

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

PROVIDENT, INC.

December 31, 2005 and 2004

PROVIDENT, INC.

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CPAs and
Management Consultants

One South Memorial Drive, Ste. 950
St. Louis, MO 63102-2439
ph 314.231.6232
fax 314.231.0079
www.kebcpa.com

Independent Auditors' Report

Board of Directors
Provident, Inc.

We have audited the accompanying consolidated statements of financial position of Provident, Inc. (a Missouri corporation, not-for-profit) as of December 31, 2005 and 2004, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the management of Provident, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Provident, Inc. as of December 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with U. S. generally accepted accounting principles.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
April 13, 2006

Other Locations

Belleville, IL • Carbondale, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

PROVIDENT, INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
December 31,

ASSETS	2005	2004
Cash		
Investments	\$ 245,505	\$ 420,970
Accounts receivable	9,355,825	9,306,911
Clients, less allowance for doubtful accounts of \$105,000 in 2005 and \$64,000 in 2004		
United Way	310,354	349,857
Prepaid expenses	2,459,689	-
Prepaid pension cost	51,129	50,738
Property, plant and equipment - net	433,275	682,303
Intangible pension asset	620,437	775,737
Other assets	12,238	15,097
	10,588	1,489
Total assets	\$ 13,499,040	\$ 11,603,102
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 79,596	\$ 57,376
Accrued expenses	320,168	394,435
Deferred revenue	46,401	73,374
Capital lease obligations	41,442	85,768
Notes payable to bank	450,000	447,000
Accrued pension liability	1,658,834	1,392,805
Total liabilities	2,596,441	2,450,758
Net assets		
Unrestricted		
Undesignated	(975,915)	(217,567)
Designated for endowment	9,355,825	9,306,911
Total unrestricted	8,379,910	9,089,344
Temporarily restricted	2,459,689	-
Permanently restricted	63,000	63,000
Total net assets	10,902,599	9,152,344
Total liabilities and net assets	\$ 13,499,040	\$ 11,603,102

The accompanying notes are an integral part of these statements.

PROVIDENT, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
Year ended December 31,

	2005			2004
	Unrestricted	Temporarily Restricted	Total	Unrestricted
Support and revenue				
Program services	\$ 2,756,890	\$ -	\$ 2,756,890	\$ 3,164,066
Contributions				
United Way	2,533,987	2,459,689	4,993,676	2,534,105
Other	430,954	-	430,954	614,486
Other income	35,652	-	35,652	4,804
Investment return designated for current operations	765,000	-	765,000	726,033
Total support and revenue	6,522,483	2,459,689	8,982,172	7,043,494
Expenses				
Program services				
Counseling	2,173,896	-	2,173,896	2,096,922
Community Services	1,110,209	-	1,110,209	1,012,656
Social Enterprises	1,126,690	-	1,126,690	1,405,741
Life Crisis Services	1,181,547	-	1,181,547	1,338,256
Total program services	5,592,342	-	5,592,342	5,853,575
Supporting services				
Management and general	1,294,860	-	1,294,860	1,306,213
Fundraising	145,052	-	145,052	71,606
Total supporting services	1,439,912	-	1,439,912	1,377,819
Total expenses	7,032,254	-	7,032,254	7,231,394
Operating income (loss)	(509,771)	2,459,689	1,949,918	(187,900)
Other changes				
Investment gain in excess of amounts designated for current operations	69,225	-	69,225	23,875
Minimum pension liability adjustment	(268,888)	-	(268,888)	(163,172)
INCREASE (DECREASE) IN NET ASSETS	\$ (709,434)	\$ 2,459,689	\$ 1,750,255	\$ (327,197)

The accompanying notes are an integral part of these statements.

PROVIDENT, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2005

	Program services				Life Crisis Services	Total	Supporting services		Total
	Counseling	Community Services	Social Enterprises	Management and General			Fundraising	Total	
Salaries	\$ 1,230,534	\$ 654,534	\$ 712,366	\$ 844,846	\$ 3,442,280	\$ 774,990	\$ 72,264	\$ 847,254	\$ 4,289,534
Employee benefits	80,763	39,222	31,911	30,721	182,617	63,245	8,640	71,885	254,502
Payroll taxes	90,101	45,035	69,285	40,297	244,718	58,992	5,294	64,286	309,004
Pension expense	163,552	74,884	24,686	46,542	309,664	81,049	8,315	89,364	399,028
	<u>1,564,950</u>	<u>813,675</u>	<u>838,248</u>	<u>962,406</u>	<u>4,179,279</u>	<u>978,276</u>	<u>94,513</u>	<u>1,072,789</u>	<u>5,252,068</u>
Professional fees	73,871	35,492	17,113	14,745	141,221	170,223	26,757	196,980	338,201
Supplies	17,745	6,727	5,257	8,772	38,501	10,450	1,259	11,709	50,210
Telephone	27,341	12,891	13,844	35,239	89,315	5,360	-	5,360	94,675
Postage and shipping	2,868	1,371	1,147	1,421	6,807	1,466	2,483	3,949	10,756
Occupancy	189,965	19,735	35,612	56,356	301,668	13,913	-	13,913	315,581
Repairs and maintenance	50,123	23,035	14,024	24,908	112,090	17,912	53	17,965	130,055
Printing and publications	12,918	7,568	14,542	8,314	43,342	19,468	7,049	26,517	69,859
Travel	15,045	21,179	31,838	8,300	76,362	22,793	4,682	27,475	103,837
Staff training and development	11,054	6,679	3,326	4,040	25,099	828	3,177	4,005	29,104
Conference and meetings	4,865	9,692	1,144	3,808	19,509	1,616	2	1,618	21,127
Membership dues	10,303	5,014	1,921	3,336	20,574	6,168	-	6,168	26,742
Miscellaneous	2,552	38,250	4,323	3,559	48,684	21,766	2,946	24,712	73,396
Bad debts	16,578	15,759	23,117	-	55,454	-	-	-	55,454
Interest	228	264	24,642	679	25,813	10,239	16	10,255	36,068
Insurance - liability	32,007	16,288	15,716	14,614	78,625	4,768	-	4,768	83,393
Temporary help	10,500	2,161	1,386	2,104	16,151	5,760	-	5,760	21,911
Marketing and communications	18,266	9,615	30,924	9,669	68,474	1	-	1	68,475
Ads for job vacancies	53	28	5,510	26	5,617	-	-	-	5,617
Security	1,417	45,953	369	1,085	48,824	-	-	-	48,824
Total expense before depreciation and amortization	2,062,649	1,091,376	1,084,003	1,163,381	5,401,409	1,291,007	142,937	1,433,944	6,835,353
Depreciation and amortization	111,247	18,833	42,687	18,166	190,933	3,853	2,115	5,968	196,901
Total expenses	\$ 2,173,896	\$ 1,110,209	\$ 1,126,690	\$ 1,181,547	\$ 5,592,342	\$ 1,294,860	\$ 145,052	\$ 1,439,912	\$ 7,032,254

PROVIDENT, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - Continued
Year ended December 31, 2004

	Program services				Life Crisis Services	Total	Supporting services		Total
	Counseling	Community Services	Social Enterprises	Management and General			Fundraising	Total	
Salaries	\$ 1,168,412	\$ 614,287	\$ 973,432	\$ 3,697,463	\$ 941,332	\$ 48,541	\$ 786,594	\$ 835,135	\$ 4,532,598
Employee benefits	95,512	44,401	52,697	255,373	62,763	4,836	61,696	66,532	321,905
Payroll taxes	92,175	44,221	98,533	282,620	47,691	3,724	60,503	64,227	346,847
Pension expense	121,131	58,158	21,158	275,492	75,045	4,596	59,203	63,799	339,291
	<u>1,477,230</u>	<u>761,067</u>	<u>1,145,820</u>	<u>4,510,948</u>	<u>1,126,831</u>	<u>61,697</u>	<u>967,996</u>	<u>1,029,693</u>	<u>5,540,641</u>
Professional fees	88,359	21,682	14,587	127,396	2,768	-	137,578	-	264,974
Supplies	15,210	7,474	9,181	41,927	10,062	725	17,942	725	18,667
Telephone	26,715	13,243	17,522	105,754	48,274	-	17,542	-	173,296
Postage and shipping	2,821	1,848	768	8,673	3,236	3,467	6,463	9,930	18,603
Occupancy	169,702	23,387	42,548	289,096	53,459	-	17,109	-	306,205
Repairs and maintenance	68,430	19,800	15,219	124,462	21,013	-	25,652	-	150,114
Printing and publications	22,832	6,719	4,744	40,248	5,953	1,274	31,714	1,274	32,988
Travel	20,836	22,577	27,936	85,179	13,830	325	4,816	325	90,320
Staff training and development	4,247	4,511	356	14,427	5,313	1,083	11,682	1,083	27,192
Conference and meetings	883	7,110	1,161	12,657	3,503	52	6,521	52	19,230
Membership dues	13,034	5,914	3,036	31,386	9,402	350	592	942	32,328
Miscellaneous	6,774	29,960	(3,127)	16,080	(17,527)	61	25,119	61	41,260
Bad debts	14,365	1,990	17,592	33,947	-	-	-	-	33,947
Interest	28	1,099	15,696	17,353	530	-	9,268	-	26,621
Insurance - liability	23,779	10,527	20,477	71,857	17,074	-	2,086	-	73,943
Temporary help	10,161	77	5,442	15,751	71	-	2,843	-	18,594
Marketing and communications	12,733	5,637	17,323	48,427	12,734	-	-	-	48,427
Ads for job vacancies	4,556	1,710	3,067	11,298	1,965	-	1	-	11,299
Security	88	47,405	317	47,810	-	-	5,226	-	53,036
Total expense before depreciation and amortization	1,982,783	993,737	1,359,665	5,654,676	1,318,491	69,034	1,290,150	1,359,184	7,013,860
Depreciation and amortization	114,139	18,919	46,076	198,899	19,765	2,572	16,063	18,635	217,534
Total expenses	\$ 2,096,922	\$ 1,012,656	\$ 1,405,741	\$ 5,853,575	\$ 1,338,256	\$ 71,606	\$ 1,306,213	\$ 1,377,819	\$ 7,231,394

The accompanying notes are an integral part of these statements.

PROVIDENT, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended December 31, 2005 and 2004

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Net assets at January 1, 2004	\$ 9,416,541	\$ -	\$ 63,000	\$ 9,479,541
Decrease in net assets	<u>(327,197)</u>	<u>-</u>	<u>-</u>	<u>(327,197)</u>
Net assets at December 31, 2004	9,089,344	-	63,000	9,152,344
Increase (decrease) in net assets	<u>(709,434)</u>	<u>2,459,689</u>	<u>-</u>	<u>1,750,255</u>
Net assets at December 31, 2005	<u>\$ 8,379,910</u>	<u>\$ 2,459,689</u>	<u>\$ 63,000</u>	<u>\$ 10,902,599</u>

The accompanying notes are an integral part of these statements.

PROVIDENT, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year ended December 31,

	<u>2005</u>	<u>2004</u>
Increase (decrease) in cash		
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 1,750,255	\$ (327,197)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities		
Depreciation and amortization	196,901	217,534
Net realized and unrealized gain on investments	(505,141)	(587,128)
(Increase) decrease in assets		
Receivables	(2,420,186)	(10,329)
Prepaid expenses and other assets	(10,391)	(11,854)
Prepaid pension costs	249,028	189,291
Intangible pension asset	2,859	2,859
Increase (decrease) in liabilities		
Accounts payable, accrued expenses and deferred revenue	(79,020)	(49,118)
Accrued pension liability	266,029	160,313
Total adjustments	<u>(2,299,921)</u>	<u>(88,432)</u>
Net cash used in operating activities	(549,666)	(415,629)
Cash flows from investing activities		
Purchase of property, plant and equipment	(40,700)	(154,033)
Proceeds from sale of investments	6,451,974	1,798,247
Purchase of investments	<u>(5,995,747)</u>	<u>(1,216,812)</u>
Net cash provided by investing activities	415,527	427,402
Cash flows from financing activities		
Net borrowings on line of credit	3,000	-
Payments on capital lease obligations	<u>(44,326)</u>	<u>(43,324)</u>
Net cash used in financing activities	(41,326)	(43,324)
NET DECREASE IN CASH	(175,465)	(31,551)
Cash at beginning of year	<u>420,970</u>	<u>452,521</u>
Cash at end of year	<u>\$ 245,505</u>	<u>\$ 420,970</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 36,068</u>	<u>\$ 26,621</u>

The accompanying notes are an integral part of these statements.

PROVIDENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE A – NATURE OF ENTITY

Provident, Inc. (Provident) is a voluntary not-for-profit community service organization. The primary services offered by Provident are psycho-social, socio-economic, social work, and crisis hotline services. Funding for these services is provided by client fees, United Way and contracts with government and businesses. Provident maintains service offices throughout the St. Louis metropolitan area. In 2005, the Organization changed its name from Provident Counseling, Inc. to Provident, Inc.

Provident owns 100% of the common stock of At Ease Home Care, Inc. (d/b/a “Provident Care”) a for-profit corporation. Provident Care was incorporated on January 13, 2000 to provide private duty home care and other support services based on infirmities or lifestyle. Provident is also a 10.58% limited partner in Missouri Alliance for Children and Families, LLC.

NOTE B - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

1. Principles of Consolidation

The consolidated financial statements include the accounts of Provident and Provident Care as of and for the years ended December 31, 2005 and 2004. Each organization has the same year end. All intercompany accounts have been eliminated.

2. Net Assets

Net assets are presented as follows:

Unrestricted net assets

- Undesignated - unrestricted amounts available for support of the Organization’s activities.
- Designated for endowment - investments which the Board has set aside with the intention of retaining the funds on a long-term basis and using the income therefrom to help fund current operational needs.

PROVIDENT, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2005 and 2004

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

Restricted net assets

The Organization distinguishes between contributions of unrestricted, temporarily restricted and permanently restricted net assets. Contributions for which donors have imposed restrictions, which limit the use of donated assets, are reported as temporarily restricted support. Temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions when the restriction is met. Contributions of assets which the donor has stipulated must be maintained permanently, with only the income earned available for current use, are classified as permanently restricted net assets. Contributions which donors have not stipulated restrictions, as well as contributions which donors have stipulated restrictions but which are met within the same reporting period are reported as unrestricted net assets.

3. Investments

Investments in marketable securities are recorded at quoted market value. Donated securities are recorded at fair market value at date of donation.

4. Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the lives of the respective leases or the service lives of the improvements, whichever is shorter. Currently, Provident capitalizes any fixed asset addition with a cost of \$1,000 or more and a useful life greater than two years.

5. Income Taxes

Provident is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Provident Care is a for profit corporation with net operating losses of approximately \$526,000 and \$417,000 at December 31, 2005 and 2004, respectively.

6. Program Services Revenue

Program services revenue is generated by various counseling and community service programs. Fees for services vary according to the program. Since Provident receives United Way funding, fees may be adjusted based on an individual's economic situation. Certain counseling and community services are provided through contracts with government, employers, or customers of local, regional and national corporations. These contracts are negotiated on an annual basis. Program service fees are recognized as revenue during the period in which Provident is obligated to provide services under these agreements.

PROVIDENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE B - SUMMARY OF ACCOUNTING POLICIES - Continued

7. Estimates

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

8. Donated Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Significant services are donated to Provident's Life Crisis Services program. These services meet the requirements for recognition and have been recorded in the accompanying financial statements. The value of donated services recorded in the financial statements for the years ended December 31, 2005 and 2004 is approximately \$340,000 and \$370,000, respectively.

9. Reclassification

Certain reclassifications have been made to the 2004 financial statements to conform to the 2005 presentation.

NOTE C - INVESTMENTS

Investments are comprised of the following at December 31,:

	<u>2005</u>	<u>2004</u>
Mutual funds		
Bond	\$ 2,617,146	\$ 3,333,981
Equity	6,279,328	5,972,930
Commodity	459,351	-
	<u>\$ 9,355,825</u>	<u>\$ 9,306,911</u>

PROVIDENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE C – INVESTMENTS - Continued

The Organization designates only a portion of the cumulative investment return for support of current operations. The remainder is retained to support operations of future years and to offset potential market declines. The following schedule summarizes the investment return as reported in the statement of activities for the year ended December 31,:

	<u>2005</u>	<u>2004</u>
Interest, dividend and other income	\$ 184,352	\$ 126,751
Mutual fund capital gains	144,732	36,029
Net realized and unrealized gain	<u>505,141</u>	<u>587,128</u>
Total return on investments	834,225	749,908
Investment return designated for operations	<u>(765,000)</u>	<u>(726,033)</u>
Investment gain in excess of amounts designated for current operations	<u>\$ 69,225</u>	<u>\$ 23,875</u>

NOTE D - PENSION PLAN

Provident has a non-contributory, defined benefit plan covering eligible employees. Benefits are based on a participant's years of service and a percentage of the employee's qualifying compensation during the final years of employment. The Organization's funding policy is to contribute at least the minimum amounts required by the Employee Retirement Income Security Act of 1974 or additional amounts to assure that plan assets will be adequate to provide retirement benefits. Plan assets consist principally of mutual funds held by U.S. Bank. The following table sets forth information regarding the Organization's pension plan based on actuarial information as of December 31,:

	<u>2005</u>	<u>2004</u>
Benefit obligation	\$ 6,760,294	\$ 6,469,112
Fair value of plan assets	<u>4,957,047</u>	<u>5,147,674</u>
Benefit obligation at end of year	<u>\$ (1,803,247)</u>	<u>\$ (1,321,438)</u>
Prepaid pension cost	<u>\$ 433,275</u>	<u>\$ 682,303</u>
Accumulated benefit obligation	<u>\$ 6,182,606</u>	<u>\$ 5,858,176</u>

PROVIDENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE D – PENSION PLAN – Continued

Assumptions used to determine benefit obligation:

Discount rate	5.75%	6.00%
Expected return on plan assets	8.50%	8.50%
Rate of compensation increase	3.00%	3.00%

Net pension cost	<u>\$ 399,028</u>	<u>\$ 339,291</u>
Employer contributions	<u>\$ 150,000</u>	<u>\$ 150,000</u>
Plan participant contributions	<u>\$ -</u>	<u>\$ -</u>
Benefits paid	<u>\$ 691,368</u>	<u>\$ 160,284</u>

Assumptions used to determine net pension cost:

Discount rate	6.00%	6.25%
Expected return on plan assets	8.50%	8.50%
Rate of compensation increase	3.00%	3.50%

The expected long-term return of plan assets of 8.50% is determined by reviewing historical plan experience where, on average, the plan has experienced returns in excess of the current 8.50% assumption over the last 15 years. Consideration is also given to the future portfolio returns in light of expected benchmark returns. This also showed the 8.50% to be reasonable.

The Organization's pension plan weighted-average asset allocations by asset category are as follows as of December 31,:

	<u>2005</u>	<u>2004</u>
Equity mutual funds	71.00%	78.00%
Fixed income mutual funds	<u>29.00%</u>	<u>22.00%</u>
	<u>100.00%</u>	<u>100.00%</u>

The Organization's investment goals are enhancement of principal, competitive investment returns, and appropriate investment risk. The target allocation percentage is 70% equity and 30% fixed income. The Organization expects to maintain appropriate diversification among complementary investment styles within the equity and fixed income allocations based on market conditions. The purpose is to moderate the overall investment risk.

PROVIDENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE D – PENSION PLAN – Continued

The Organization expects to contribute approximately \$200,000 for the year ended December 31, 2006.

The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows for the year ended December 31,:

2006	\$ 121,000
2007	450,000
2008	239,000
2009	579,000
2010	227,000
2011 - 2015	3,485,000

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31,:

	<u>2005</u>	<u>2004</u>
Buildings and improvements	\$ 875,183	\$ 864,027
Leasehold improvements	340,948	340,948
Furniture and equipment	894,567	865,024
Equipment under capital leases	180,012	180,012
Automobiles	43,556	43,556
	<u>2,334,266</u>	<u>2,293,567</u>
Less accumulated depreciation and amortization	<u>1,802,496</u>	<u>1,606,497</u>
	531,770	687,070
Land	<u>88,667</u>	<u>88,667</u>
	<u>\$ 620,437</u>	<u>\$ 775,737</u>

PROVIDENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE F – NOTES PAYABLE

Provident Care has a working line of credit with Commerce Bank, N. A. with maximum borrowings up to \$450,000. The note matures on June 30, 2006 and bears interest at a variable rate equal to 2% over the bank's base lending rate (6.09% at December 31, 2005). Borrowings under this note were \$450,000 and \$447,000 at December 31, 2005 and 2004, respectively. The note is secured by marketable securities.

NOTE G - LEASE COMMITMENTS

Provident conducts a portion of its operations in leased facilities and using leased equipment. These operating leases range from one to seven years in length. Some of the leases provide that Provident pay for property insurance, additional building expenses, or other maintenance costs. Total rent and other operating leases expense for 2005 and 2004 was \$291,256 and \$308,451, respectively.

The minimum rental commitments under the operating leases are as follows:

Year ended December 31,:	
2006	\$ 200,639
2007	134,267
2008	105,412
2009	79,321
2010	<u>32,389</u>
Total minimum payments required	<u>\$ 552,028</u>

The Organization leases computer software and a phone system under capital leases. The future minimum lease payments under the capital leases are as follows:

Year ended December 31,:	
2006	\$ 33,319
2007	<u>9,750</u>
Total minimum lease payments	43,069
Less interest	<u>1,627</u>
Present value of net minimum lease payments	<u>\$ 41,442</u>

PROVIDENT, INC.

NOTES TO FINANCIAL STATEMENTS **December 31, 2005 and 2004**

NOTE H - CONCENTRATION OF CREDIT RISK

Provident receives significant funding from the United Way on an annual basis. In accordance with generally accepted accounting principles, Provident recognizes the funding amount awarded by United Way in its financial statements in the period notification of the award is received. Provident received 44% and 40% of its unrestricted support and revenue excluding investment return from the United Way during 2005 and 2004, respectively.

Provident maintains its cash balances in one financial institution located in St. Louis, Missouri, which at times may exceed federally insured limits. Provident has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Provident has a significant amount of investments in marketable securities that are subject to market risk. Market risk is the possibility that future changes in the market price may make a financial instrument less valuable.

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent United Way funding awarded in 2005 for calendar year 2006. Such funding is available for the operating activities of Provident.

SUPPLEMENTARY INFORMATION



CPAs and
Management Consultants

One South Memorial Drive, Ste. 950
St. Louis, MO 63102-2439
ph 314.231.6232
fax 314.231.0079
www.kebcpa.com

Independent Auditors' Report On Supplementary Information

Board of Directors
Provident, Inc.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of Provident, Inc. as of and for the years ended December 31, 2005 and 2004, which are presented in the preceding section of this report. The accompanying supplementary information is 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 audits 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.

Kerber, Eck + Braeckel LLP

St. Louis, Missouri
April 13, 2006

Other Locations

Belleville, IL • Carbondale, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

PROVIDENT, INC.**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

December 31, 2005

	<u>Provident, Inc.</u>	<u>Provident Care</u>	<u>Eliminating entries</u>	<u>Total</u>
ASSETS				
Cash	\$ 233,755	\$ 11,750	\$ -	\$ 245,505
Investments	9,385,606	-	(29,781)	9,355,825
Accounts receivable				
Clients, less allowance for doubtful accounts of \$105,000	406,932	110,915	(207,493)	310,354
United Way	2,459,689	-	-	2,459,689
Prepaid expenses	41,427	9,702	-	51,129
Prepaid pension cost	433,275	-	-	433,275
Property, plant and equipment - net	615,900	4,537	-	620,437
Intangible pension asset	12,238	-	-	12,238
Other assets	-	10,588	-	10,588
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 13,588,822</u>	<u>\$ 147,492</u>	<u>\$ (237,274)</u>	<u>\$ 13,499,040</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 73,690	\$ 213,349	\$ (207,443)	\$ 79,596
Accrued expenses	309,605	10,563	-	320,168
Deferred revenue	46,401	-	-	46,401
Capital lease obligations	41,442	-	-	41,442
Notes payable to bank	-	450,000	-	450,000
Accrued pension liability	1,658,834	-	-	1,658,834
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,129,972</u>	<u>673,912</u>	<u>(207,443)</u>	<u>2,596,441</u>
Net assets				
Unrestricted				
Undesignated	(419,664)	(526,420)	(29,831)	(975,915)
Designated for endowment	9,355,825	-	-	9,355,825
Total unrestricted	<u>8,936,161</u>	<u>(526,420)</u>	<u>(29,831)</u>	<u>8,379,910</u>
Temporarily restricted	2,459,689	-	-	2,459,689
Permanently restricted	63,000	-	-	63,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net assets	<u>11,458,850</u>	<u>(526,420)</u>	<u>(29,831)</u>	<u>10,902,599</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 13,588,822</u>	<u>\$ 147,492</u>	<u>\$ (237,274)</u>	<u>\$ 13,499,040</u>

PROVIDENT, INC.

CONSOLIDATING SCHEDULE OF ACTIVITIES
Year ended December 31, 2005

	Unrestricted	Provident, Inc. Temporarily Restricted	Total	Provident Care	Eliminating entries	Total
Support and revenue						
Program services	\$ 1,909,441	\$ -	\$ 1,909,441	\$ 847,449	\$ -	\$ 2,756,890
Contributions						
United Way	2,533,987	2,459,689	4,993,676	-	-	4,993,676
Other	430,954	-	430,954	-	-	430,954
Other income	35,652	-	35,652	-	-	35,652
Investment return designated for current operations	765,000	-	765,000	-	-	765,000
Total support and revenue	5,675,034	2,459,689	8,134,723	847,449	-	8,982,172
Expenses						
Program services						
Counseling	2,173,896	-	2,173,896	-	-	2,173,896
Community Services	1,110,209	-	1,110,209	-	-	1,110,209
Social Enterprises	341,659	-	341,659	785,031	-	1,126,690
Life Crisis Services	1,181,547	-	1,181,547	-	-	1,181,547
Total program services	4,807,311	-	4,807,311	785,031	-	5,592,342
Supporting services						
Management and general	1,122,811	-	1,122,811	172,049	-	1,294,860
Fundraising	145,052	-	145,052	-	-	145,052
Total supporting services	1,267,863	-	1,267,863	172,049	-	1,439,912
Total expenses	6,075,174	-	6,075,174	957,080	-	7,032,254
Operating income (loss)	(400,140)	2,459,689	2,059,549	(109,631)	-	1,949,918
Other changes						
Investment gain in excess of amounts designated for current operations	69,225	-	69,225	-	-	69,225
Minimum pension liability adjustment	(268,888)	-	(268,888)	-	-	(268,888)
INCREASE (DECREASE) IN NET ASSETS	\$ (599,803)	\$ 2,459,689	\$ 1,859,886	\$ (109,631)	\$ -	\$ 1,750,255

PROVIDENT, INC.

**SCHEDULE OF EXPENSES RELATED TO THE
PRODUCTIVE LIVING BOARD POS CONTRACT
Year ended December 31,**

	<u>2005</u>	<u>2004</u>
Direct expenses		
Salaries and benefits	\$ 50,787	\$ 64,137
Professional fees	1,779	4,119
Supplies	244	703
Occupancy	6,622	11,058
Printing and publications	919	1,719
	<u>60,351</u>	<u>81,736</u>
 Indirect expenses	 <u>10,796</u>	 <u>15,592</u>
	 <u>\$ 71,147</u>	 <u>\$ 97,328</u>
 Units of service	 <u>585</u>	 <u>664</u>
 Unit cost	 <u>\$ 121.62</u>	 <u>\$ 146.58</u>

PROVIDENT, INC.

**RECONCILIATION OF PROGRAM REVENUE AND EXPENDITURES -
UNITED NATIONS VOLUNTARY FUNDS FOR VICTIMS OF TORTURE
Year ended December 31, 2005**

	Per general ledger	Donated services	Total services
Revenue			
United Nations	\$ 24,000	\$ -	\$ 24,000
Center for Survivors	6,495	-	6,495
Endowment Fund	23,383	-	23,383
Donations	3,562	-	3,562
In Kind Services	-	8,870	8,870
	<hr/>	<hr/>	<hr/>
Total revenue	57,440	8,870	66,310
Salaries	27,173	-	27,173
Fringes	7,816	-	7,816
Consulting and professional fees	15,447	5,725	21,172
Supplies			
Computer software	176	-	176
Computer supplies	4	-	4
Food and beverage	92	-	92
Housekeeping supplies	48	-	48
Office supplies	165	100	265
	<hr/>	<hr/>	<hr/>
	485	100	585
Printing and copying			
Outside printing	294	-	294
Paper and ink	42	-	42
	<hr/>	<hr/>	<hr/>
	336	-	336
Telephone and fax	497	-	497
Postage and delivery	74	-	74
Rent and utilities			
Rent	-	2,500	2,500
Building and ground maintenance	357	-	357
Electric	241	-	241
Gas, sewer, and water	142	-	142
	<hr/>	<hr/>	<hr/>
	740	2,500	3,240
Other			
Advertising	532	-	532
Dues	227	545	772
Equipment leasing	489	-	489
Equipment maintenance	85	-	85
Insurance	732	-	732
License and permits	105	-	105
Miscellaneous	2,517	-	2,517
Travel	185	-	185
	<hr/>	<hr/>	<hr/>
	4,872	545	5,417
Total expenses	<hr/>	<hr/>	<hr/>
	57,440	8,870	66,310
Net Income	<hr/>	<hr/>	<hr/>
	\$ -	\$ -	\$ -