS:

At December 31, 2007 and 2006, the investment securities portfolio, is reported at fair market value.

The Organization follows the total return concept for recognition and use of investment income. This policy allows the use of 5% of the average of the fair value of the investments at the end of the previous 3 years be appropriated to support current operations. Any return in excess of or less than this amount has been recognized as an investment return in excess of or less than the amount designated for current operations. These amounts are shown as other changes on the combined statements of activities.

The investments are classified as follows at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Board of Trustee Designated (Note 3) -		
Unrestricted	\$ 1,224,662	\$ 1,170,345
Temporarily restricted	145,618	137,165
Designated	350,000	350,000
Permanently restricted (Note 2)	<u>8,208,976</u>	<u>8,034,540</u>
	<u>\$ 9,929,256</u>	<u>\$ 9,692,050</u>

The Board of Trustees has adopted the total return concept for recognition and use of investment income. The Board has authorized that 5% of the average of the fair value of the investments at the end of the previous 3 years be appropriated to support current operations. Any return in excess of this amount has been recognized as an investment return in excess of the amount designated for current operations.

At December 31, 2007 and 2006 investments consisted of the following:

	<u>2007</u>	<u>2006</u>
Investments held in NCB trust account -		
Corporate bonds	\$ 300,037	\$ 300,698
Treasuries and federal agencies	301,471	372,215
Other short term funds	929,393	773,989
Common and convertible preferred stock	3,864,060	3,871,348
Investments held in Cleveland Foundation trust account	37,283	35,452
Investments held in Lincoln Financial Advisors account -		
Common and convertible preferred stock	<u>6,914</u>	<u>6,741</u>
	\$ 5,439,158	\$ 5,360,443
Interest in investments maintained by third party -		
Irrevocable interest in The Jane Jenkins Trust	1,497,177	1,467,522
Irrevocable interest in VGS Pooled Income Fund	145,618	137,165
Irrevocable interest in The Robert Rhodes Trust	1,241,033	1,186,245
Irrevocable interest in The Ellen Garretson Wade Trust	346,478	329,889
Irrevocable interest in The Helen Bowler Trust	59,575	57,532
Irrevocable interest in The John Huntington Trust	141,024	136,890
Irrevocable interest in The Helen C. Cole Trust	934,745	896,001
Irrevocable interest in The Armington Trust	<u>124,448</u>	<u>120,363</u>
Investments available for sale at market value	<u>\$ 9,929,256</u>	<u>\$ 9,692,050</u>

The investment return to the Organization is as follows:

	<u>2007</u>	<u>2006</u>
Realized gains (losses)	\$ 387,820	\$ 421,050
Unrealized gains (losses) current year	126,434	420,349
Dividends and investment income net of investment fees	<u>249,141</u>	<u>219,899</u>
	<u>\$ 763,395</u>	<u>\$ 1,061,298</u>

The dividends and investment income is shown net of investment and trustee fees. The amount of these fees during 2007 and 2006 were \$23,073 and \$21,295, respectively.

(5) DEFINED BENEFIT PENSION PLAN:

Vocational Guidance Services has a non-contributory pension plan that covers all staff employees who have attained both two years of service and have reached the age of 21. For employees hired after July 1, 1997, the required level of service is one year. Certain other employees are covered under a hourly pension plan. Pension costs include current service costs, which are accrued and funded on a current basis.

The plan provides a monthly pension equal to 1.5% of the highest three year average monthly compensation multiplied by years and months of participation, plus 0.5% of such compensation in excess of covered compensation multiplied by years and months of participation up to a maximum of 25 years. The pension has invested in a combination of equity securities, treasury securities, and corporate bonds.

The following table sets forth the plan's funded status and amounts recognized in the Organization's Statement of Activities for the year ended December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Change in benefit obligation:		
Benefit obligation at January 1,	\$ 6,053,374	\$ 6,171,762
Service cost	383,315	422,697
Interest cost	375,739	371,706
Participant contributions	-	-
Plan amendments	-	-
Actuarial (gain)/loss	(289,944)	(178,209)
Acquisition/(divestiture)	-	-
Benefit payments	(417,334)	(734,582)
Curtailments	-	-
Settlements	-	-
Benefit obligation at December 31,	\$ <u>6,105,150</u>	\$ <u>6,053,374</u>
Change in plan assets:		
Fair value of plan assets at January 1,	\$ 4,415,186	\$ 4,448,424
Actuarial return on plan assets	233,441	166,344
Acquisition/(divestiture)	-	-
Employer contributions	610,000	535,000
Participant contributions	-	-
Benefit payments	(417,334)	(734,582)
Settlements	-	-
Fair value of plan assets at December 31,	\$ <u>4,841,293</u>	\$ <u>4,415,186</u>
Funded status:		
Funded status at December 31,	\$ (1,263,857)	\$ (1,638,188)
Unrecognized transition (asset)/obligation	-	-
Unrecognized prior service cost	-	-
Unrecognized (gain)/loss	-	1,448,436
Net amount recognized at December 31,	\$ <u>(1,263,857)</u>	\$ <u>(189,752)</u>
Amounts recognized in the Statement of Financial Position:		
Prepaid benefit cost	\$ -	\$ -
Accrued benefit liability	(1,263,857)	(905,050)
Intangible asset	-	-
Other charge to unrestricted net assets	-	715,298
Net amount recognized	\$ <u>(1,263,857)</u>	\$ <u>(189,752)</u>
Net pension cost includes the following components:		
Service cost - benefits earned during the period	\$ 383,315	\$ 422,697
Interest cost on projected benefit obligation	375,739	371,706
Expected return on plan assets	(337,397)	(340,433)
Amortization of prior service costs	-	-
Amortization of gain)/(loss)	104,473	88,168
Net periodic benefit cost	\$ <u>526,130</u>	\$ <u>542,138</u>
Other changes in plan assets and benefit obligations recognized in unrestricted net assets		
Net loss/(gain) added during year	(185,988)	
Adjustment for FAS 158	733,138	
Amortization of prior service cost	-	
Amortization of gain)/(loss)	(104,473)	
Total amount recognized in unrestricted net assets	\$ <u>442,677</u>	
Obligations/assets as of December 31,		
Projected benefit obligation	\$ 6,105,150	\$ 6,053,374
Accumulated benefit obligation	5,510,026	5,320,236
Fair value of plan assets	4,841,293	4,415,186

	<u>2007</u>	<u>2006</u>
Assumptions used		
Weighted average assumptions used to determine benefit obligations at December 31,		
Discount rate	6.25%	6.25%
Rate of compensation increase	3.25%	3.25%
Weighted average assumptions used to determine net periodic cost for the year ended December 31,		
Discount rate	6.25%	6.25%
Rate of compensation increase	3.25%	3.25%
Expected long-term return on plan assets	7.50%	7.50%

The weighted-average asset allocation by asset category at December 31, is as follows:

	<u>2007</u>	<u>2006</u>
Equity securities	63%	68%
Debt securities and related instruments	22%	29%
Cash and equivalents	15%	3%
Real estate	0%	0%
Other	0%	0%
	<u>100%</u>	<u>100%</u>

Vocational Guidance Services plans to contribute an estimated \$525,000 to the Plan in 2007. The Company reserves the right to contribute more or less than this amount but no less than the minimum amount required by law.

The combined statement of activities reflects an other charge related to the funding of this pension plan. This additional amount is recorded as a reduction to net assets, to recognize the additional minimum liability due to the plan. Based upon future earnings and/or contributions to this plan this amount will be satisfied. The cumulative charge to net assets as of December 31, 2007 and 2006 is \$1,157,975 and \$715,298, respectively.

For 2007, the net periodic pension cost was based on a long-term asset rate of return of 7.50%. This rate is based upon management's estimate of future long-term rates of return on similar assets and is consistent with historical returns of such assets. Using the plan's current mix of assets and based on the average historical returns for such mix, and expected long-term rate-of-return of 7.70% is justified.

The benefits expected to be paid out of the plan assets over the next ten years are as follows:

<u>YEAR</u>	<u>BENEFIT PAYOUTS</u>
2008	\$ 120,910
2009	157,702
2010	179,976
2011	240,159
2012	323,756
2013-2017	2,566,141

Vocational Guidance Services will be required to contribute approximately \$420,700 to this plan pension plan in 2008. It reserves the right to make contributions in excess of the legally required minimum contribution level.

(6) **DEFINED CONTRIBUTION PENSION PLAN:**

Vocational Guidance Services, VGS, Inc. and Vocational Services, Inc. have a multi-employer contributory pension plan that covers all eligible hourly employees who have attained one year of service. The amount contributed to the plan is 2% of the eligible employees compensation. Total pension expense in 2007 and 2006 for this plan was \$141,679 and \$115,030, respectively.

(7) **SHORT-TERM LINE OF CREDIT:**

Vocational Guidance Services has an available short-term line of credit in the amount of \$2,500,000. The note bears interest at the prime lending rate. The note is secured by marketable securities held in the NCB trust department. At December 31, 2007 the outstanding balance was \$2,000,000. The year-end interest rate was 7.25%.

(8) **LONG-TERM DEBT:**

a.) Note payable - HUD -

Vocational Guidance Services was granted a \$2,000,000 Housing and Urban Development loan through the City of Cleveland to be used to finance the construction of their new training facility. The terms of the loan allow for interim financing during the construction phase of the project with the payment of interest only. After completion of the project the loan is payable in monthly installments over 15 years. The loan bears interest at the rate of 6%. At December 31, 2007 the balance of the loan was \$1,704,667.

b.) Note payable - Bank -

Vocational Guidance Services borrowed \$150,000 during November, 2003. The loan is payable in 60 monthly installments of \$2,500 plus accrued interest. The loan bears interest at the fixed rate of 4.571%. The balance at December 31, 2007 was \$25,000.

c.) Note payable - Bank -

Vocational Guidance Services borrowed \$400,000 during August, 2007. The loan is payable in 60 monthly installments of \$6,667 plus accrued interest. The loan bears interest at the prime interest rate. The balance at December 31, 2007 was \$373,333. The year-end interest rate was 7.25%.

The aggregate maturities of outstanding long-term debt during the next five years are as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2008	\$ 208,049
2009	189,405
2010	196,153
2011	203,317
2012	184,256
	\$ <u><u>981,180</u></u>

(9) **CONCENTRATIONS OF CREDIT RISK:**

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of temporary cash investments and trade accounts receivable. The Agency maintains its cash with financial institutions and limits the amount of credit exposure

to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Agency's credit base. The Agency performs ongoing credit evaluations of its customer's financial condition. As of December 31, 2007, the Agency had no significant concentrations of credit risk.



SAMUEL, KELLOGG & CO., INC.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

To the Board of Directors of
Vocational Guidance Services
Vocational Services, Inc. and VGS, Inc.
Dress for Success ® Cleveland
Dress for Success ® Columbus
Second Glance Thrift
Cleveland, Ohio

Our report on our audit of the combined financial statements of Vocational Guidance Services, Vocational Services, Inc., VGS, Inc., Dress for Success ® Cleveland, Dress for Success ® Columbus and Second Glance Thrift (all non-profit organizations), for 2007 appears on page 2. We conducted our audits in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining statements of financial position, activities, and expenses are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Samuel, Kellogg & Co. Inc.

SAMUEL, KELLOGG & CO., INC.
Cleveland, Ohio

June 24, 2008

VOCATIONAL GUIDANCE SERVICES
VOCATIONAL SERVICES, INC. - VGS, INC.
DRESS FOR SUCCESS @ CLEVELAND - DRESS FOR SUCCESS @ COLUMBUS - SECOND GLANCE THRIFT
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007

	VOCATIONAL GUIDANCE SERVICES	VGS, INC.	VOCATIONAL SERVICES, INC.	DRESS FOR SUCCESS @ CLEVELAND	DRESS FOR SUCCESS @ COLUMBUS	SECOND GLANCE THRIFT	ELIMINATIONS	TOTAL 2007
ASSETS								
Cash and cash equivalents	\$ 209,419	\$ 186,011	\$ 58,678	\$ 50,060	\$ 4,070	\$ 382		\$ 508,620
Accounts Receivable -								2,859,494
Program Revenue	802,455	1,627,925	429,114	-	-	-		196,538
Donations	181,538	-	-	15,000	-	-		(54,004)
Less - allowance for uncollectible	(37,004)	(7,000)	(10,000)	-	-	-		
Investments	9,610,059	-	275,000	44,197	-	-		9,929,256
Inventories	95,765	113,040	309,499	68,211	32,805	-		619,320
Prepaid expenses	32,651	12,675	-	1,883	355	-		47,564
Artwork	65,500	-	-	-	-	-		65,500
Deposits	10,618	963	1,000	955	2,157	2,199		17,892
	<u>\$ 10,971,001</u>	<u>\$ 1,933,614</u>	<u>\$ 1,063,291</u>	<u>\$ 180,306</u>	<u>\$ 39,387</u>	<u>\$ 2,581</u>		<u>\$ 14,190,180</u>
Land, buildings and equipment -								
Land	\$ 550,971	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 550,971
Building and improvements	15,405,339	-	-	-	913	2,602		15,408,854
Equipment	3,518,354	144,756	87,321	34,109	3,710	13,494		3,801,744
Vehicles	111,035	-	-	-	-	-		111,035
	<u>\$ 19,585,699</u>	<u>\$ 144,756</u>	<u>\$ 87,321</u>	<u>\$ 34,109</u>	<u>\$ 4,623</u>	<u>\$ 16,096</u>		<u>\$ 19,872,604</u>
Less - accumulated depreciation	8,901,329	70,323	87,321	26,065	1,062	6,068		9,092,168
	<u>\$ 10,684,370</u>	<u>\$ 74,433</u>	<u>\$ -</u>	<u>\$ 8,044</u>	<u>\$ 3,561</u>	<u>\$ 10,028</u>		<u>\$ 10,780,436</u>
Total assets	<u>\$ 21,655,371</u>	<u>\$ 2,008,047</u>	<u>\$ 1,063,291</u>	<u>\$ 188,350</u>	<u>\$ 42,948</u>	<u>\$ 12,609</u>		<u>\$ 24,970,616</u>

See Auditor's Report on Additional Information.

VOCATIONAL GUIDANCE SERVICES
 VOCATIONAL SERVICES, INC. - VGS, INC.
 DRESS FOR SUCCESS @ CLEVELAND - DRESS FOR SUCCESS @ COLUMBUS - SECOND GLANCE THRIFT
 COMBINING STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2007

	VOCATIONAL GUIDANCE SERVICES	VGS, INC.	VOCATIONAL SERVICES, INC.	DRESS FOR SUCCESS @ CLEVELAND	DRESS FOR SUCCESS @ COLUMBUS	SECOND GLANCE THRIFT	ELIMINATIONS	TOTAL 2007
LIABILITIES								
Accounts payable	\$ 217,670	\$ 113,774	\$ 59,627	\$ 2,385	\$ 925	\$ 116		\$ 394,497
Intercompany advances	(1,561,087)	(164,444)	1,631,495	(162,175)	111,740	144,471		-
Line of credit	2,000,000	-	-	-	-	-		2,000,000
Note payable - Bank	398,333	-	-	-	-	-		398,333
Note payable - HUD	1,704,739	-	-	-	-	-		1,704,739
Accrued expenses, other liabilities	1,724,842	630,487	147,366	477	783	11		2,503,966
Total liabilities	<u>\$ 4,484,497</u>	<u>\$ 579,817</u>	<u>\$ 1,838,488</u>	<u>\$ (159,313)</u>	<u>\$ 113,448</u>	<u>\$ 144,598</u>		<u>\$ 7,001,535</u>
NET ASSETS								
Unrestricted	\$ (411,569)	\$ 1,417,914	\$ (1,050,947)	\$ 269,262	\$ (75,500)	\$ (131,989)		\$ 17,171
Board of Trustee Designated								
Unrestricted	1,217,748	-	-	6,914	-	-		1,224,662
Temporarily restricted	135,302	10,316	-	-	-	-		145,618
Designated	350,000	-	-	-	-	-		350,000
Temporarily restricted	7,982,700	-	750	34,204	5,000	-		8,022,654
Permanently restricted	7,896,693	-	275,000	37,283	-	-		8,208,976
Total net assets	<u>\$ 17,170,874</u>	<u>\$ 1,428,230</u>	<u>\$ (775,197)</u>	<u>\$ 347,663</u>	<u>\$ (70,500)</u>	<u>\$ (131,989)</u>		<u>\$ 17,969,081</u>
Total liabilities and net assets	<u>\$ 21,655,371</u>	<u>\$ 2,008,047</u>	<u>\$ 1,063,291</u>	<u>\$ 188,350</u>	<u>\$ 42,948</u>	<u>\$ 12,609</u>		<u>\$ 24,970,616</u>

See Auditor's Report on Additional Information.

VOCATIONAL GUIDANCE SERVICES
VOCATIONAL SERVICES, INC. - VGS, INC.
DRESS FOR SUCCESS @ CLEVELAND - DRESS FOR SUCCESS @ COLUMBUS - SECOND GLANCE THRIFT
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	VOCATIONAL GUIDANCE SERVICES	VGS, INC.	VOCATIONAL SERVICES, INC.	DRESS FOR SUCCESS @ CLEVELAND	DRESS FOR SUCCESS @ COLUMBUS	SECOND GLANCE THRIFT	ELIMINATIONS	TOTAL 2007
REVENUE, GAINS, AND OTHER SUPPORT:								
Government program fees	\$ 3,061,892	\$ -	\$ -	\$ 2,010	\$ -	\$ -	\$ -	\$ 3,063,902
Allocation United Way Services	372,320	-	-	1,709	-	-	-	374,029
Government agency grants	691,400	-	-	109,345	-	-	-	800,745
Sales to business and industry	-	9,466,262	3,745,245	-	-	-	-	13,211,507
Rental and related agency charges	1,955,114	-	-	-	-	-	(1,937,648)	17,466
General contributions	215,608	-	-	34,639	7,018	-	-	257,265
Contributed clothing and accessories	-	-	-	127,946	48,867	-	-	176,813
Contributed facilities and service	-	-	-	57,645	1,500	16,500	(75,645)	-
Foundation support	761,596	15,264	-	115,305	6,000	-	-	898,165
Investment income designated for current operations	443,576	-	13,750	3,651	-	-	-	460,977
Board funding of certain expenses	104,978	-	-	-	-	-	-	104,978
Private service fees	1,752,037	-	-	-	-	-	-	1,752,037
Retail sales						25,206		342,795
Income	317,589	-	-	-	-	-	(156,671)	(500,415)
Expenses	(360,244)	-	-	-	-	-	-	-
Special events								
Income	130,277	-	-	90,983	-	-	-	221,260
Expenses	(49,591)	-	-	(35,470)	-	-	-	(85,061)
Other revenue	81,476	-	2,344	-	-	(19)	4,941	88,742
	<u>\$ 9,478,028</u>	<u>\$ 9,481,526</u>	<u>\$ 3,761,339</u>	<u>\$ 507,763</u>	<u>\$ 63,385</u>	<u>\$ (114,984)</u>	<u>\$ (1,991,852)</u>	<u>\$ 21,185,205</u>
EXPENSES:								
Program services								
Vocational rehabilitation	\$ 4,968,442	\$ -	\$ -	\$ 404,881	\$ 77,025	\$ -	\$ (31,340)	\$ 5,419,008
Sheltered employment	2,179,533	8,124,525	3,330,492	-	-	-	(240,000)	13,394,550
	<u>\$ 7,147,975</u>	<u>\$ 8,124,525</u>	<u>\$ 3,330,492</u>	<u>\$ 404,881</u>	<u>\$ 77,025</u>	<u>\$ -</u>	<u>\$ (271,340)</u>	<u>\$ 18,813,558</u>
Supporting services								
Management and general	\$ 3,260,316	\$ 1,326,024	\$ 371,624	\$ 68,461	\$ 22,018	\$ -	\$ (1,717,782)	\$ 3,330,661
Fund raising and public education	209,646	-	-	45,281	20,528	-	(2,730)	272,725
	<u>\$ 3,469,962</u>	<u>\$ 1,326,024</u>	<u>\$ 371,624</u>	<u>\$ 113,742</u>	<u>\$ 42,546</u>	<u>\$ -</u>	<u>\$ (1,720,512)</u>	<u>\$ 3,603,386</u>
	<u>\$ 10,617,937</u>	<u>\$ 9,450,549</u>	<u>\$ 3,702,116</u>	<u>\$ 518,623</u>	<u>\$ 119,571</u>	<u>\$ -</u>	<u>\$ (1,991,852)</u>	<u>\$ 22,416,944</u>
CHANGE IN NET ASSETS FROM OPERATIONS	\$ (1,139,909)	\$ 30,977	\$ 59,223	\$ (10,860)	\$ (56,186)	\$ (114,984)	\$ -	\$ (1,231,739)
OTHER CHANGES:								
Total investment return at gross	745,994	-	13,750	3,651	-	-	-	763,395
Total return used in operations	(443,576)	-	(13,750)	(3,651)	-	-	-	(460,977)
Use of Board of Trustee Designated Assets	(104,978)	-	-	-	-	-	-	(104,978)
Other charges for pension	(442,677)	-	-	-	-	-	-	(442,677)
Bequests and additions to endowments	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	\$ (1,385,146)	\$ 30,977	\$ 59,223	\$ (10,860)	\$ (56,186)	\$ (114,984)	\$ -	\$ (1,476,976)
NET ASSETS, beginning of year	18,556,020	1,397,253	(834,420)	358,523	(14,314)	(17,005)	-	19,446,057
NET ASSETS, end of year	<u>\$ 17,170,874</u>	<u>\$ 1,428,230</u>	<u>\$ (775,197)</u>	<u>\$ 347,663</u>	<u>\$ (70,500)</u>	<u>\$ (131,989)</u>	<u>\$ -</u>	<u>\$ 17,969,081</u>

See Auditor's Report on Additional Information.

VOCATIONAL GUIDANCE SERVICES
VOCATIONAL SERVICES, INC. - VGS, INC.
DRESS FOR SUCCESS @ CLEVELAND - DRESS FOR SUCCESS @ CLEVELAND - SECOND GLANCE THRIFT
COMBINED STATEMENTS OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	VOCATIONAL GUIDANCE SERVICES	VGS, INC.	VOCATIONAL SERVICES, INC.	DRESS FOR SUCCESS @ CLEVELAND	DRESS FOR SUCCESS @ COLUMBUS	SECOND GLANCE THRIFT	ELIMINATIONS	TOTAL 2007
Salaries and wages to staff	\$ 5,199,242	\$ 461,760	\$ 10,683	\$ 185,381	\$ 45,891	\$ -	\$ -	\$ 5,902,957
Wages to client	872,737	4,634,222	1,568,983	-	-	-	-	7,075,942
Employee and client benefits	1,525,115	1,401,890	210,906	38,163	11,329	-	-	3,187,403
Commissions, consultant, and professional fees	335,929	225,019	1,094	26,066	1,495	-	(17,404)	572,199
Payments to Sub-recipients	44,676	-	-	-	-	-	-	44,676
Transportation and travel	45,153	48,622	19,500	4,229	131	-	-	117,635
Supplies	222,524	418,108	137,993	19,768	8,835	-	-	807,228
Cost of goods sold and subcontract	13,995	583,953	1,218,237	-	-	-	-	1,816,185
Occupancy costs	622,119	-	22,026	36,000	36,424	-	(36,400)	680,169
Telephone, postage and shipping	142,214	45,267	23,444	10,882	2,349	-	-	224,156
Advertising and sales expenses	17,502	-	-	11,039	195	-	-	28,736
Volunteer expenses	4,986	-	-	-	-	-	-	4,986
Donations and clothing provided to clients	4,979	-	-	171,488	10,361	-	(400)	186,428
Repairs and maintenance	232,214	25,487	14,466	522	503	-	-	273,192
Equipment purchases and maintenance	201,599	43,102	19,343	1,565	408	-	-	266,017
Bad debts	-	-	-	-	-	-	-	-
Interest	249,603	-	-	-	-	-	-	249,603
Insurance	131,360	-	6,296	746	301	-	-	138,703
Meetings and conferences	65,309	6,293	159	3,475	338	-	-	75,574
Other expenses	38,654	10,478	17,362	6,468	90	-	-	73,052
Intercompany charges								
Rent		180,000	60,000				(240,000)	-
Administrative services		1,326,024	371,624				(1,697,648)	-
	\$ 9,969,910	\$ 9,410,225	\$ 3,702,116	\$ 515,792	\$ 118,650	\$ 0	\$ (1,991,852)	\$ 21,724,841
Depreciation	648,027	40,324	-	2,831	921	-	-	692,103
Total expenses	\$ 10,617,937	\$ 9,450,549	\$ 3,702,116	\$ 518,623	\$ 119,571	\$ 0	\$ (1,991,852)	\$ 22,416,944

See Auditor's Report on Additional Information.