ENTERPRISE MENTORS INTERNATIONAL

FINANCIAL STATEMENTS

DECEMBER 31, 2007

Lake, Hill & Myers

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REPORT

November 10, 2008

To the Board of Directors of
Enterprise Mentors International

We have audited the accompanying statement of financial position of Enterprise Mentors International (a nonprofit organization) as of December 31, 2007, and the related statements of activities and change in net assets, 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.

Except as discussed in the following paragraph, 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 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.

The allowance for loan loss related to notes receivable - foreign partner affiliates cannot presently be determined. Accordingly, we were unable to apply sufficient audit procedures with respect to the allowance for loan loss - notes receivable - foreign partner affiliates.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the allowance for loan loss - notes receivable - foreign partner affiliates referred to in the preceding paragraph been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the financial position of Enterprise Mentors International as of December 31, 2007, and the change 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.

Lake, Hill & Myers

ENTERPRISE MENTORS INTERNATIONAL

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2007

Current assets:	
Cash and cash equivalents	$ 838,315
Unconditional promises to give	125,000
Interest receivable	8,323
Current portion of notes receivable	1,053
Total current assets	972,691
Investments	89,342
Office furniture, net of accumulated depreciation of $638	8,927
Other assets	12,544
Land held for sale	450,000
Notes receivable, less current portion	1,433,708
Notes receivable - foreign partner affiliates net of allowance for loan loss of $1,017,959	1,397,110
	$4,364,322

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	$ 96,631
Total current liabilities	96,631
Net assets:	
Unrestricted:	
Unrestricted	935,391
Notes receivable - foreign partner affiliates	1,397,110
Total unrestricted net assets	2,332,501
Temporarily restricted	1,935,190
Total net assets	4,267,691
	$4,364,322

See notes to the financial statements.

ENTERPRISE MENTORS INTERNATIONAL

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED DECEMBER 31, 2007

Unrestricted net assets:	
Public support:	
Private donors	$1,405,377
In-kind donations	20,065
Special event	225,940
Less: direct cost of special event	(70,353)
Revenue:	
Interest and dividends	42,210
	1,623,239
Net assets released from restrictions:	
Restrictions satisfied	309,014
Total unrestricted public support and revenue	1,932,253
Expenses:	
Program services	1,944,767
Supporting services:	
Management and general	274,260
Fundraising	230,317
	504,577
Total expenses	2,449,344
Change in unrestricted net assets	(517,091)

(continued)

See notes to the financial statements.

ENTERPRISE MENTORS INTERNATIONAL

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED DECEMBER 31, 2007

(continued)

Temporarily restricted net assets:	
Public support:	
Private donors	$ 240,178
Interest	98,000
Restrictions satisfied	(309,014)
Change in temporarily restricted net assets	29,164
Change in net assets	(487,927)
Net assets, December 31, 2006, as restated	4,755,618
Net assets, December 31, 2007	$4,267,691

See notes to the financial statements.

ENTERPRISE MENTORS INTERNATIONAL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2007

	Program Services	Supporting services: Management and General	Supporting services: Fundraising	Total Expenses
Operational and other grants to foreign partner affiliates	$ 920,668	$ -	$ -	$ 920,668
Loan loss reserve	630,901	-	-	630,901
Salaries and related costs	301,193	204,839	109,094	615,126
Accounting fees	1,936	2,581	1,936	6,453
Bank fees	148	148	11,564	11,860
Board expenses	416	4,785	75	5,276
Communication and education	9,788	-	9,788	19,576
Depreciation	-	638	-	638
Legal	1,887	1,539	1,539	4,965
Office relocation	-	30,419	-	30,419
Office supplies	1,392	1,949	3,320	6,661
Other	3,075	2,208	3,071	8,354
Postage	384	1,151	2,508	4,043
Printing	-	-	19,738	19,738
Professional fees	9,736	-	-	9,736
Rent	9,609	9,901	9,610	29,120
Resource materials	-	6,375	6,397	12,772
Telephone	1,286	1,325	2,954	5,565
Travel	29,747	6,295	48,386	84,428
Training	22,601	107	337	23,045
Total expenses	$1,944,767	$274,260	$230,317	$2,449,344

See notes to the financial statements.

ENTERPRISE MENTORS INTERNATIONAL

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2007

Cash flows from operating activities:	
Cash received from donors and others	$ 1,708,787
Cash paid to vendors, employees and foreign partner affiliates	(1,801,025)
Interest and dividends received	140,210
Net cash provided by operating activities	47,972
Cash flows from investing activities:	
Purchase of office furniture	(5,500)
Increase in other assets	(2,544)
Decrease in investments	126,430
Collection of notes receivable	11,441
Increase in notes receivable - foreign partner affiliates	(444,543)
Net cash used in investing activities	(314,716)
Net decrease in cash	(266,744)
Cash, December 31, 2006	1,105,059
Cash, December 31, 2007	$ 838,315

Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	$ (487,927)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	638
Donated office furniture	(4,065)
Change in assets and liabilities:	
Increase in unconditional promises to give	(125,000)
Decrease in accounts receivable	16,645
Increase in loan loss reserve	630,901
Increase in accounts payable and accrued expenses	16,780
Net cash provided by operating activities	$ 47,972

Schedule of non-cash investing and financing activities:

During 2007, office furniture with a fault value of $4,065 was donated to the Organization.

See notes to the financial statements.

ENTERPRISE MENTORS INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Enterprise Mentors International (Mentors) is a non-profit corporation organized in the State of Missouri. Mentors' mission in developing countries is to foster the establishment of partner organizations to assist families that struggle for self-sufficiency to attain a self-reliant livelihood through small enterprise activities by providing principle-based training, character development, counseling, mentoring and micro-finance services for productive purposes. Mentors' mission in developed countries is to provide those having the means and desire to assist the impoverished in a meaningful and lasting way with proven and practical methods of self-help to extend, not hand-outs, but a hand up. Foreign affiliated partner organizations are located in the following countries: El Salvador (Mentores), Guatemala (Fundafe), Philippines (MEDF, PMDF, VEF), Mexico (Fundacion Dignidad), and Peru (Surgir). Mentors provides start-up support, training, funding and loan capital to these foreign affiliated partner organizations. Mentors also assists foreign individuals by providing educational loans through its foreign affiliated partner organizations in Brazil (Filhos and Incentivo) and Chile (Fundacion de Asistencia Educacional). Each foreign affiliated partner organization has its own local board of directors and indigenous staff.

Financial Statement Presentation

The accompanying financial statements of Mentors have been prepared using the accrual method of accounting.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Mentors' net assets are reported according to the following three classes of net assets:

Unrestricted - accounts for unrestricted assets (net of related liabilities) available for support of the organization's operations. Assets designated by the Board of Directors for a specific purpose also are accounted for in this fund.

Temporarily Restricted - accounts for resources currently available for use, but expendable only for purposes specified by the donor.

Permanently Restricted - accounts for gifts requiring in perpetuity that the principal be invested and the income only be used.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Mentors considers all unrestricted and temporarily restricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Allowance for Loan Loss

Mentors records an allowance for loan loss based on management's estimate of notes receivable that are not expected to be collected based on the current payment status of borrowers and the underlying security. Notes receivable - foreign partner affiliates are currently reserved for at seven percent, the current estimated average repayment default rate of borrowers on loans made by foreign partner affiliates and any other specific note receivable balances determined to be uncollectible by management.

Property and Equipment

Property and equipment is recorded at cost, less accumulated depreciation. Normal repairs and maintenance are charged to expense as incurred. Gains and losses on dispositions are included in operations. Depreciation is determined using the straight-line method over five years, the estimated lives of the assets.

Investments

Investments consist of equity securities (fair value of $14,342 at December 31, 2007), and an investment in the stock of a privately held company ($75,000 at December 31, 2007). Investments were contributed to Mentors from donors. Investments maturing in less than one year are classified as short-term investments in the Statement of Financial Position. Investments with readily determinable fair values are recorded at their published market value. Mentors investment in privately held stock is valued at fair value as estimated by management. Realized and unrealized gain or loss is reflected in the statement of activities and change in net assets.

Long-lived Assets

Mentors reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, as measured by a comparison of estimated future cash flows (undiscounted and without interest charges) to the carrying value of the asset. Assets held for sale are written down to their fair value, less selling costs.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. During the year ended December 31, 2007, donated office furniture reflected in the statement of activities and change in net assets totals $4,065.

Donated Services, Materials and Facilities

Volunteers and donors contribute substantial amounts of services, materials and facilities toward the fulfillment of the Organization's programs. To the extent these contributions satisfy the criteria for recognition under SFAS No. 116, they are recognized as contributions and expenses in the statement of activities and changes in net assets or are capitalized in the statement of financial position. The donated amounts recognized are generally recorded at the fair market value represented on the vendor invoice, or an estimated fair value as can best be approximated for similar items or services. For the year ended December 31, 2007, a total of $16,000 in rent has been recorded for donated services, materials or facilities.

No amounts have been reflected in the financial statements for donated volunteer services, which do not satisfy the criteria for recognition under SFAS No. 116; however, a substantial number of volunteers have donated significant amounts of time to the Organization's programs

Contributions

Contributions are recorded when received or unconditionally promised by donors as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Promises to give in wills and trusts are recorded as contributions by Mentors when they are no longer revocable by the donor.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Functional Expenses

Mentors allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are directly classified to that program or service. Other expenses that are common to several functions are allocated on a reasonable and systematic basis.

Loans to Foreign Partner Affiliates

Mentors makes significant loans, as well as operational grants, to the foreign partner affiliates who assist Mentors in carrying out its mission. Because these loans are made without traditional repayment terms, Mentors has classified all loans to foreign partner affiliates as non-current.

Also, Mentors has not recorded the interest receivable from foreign partner affiliates. At such time as loan amounts are repaid to Mentors and the collectibility of interest receivable can be properly assessed and assured, interest receivable will be recorded in the financial statements, subject to an allowance for loss. Until such time, any interest income from loans to foreign partner affiliates will be recorded as income when received.

Income Taxes

The Internal Revenue Service has granted Mentors an exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no taxes have been provided for in the financial statements.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Adjustments to Previously Reported Net Assets

Adjustments were made to beginning net assets as previously reported at December 31, 2006. These adjustments relate primarily to the accounting for the donation of stock in a privately held company and accounting for interest receivable from foreign affiliates. A reconciliation of net assets as previously reported at December 31, 2006 to net assets as restated at December 31, 2006 is as follows:

Net assets at December 31, 2006, as previously reported	$5,676,071
Privately held stock reduced to estimated fair value at December 31, 2006	(600,000)
Interest receivable due from foreign partner affiliates	(258,925)
Other	(61,528)
Net assets at December 31, 2006, as restated	$4,755,618

Additionally, there was a reclassification of $308,323 of unrestricted net assets to temporarily restricted net assets at December 31, 2006.

NOTE 2 - CONCENTRATIONS:

Cash and Cash Equivalents

Mentors maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Mentors has not experienced any losses in such accounts. Mentors does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Notes Receivable

A significant portion of Mentors' net assets are concentrated in a single note receivable (Note 5). This note receivable is secured by real estate in Arizona, that is subject to changes in the local real estate market. A significant change in the financial position of the borrower or in the local real estate market in Arizona could have a detrimental impact on the organization.

Foreign Partner Affiliates

The majority of Mentors' operations are carried out in foreign countries. The foreign operations of Mentors and their foreign partner affiliates are regulated and subject to the administrative directives, rules and regulations of the local and national governmental authorities of each region. Such administrative directives, rules and regulations are subject to change by the same governmental authorities and such changes may occur with little or no notice.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE:

Mentors has recorded unconditional promises to give at December 31, 2007 totaling $125,000, which represent amounts unconditionally promised by donors to Mentors during 2007. These amounts were received subsequent to December 31, 2007.

NOTE 4 - LAND HELD FOR SALE:

During 2003, approximately thirty acres of land in Walker, Arizona was donated to Mentors. Mentors recorded this asset at $450,000, representing its estimated fair value at the time of donation (supported by an appraisal), which is considered to be less than its estimated market value at December 31, 2007. Two-thirds of the proceeds from the sale of the land is restricted for use in the Brazil Education Fund, and accordingly, $300,000 of the recorded value of the land is included in temporarily restricted net assets at December 31, 2007.

NOTE 5 - NOTES RECEIVABLE:

Notes receivable consist of the following at December 31, 2007:

Note receivable from an individual bearing interest at ten percent, monthly principal and interest payments of $386 through April 2023, secured by land. The interest rate shall adjust to one percent above the prime rate in March 2008 and each year thereafter.	$ 34,761
Note receivable from an Arizona partnership, bearing interest at a rate of seven percent, with interest payments due monthly through maturity on December 31, 2012 when all unpaid principal and interest are due; secured by Arizona real estate. Interest earnings on this note receivable are restricted for the Brazil Education Fund.	1,400,000
	$1,434,761

Future maturities of notes receivable are as follows:

Year ending December 31,	
2008	$ 1,053
2009	1,164
2010	1,286
2011	1,420
2012	1,401,569
Thereafter	28,269
	1,434,761
Current portion	(1,053)
	$1,433,708

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at December 31, 2007 represent donations to Mentors that are available for the following purposes:

Brazil Education Fund	$1,929,290
Chile	5,900
	$1,935,190

NOTE 7 - LEASE COMMITMENTS:

Mentors leases its Draper, Utah administrative offices from a third party under an operating lease expiring in 2010. Rent expense totaled $29,120 during 2007 (including $16,000 of rent provided in-kind at Mentors previous location in St. Louis, Missouri). Minimum future lease payments under this lease commitment at December 31, 2007 are as follows:

Year ending December 31,

2008	$28,953
2009	29,804
2010	25,441
	$84,198

NOTE 8 - GRANTS AND NOTES RECEIVABLE - FOREIGN PARTNER AFFILIATES:

Mentors makes significant grants and loans to foreign partner affiliates. Loans made to foreign partner affiliates bear interest at rates ranging from three to five percent and are repayable upon demand by Mentors. In connection with these loan agreements, Mentors has entered into security agreements with the foreign partner affiliates granting Mentors a security interest in the property of the foreign partner affiliate. Grants and loans to foreign partner affiliates during 2007 are as follows:

	Operational and other grants	Loans	Total
Brazil - Incentivo	$ 40,000	$ -	$ 40,000
Brazil - Filhos	40,000	-	40,000
Brazil - other	4,536	-	4,536
Chile	40,000	-	40,000
El Salvador - Mentores	261,800	150,000	411,800
Guatemala - Fundafe	89,504	134,632	224,136
Philippines - MEDF	55,562	34,185	89,747
Philippines - PMDF	92,170	-	92,170
Philippines - VEF	107,884	-	107,884
Mexico - Fundacion Dignidad	116,108	78,116	194,224
Peru - Surgir	73,104	47,610	120,714
	$920,668	$444,543	$1,365,211

Cumulative loans to foreign partner affiliates total the following at December 31, 2007:

El Salvador - Mentores	395,246
Guatemala - Fundafe	225,861
Guatemala - Empresariales	248,202
Philippines - MEDF	260,214
Philippines - PMDF	288,676
Philippines - VEF	115,089
Mexico - Fundacion Dignidad	659,757
Peru - Surgir	222,024
	2,415,069
less allowance for loan losses	(1,017,959)
	$ 1,397,110

NOTE 9 - RELATED PARTY TRANSACTIONS:

Mentors receives significant contributions from members of its Board of Directors, including $440,035 during 2007.

Mentors has a note receivable of $1,400,000 from an Arizona limited partnership that is controlled by a significant donor to Mentors (see Note 5).

NOTE 10 - CONDITIONAL PROMISES TO GIVE:

Donors have made conditional promises to give to Mentors totaling approximately $1,650,000. These commitments represent commitments in wills and irrevocable trusts, in which the donor retains discretion over the ultimate charitable beneficiary. Accordingly, these commitments are not recorded in the accompanying statement of financial position and the $1,650,000 is not reflective of the present value of such conditional promises to give. Conditional promises to give are recorded as donations when received or when the conditional promise becomes unconditional.

NOTE 11 - RETIREMENT PLAN:

Mentors' employees participate in a defined contribution 401(k) Plan. Employees who have at least one year of service are eligible to participate. Mentors matches 50 percent of eligible employee contributions up to an employee's contribution of six percent of compensation. Matching contributions by Mentors during the period ended December 31, 2007 totaled $10,780.

NOTE 12 - SUBSEQUENT EVENT:

Subsequent to December 31, 2007, Mentors terminated its relationships with its foreign partner affiliates in Guatemala (Fundafe) and Mexico (Fundacion Dignidad) and established a new micro-lending foundation in Guatemala. In connection with the termination of the relationship with Fundafe, approximately 60 percent of the Fundafe loan portfolio was transferred to this new foundation which will be controlled by Mentors. As a result of the termination of the relationship with Fundacion Dignidad, Mentors has reserved for 100 percent of the note receivable from Fundacion Dignidad.