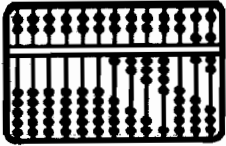


GOODWILL SERVICES, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

GOODWILL SERVICES, INC.

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**MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.**

Independent Auditor's Report

The Board of Directors
Goodwill Services, Inc.

We have audited the accompanying statements of financial position of Goodwill Services, Inc. (a nonprofit organization) as of December 31, 2007 and the related statements of activities, 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 of America. 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 of the United States of America 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 financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Services, Inc. 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.

Marcus, Fairall, Bristol + Co. LLP

El Paso, Texas
April 7, 2008

GOODWILL SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,715
Accounts receivable (net of allowance for doubtful accounts)	17,465
Prepaid expenses	<u>117,540</u>
Total current assets	<u>137,720</u>
Total assets	\$ <u>137,720</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accrued expenses	\$ 118,303
Due to Goodwill Industries, of El Paso, Inc.	<u>13,668</u>
Total liabilities	<u>131,971</u>

Net assets

Unrestricted	<u>5,749</u>
Total net assets	<u>5,749</u>

Total liabilities and net assets	\$ <u>137,720</u>
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The accompanying notes are an integral part of the financial statements.

GOODWILL SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007

REVENUE

Service fees	\$ 556,567
Total revenue	<u>556,567</u>

EXPENSES

Salaries and wages	498,950
Benefits	46,922
Insurance and taxes	1,382
Administrative fees	2,500
Occupancy	165
Vehicles and travel	60
Miscellaneous expenses	839
Total expenses	<u>550,818</u>

Change in net assets	5,749
Net assets-beginning	-
Net assets-ending	<u>\$ 5,749</u>

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

GOODWILL SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 5,749
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities	
(Increase) Decrease in Accounts Receivable	(17,465)
(Increase) Decrease in Prepaid Expenses	(117,540)
(Decrease) Increase in Accrued Expenses	<u>118,303</u>
Net Cash Provided (Used) by Operating Activities	<u>(10,953)</u>
 Cash Flows from Financing Activities	
Loans from Goodwill Industries of El Paso, Inc.	(2,310)
Loans Paid Back to Goodwill Industries of El Paso, Inc.	<u>15,978</u>
Net Cash Provided (Used) by Financing Activities	<u>13,668</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,715
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,715</u>

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

GOODWILL SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007

	<u>Workforce</u>	<u>Supporting Services and General</u>	<u>Total Expenses</u>
Payroll	\$ 490,181	\$ 8,770	\$ 490,181
Contract labor	-	-	-
Benefits	46,922	-	46,922
Payroll insurance and taxes	472	909	1,381
Administrative fees	-	2,500	2,500
Supplies		-	-
Telecommunications		-	-
Occupancy		165	165
Equip. repair/maintenance		-	
Advertising and printing		-	
Vehicles and travel		60	60
Dues		-	
Miscellaneous expenses		839	839
Total expenses	<u>\$ 537,575</u>	<u>\$ 13,243</u>	<u>\$ 550,818</u>

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

GOODWILL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. SUMMARY OF CHARITABLE PURPOSE

On May 11, 2007, Goodwill Services, Inc. (Agency) was organized as a component unit of Goodwill Industries of El Paso, Inc. The Agency operates as the interim operator of the Upper Rio Grande Workforce to retain the professional employment organization services of RM Personnel, Inc. for the purpose of jointly employing and working in conjunction with respect to certain employees to be assigned to fulfill the job functions and responsibilities necessary to operate the Upper Rio Grande @ Work Career Centers (Career Center), with the employees to be supervised by the interim operator. The cost of the Career Center employees will be paid by the interim operator and the Upper Rio Grande Workforce Development Board, Inc. (Workforce Board). The interim operator of the Career Centers will be funded by the Workforce Board. The term of the co-employment arrangement shall be for five months, from December 1, 2007 through April 30, 2008, unless sooner terminated. The reimbursement rate is to be billed at \$1.35 per hour for the first three months and \$1.18 per hour for the months thereafter. The Board of Directors of Goodwill Industries of El Paso, Inc. serves as the governing body of this not-for-profit organization. Goodwill Services, Inc. was organized exclusively to conduct various activities to promote charitable purposes permitted by Section 501 (c) (3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Agency reports contract revenue received for janitorial, landscaping, and temporary office work conducted by the Agency's employees in accordance with generally accepted accounting principles of the United States of America.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Cash and Cash Equivalents – The Agency considers all cash investments with maturities of three months or less to be cash equivalents.

Accounts Receivable – The Agency has set up an allowance for doubtful accounts to which accounts are written off when they are determined to be uncollectible. Generally accepted accounting principles require that an allowance for uncollectible accounts be maintained in lieu of the direct charge-off method.

GOODWILL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Federal Income Tax – The Agency qualifies as a nonprofit organization under provisions of the Internal Revenue Code Section 501 (c) (3) and is classified as an exempt organization other than a private foundation and, as such, is exempt from federal income taxes. Accordingly, no provision has been made for federal income taxes in the accompanying financial statements.

Governmental Sponsored Programs – The Agency receives funds from Upper Rio Grande Workforce for retaining the professional employment services of RM Personnel Services, Inc. (a private corporation). Funding is received monthly based on expense reports submitted by the Agency to the Upper Rio Grande Workforce. Income is recognized when earned.

3. CONTRIBUTIONS

The Agency received no monetary or non-monetary contributions during the period ending December 2007.

4. CONTINGENCIES

The Agency was not involved in any litigation at December 31, 2007.

5. CONCENTRATION OF CREDIT RISK

The Agency maintains cash balances at one financial institution. The account is insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007, the Agency's cash balance was not in excess of insured limits.

6. RELATED PARTY TRANSACTIONS

There were no related party transactions with the board members or officers.

7. DUE TO/FROM AFFILIATES

As of the year ending December 31, 2007, Goodwill Industries of El Paso, Inc. has loaned \$13,668 for the operations of Goodwill Services, Inc.

GOODWILL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

8. SUBSEQUENT EVENTS

There were no subsequent events that are expected to have a material effect on the financial statements.