MENTORS
INTERNATIONAL

Independent Auditors' Report
and
Financial Statements for the Years Ended

June 30, 2011 and 2010

CONTENTS

Stayner Bates & Jensen P.C.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mentors International
Draper, Utah

We have audited the accompanying statement of financial position of Mentors International (a nonprofit corporation) as of June 30, 2011 and 2010 and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Mentors' management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Mentors' 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.

As discussed in Note 1 to the financial statements, Mentors has formed partner organizations in foreign countries. In our opinion, each of these foreign entities is controlled by Mentors and accounting principles generally accepted in the United States of America would require these foreign subsidiaries to be accounted for as consolidated subsidiaries in the accompanying financial statements. Management has elected to not include the financial statements of these foreign partner organizations in these financial statements, but each of these foreign entities has been audited separately by other auditors in each of the respective countries. Since the financial statements of these foreign entities have not been consolidated in the accompanying financial statements, we were unable to perform or apply sufficient audit procedures with respect to the valuation and recoverability of the various notes receivable and accrued interest due from these foreign entities as of June 30, 2011 and 2010, as discussed in Note 5.

In addition, we were also unable to apply sufficient audit procedures with respect to the collectability and ownership of the notes receivable discussed in Note 8 as of June 30, 2010, as well as the net realizable value of the land held for sale as discussed in Note 7. As discussed in Note 4, however, these assets were assigned and transferred to two separate non-profit foundations during the year ended June 30, 2011.

In our opinion, except for the effects of not consolidating the Company's foreign controlled entities, as well as such adjustments, if any, as might have been determined to be necessary had the notes receivable and accrued interest from these foreign entities been susceptible to satisfactory audit tests, as well as the notes receivable and land held for sale, all of which were discussed in the preceding paragraphs, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Mentors International as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Stayner, Bates & Jensen, P.C.

Stayner, Bates & Jensen, PC
Salt Lake City, Utah
August 07, 2012

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MENTORS INTERNATIONAL
Statements of Financial Position
June 30, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 26,468	$ -	$ 26,468	$ 20,418	$ -	$ 20,418
Prepaid expenses and other current assets	7,408	-	7,408	3,385	-	3,385
Total Current Assets	33,876	-	33,876	23,803	-	23,803
PROPERTY AND EQUIPMENT (Note 2)						
Office furnishings and equipment	17,054	-	17,054	16,254	-	16,254
Leasehold improvements	10,177	-	10,177	10,177	-	10,177
Software	85,145	-	85,145	85,145	-	85,145
Less: accumulated depreciation and amortization	(75,285)	-	(75,285)	(51,553)	-	(51,553)
Total Property and Equipment	37,091	-	37,091	60,023	-	60,023
OTHER ASSETS						
Investments, cost (Note 2)	7,500	-	7,500	7,500	-	7,500
Notes receivable (Note 8)	-	-	-	-	1,422,867	1,422,867
Notes receivable (including accrued interest of $7,541 and $592,603, respectively) - foreign partner affiliates, net of loan loss reserve of $960,000 and $1,146,000, respectively (Notes 1 and 5)	1,680,183	-	1,680,183	1,450,740	-	1,450,740
Land held for sale (Note 7)	-	-	-	-	450,000	450,000
Deposits and other assets	-	-	-	10,000	-	10,000
Total Other Assets	1,687,683	-	1,687,683	1,468,240	1,872,867	3,341,107
TOTAL ASSETS	$ 1,758,650	$ -	$ 1,758,650	$ 1,552,066	$ 1,872,867	$ 3,424,933

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

MENTORS INTERNATIONAL
Statements of Financial Position (Continued)
June 30, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable and accrued expenses	$ 162,490	$ -	$ 162,490	$ 127,698	$ -	$ 127,698
Accrued interest (Note 9)	2,500	-	2,500	-	-	-
Line-of-credit (Note 3)	178,059	-	178,059	148,840	-	148,840
Total Current Liabilities	343,049	-	343,049	276,538	-	276,538
LONG-TERM LIABILITIES						
Notes payable (Note 9)	441,209	-	441,209	-	-	-
TOTAL LIABILITIES	784,258	-	784,258	276,538	-	276,538
NET ASSETS						
Unrestricted	974,392	-	974,392	1,275,528	-	1,275,528
Temporarily restricted (Note 4)	-	-	-	-	1,872,867	1,872,867
Total Net Assets	974,392	-	974,392	1,275,528	1,872,867	3,148,395
TOTAL LIABILITIES AND NET ASSETS	$ 1,758,650	$ -	$ 1,758,650	$ 1,552,066	$ 1,872,867	$ 3,424,933

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

MENTORS INTERNATIONAL
Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2011 and 2010

	2011			2010		
	Unrestricted	**Temporarily Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Total**
Revenues and Support from Operations						
Public Support:						
Contributions	$ 713,441	$ 29,898	$ 743,339	$ 742,917	$ 26,898	$ 769,815
Special events	234,512	-	234,512	249,508	-	249,508
Less: direct costs of special events	(90,557)	-	(90,557)	(106,233)	-	(106,233)
Total Public Support	857,396	29,898	887,294	886,192	26,898	913,090
Revenue:						
Interest and other miscellaneous revenue	161,589	-	161,589	226,889	-	226,889
Total Revenue	161,589	-	161,589	226,889	-	226,889
Temporarily restricted funds released from restriction (Note 5)	1,902,765	(1,902,765)	-	234,895	(234,895)	-
Total Revenues and Support from Operations	2,921,750	(1,872,867)	1,048,883	1,347,976	(207,997)	1,139,979
Operating Expenses						
Program Services	3,072,686	-	3,072,686	983,789	-	983,789
Supporting Services:						
Fundraising costs	21,623	-	21,623	68,590	-	68,590
General and administrative	128,577	-	128,577	165,518	-	165,518
Total Supporting Services	150,200	-	150,200	234,108	-	234,108
Total Operating Expenses	3,222,886	-	3,222,886	1,217,897	-	1,217,897
Change in Net Assets	(301,136)	(1,872,867)	(2,174,003)	130,079	(207,997)	(77,918)
Net Assets at Beginning of Year	1,275,528	1,872,867	3,148,395	1,145,449	2,080,864	3,226,313
Net Assets at End of Year	$ 974,392	$ -	$ 974,392	$ 1,275,528	$ 1,872,867	$ 3,148,395

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

MENTORS INTERNATIONAL
Statement of Functional Expenses
For the Year Ended June 30, 2011

	Program Services	Fundraising Costs	General and Administrative	Total Expenses
Operational grants to foreign entities	$ 129,813	$ -	$ -	$ 129,813
Loan loss reserve	373,996	-	-	373,996
Salaries and related costs	389,818	14,656	69,815	474,289
Bank fees	7,971	-	1,258	9,229
Board expenses	-	-	748	748
Dues and subscriptions	-	-	283	283
Information technology	25,553	3,061	626	29,240
Insurance	1,609	15	136	1,760
Interest expense	11,537	-	-	11,537
Office supplies	3,371	974	1,333	5,678
Maintenance and repair	19	-	25	44
Printing	1,355	197	112	1,664
Professional services	152,091	403	30,748	183,242
Public relations	859	-	31	890
Office rent	36,870	1,181	9,212	47,263
Telephone and internet	3,718	119	471	4,308
Travel	8,158	-	8,227	16,385
Training	26,578	262	127	26,967
Total Functional Expenses before Depreciation and Other Expenses	1,173,316	20,868	123,152	1,317,336
Depreciation	18,072	755	4,905	23,732
Loss on transfer of assets (Note 4)	1,881,298	-	-	1,881,298
Other miscellaneous losses	-	-	520	520
Total Functional Expenses	$ 3,072,686	$ 21,623	$ 128,577	$ 3,222,886

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

MENTORS INTERNATIONAL
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (2,174,003)	$ (77,918)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,732	19,170
Loan loss reserve	373,996	117,000
Loss on transfer of assets	1,881,298	-
Loss on investment	-	67,500
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses and other assets	5,977	(841)
(Increase) decrease in accrued interest receivable	(121,736)	(177,052)
Increase in accounts payable and accrued expenses	37,292	28,535
Net Cash Provided by Operating Activities	26,556	(23,606)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advances on notes receivable, foreign partner affiliates	(481,703)	(116,206)
Purchases of property and equipment	(800)	(12,277)
Cash received on notes receivable	-	8,379
Advances on notes receivable	(8,431)	-
Net Cash Used in Investing Activities	(490,934)	(120,104)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds received on notes payable	441,209	-
Change in line-of-credit	29,219	148,840
Net Cash Provided by Financing Activities	470,428	148,840
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,050	5,130
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,418	15,288
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 26,468	$ 20,418
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Payments For:		
Interest	$ 9,037	$ 8,903

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

NOTE 1 - ORGANIZATION AND DESCRIPTION OF OPERATIONS

Mentors International ("Mentors") is a non-profit corporation organized in the State of Missouri. During October 2011, Mentors' name was changed from "Enterprise Mentors International" to "Mentors International". 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.

Although not consolidated in the accompanying financial statements as of and for the years ended June 30, 2011 and 2010, Mentors has formed its own partner organizations in the following countries:

Country	Name of Organization
Philippines - Manila	Mentors Philippines Microfinance Foundation, Inc.
Philippines - Cebu	Visayas Enterprise Foundation, Inc.
Philippines - Davao	Mindanao Enterprise Development Foundation, Inc.
Guatemala	Fundacion Mentors Guatemala
Peru	Civil Association Mentors Peru
Honduras	Mentors Honduras, S. de R.L.

Mentors provides all of the start-up support, training, funding and loan capital to these foreign partner organizations. Accordingly, accounting principles generally accepted in the United States of America would require that the financial statements of each of these foreign entities be consolidated with the financial statements of Mentors. Management has, however, elected not to consolidate the financial statements of these foreign entities in the accompanying financial statements as of June 30, 2011 and 2010 and for the years then ended. Therefore, intercompany advances and loans to these foreign entities, along with any accrued interest on these advances and loans, are being shown as "Notes receivable – foreign partner affiliates" in the accompanying balance sheets.

Mentors also has a foreign affiliated partner organization in El Salvador called Fundacion Mentores Empresariales Para El Salvador. Mentors has also assisted foreign individuals by providing educational loans through foreign affiliated partner organizations in Brazil and Chile. Each of these foreign affiliated partner organizations have its own local board of directors and indigenous staff. Therefore, the results their operations are not required to be consolidated in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Mentors conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit-organizations. The following is a summary of the more significant of Mentors' accounting policies:

a. Basis of Presentation

Mentors presents its accounts in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide for Not-for-Profit Organizations ("Audit Guide"). Under the Audit Guide, not-for-profit organizations are required to provide a statement of financial position, a statement of activities, and a statement of cash flows which are prepared to focus on the organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Not-for-profit organizations are required to report total assets, liabilities, and net assets in a statement of financial position; change in net assets in a statement of activities; and changes in cash and cash equivalents in a statement of cash flows. The Audit Guide also requires that not-for-profit organizations report expenses by their functional classification, such as major programs and supporting activities. Mentors presents expenses by their functional classification in a statement of functional expenses.

Mentors maintains its accounts on the accrual basis of accounting and has elected a June 30, year-end. Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may or will be met by actions of the organization and/or the passage of time. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of unrestricted net assets.

Unrestricted Net Assets

Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Expirations of temporary restrictions on net assets, i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Cash and Cash Equivalents

Mentors considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements or otherwise encumbered. The carrying amount approximates fair value because of the short maturity of those instruments.

c. Income Taxes

Mentors is a non-profit corporation whose revenue is derived from contributions and other fundraising activities and is not subject to federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

On January 1, 2009, Mentors adopted the provisions of Accounting Standards Codification ("ASC") Topic 740-10. Mentors analyzed all tax positions for which the statute of limitations remained open and determined there were no material unrecognized tax benefits as of that date. In addition, there have been no material changes in unrecognized benefits since January 1, 2009, nor was there a material effect during the current period, nor is it expected that there will be a material change in the next twelve months.

d. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Repairs and maintenance are expensed as incurred, whereas major improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging as follows:

Office furnishings and equipment	3 to 7 years
Leasehold improvements	3 years
Software	3 to 5 years

Depreciation expense on property and equipment for the years ended June 30, 2011 and 2010 was $23,732 and $19,170, respectively.

e. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances in making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. While actual results could differ from those estimates, management believes that the estimates are reasonable. Key estimates made in the accompanying financial statements include, among others, allowances for doubtful loans and notes receivable, and the economic useful lives and recovery of long-lived assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Functional Allocation of Expenses

Mentors performs three functions: program, fundraising, and management and general. Definitions of these functions are as follows:

Program – Activities performed by Mentors and its foreign subsidiaries that fulfill Mentors' key purposes and programs in the micro-lending operation; include public education and affiliate support.

Fundraising – Activities performed by Mentors to generate funds and/or resources to support its programs and operations.

Management and General – All costs that are not identifiable with program or fundraising activities, but are indispensable to the conduct of such programs and activities and to Mentors' existence. This includes expenses for the overall direction of Mentors, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other general overhead.

Whenever practicable, expenses are assigned to functional categories on an item-by-item basis. Other expenses relate to two or more major programs and are allocated in accordance with ASC Topic No. 958, *Not-for-Profit Entities*. These expenses are subject to systematic review and allocation.

g. Contributions

Contributions, grants, and bequests including unconditional promises to give, are recognized upon receipt as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value. Contributions that will be received within one year from the balance sheet date are not discounted. Contributions outstanding longer than the payment terms are considered past due.

Volunteers and donors contribute substantial amounts of services, materials, and facilities toward the fulfillment of Mentors' programs. To the extent these contributions satisfy the criteria for recognition under generally accepted accounting principles (GAAP), 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 years ended June 30, 2011 and 2010, there were no donated services or facilities recorded in the accompanying financial statements.

In addition, no amounts have been reflected in the financial statements for donated volunteer services, which do not satisfy the criteria for recognition under GAAP; however, a substantial number of volunteers have donated significant amounts of time to Mentors' programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Investments

Mentors holds an investment in the stock of a privately-held company, which stock was originally contributed to Mentors from a donor. During the year ended June 30, 2010, Mentors recorded an impairment loss on this investment totaling $67,500, based upon the estimated market value of this investment, bringing the net investment to $7,500 as of June 30, 2010 and 2011. No additional impairments were noted for the year ended June 30, 2011.

i. Impairment of Long-Lived Assets

Mentors reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

j. Advertising Expense

Advertising and promotion expenses are expenses that are incurred by Mentors in an effort to market and promote its brand. These costs are expensed as incurred.

k. Fair Value of Financial Instruments

The carrying value of financial instruments including cash, accounts payable, and accrued expenses approximate fair value due to the short-term nature of these instruments. The carrying amounts reports for notes receivable and notes payable approximate fair values because the instruments bear interest at rates that are consistent with other instruments of similar risks and characteristics. Fair value estimates are made at a specific point in time, based on relevant market information.

At June 30, 2011 and 2010, Mentors did not have any financial instruments which meet the following pricing categories which require additional disclosure, other than its investment held in a privately-held company totaling $7,500, which investment would be considered a Level 3 investment.

ASC Topic 820, Fair Value Measurements and Disclosures, requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1: Financial instruments with unadjusted, quoted prices listed on an active market exchange.

Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Concentrations of Credit Risk

Cash and Cash Equivalents

Mentors' bank deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") to certain levels. During November 2010, the FDIC Board of Directors issued a final rule to provide temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all FDIC-insured depository institutions. This additional temporary coverage is effective through December 31, 2013. In addition, the FDIC currently provides $250,000 of insurance coverage on interest bearing transaction accounts through December 31, 2013. Mentors has not experienced any losses in such accounts or lack of access to its cash, and believes it is not exposed to significant risk of loss with respect to cash. However, no assurance can be provided that access to Mentors' cash will not be impacted by adverse economic conditions in the financial markets. As of June 30, 2011 and 2010, Mentors did not have any cash accounts that exceeded the federally insured limits.

Foreign Operations

The majority of Mentors' unconsolidated subsidiaries' operations are carried out in foreign countries. The foreign entities 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 and could have a detrimental impact on Mentors, principally as it relates to the collectability of the notes receivable due from each of these foreign entities.

NOTE 3 - LINE-OF-CREDIT

At June 30, 2010, Mentors had a line-of-credit agreement with a bank that had a maximum borrowing limit of $250,000 and an outstanding balance of $148,840. The line bore interest at 4.1% per annum and matured on December 15, 2010. Subsequently, Mentors negotiated a new line-of-credit agreement with the same bank that has a maximum borrowing limit of $220,000. This new line bears interest at 3.3% per annum and matured on January 5, 2012. On February 7, 2012, the line-of-credit was again renewed with the bank with a maximum borrowing limit of $175,000, which matures on February 5, 2013. The balance outstanding on the line-of-credit at June 30, 2011 was $178,059.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of unrestricted net assets.

Temporarily restricted net assets as of June 30, 2010 represent donations to Mentors that were available for the following purposes:

Brazil Education Fund	$ 1,872,867

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS (Continued)

During the year ended June 30, 2011, these restricted net assets, including land held for sale (Note 7) and notes receivable (Note 8), were transferred and assigned to separate non-profit foundations, which transfers were recorded as a loss on the transfer of these assets in the accompanying financial statements for the year ended June 30, 2011 as follows:

Assets Transferred	Net Book Value
Land held for sale (see Note 7)	$ 450,000
Note receivable from an Arizona partnership (see Note 8)	1,400,000
Other note receivable (see Note 8)	31,298
Total Loss Recorded on the Transfer	$ 1,881,298

Consequently, as of June 30, 2011, Mentors had no assets that were considered temporarily or permanently restricted.

NOTE 5 - NOTES RECEIVABLE & ACCRUED INTEREST–FOREIGN PARTNER AFFILIATES

Mentors has made significant grants and loans to its foreign partner affiliates in the Philippines, Guatemala, Peru, Honduras, and El Salvador. Loans bear interest at rates ranging from 5.0% to 8.0% per annum and mature on the five-year anniversary of the original advance amount. In connection with these note agreements, Mentors has entered into a security agreement with each entity, granting Mentors a security interest in the property of the foreign partner affiliate.

Notes receivable (including accrued interest), net of an estimated loan loss reserve, from each foreign entity as of June 30, 2011 and 2010 are detailed as follows:

June 30, 2011

	Principal	Accrued Interest	Loan Loss Reserve	Net Amount
Philippines	$ 1,482,167	$ -	$ (741,084)	$ 741,083
Guatemala	599,086	7,177	(121,117)	485,146
Peru	352,865	-	(88,216)	264,649
Honduras	63,524	364	(9,583)	54,305
El Salvador	135,000	-	-	135,000
Total	$ 2,632,642	$ 7,541	(960,000)	$ 1,680,183

June 30, 2010

	Principal	Accrued Interest	Loan Loss Reserve	Net Amount
Philippines	$ 715,420	$ 356,452	$ (535,772)	$ 536,100
Guatemala	464,859	62,276	(105,427)	421,708
Peru	261,024	62,665	(80,922)	242,767
Honduras	27,611	888	(4,275)	24,224
El Salvador	535,223	110,322	(419,604)	225,941
Total	$ 2,004,137	$ 592,603	$ (1,146,000)	$ 1,450,740

NOTE 5 - NOTES RECEIVABLE & ACCRUED INTEREST–FOREIGN PARTNER AFFILIATES (CONTINUED)

During the year ended June 30, 2011, Mentors secured new promissory notes with each of the foreign partner affiliates related to these advances and loans. In conjunction with these new note agreements, any outstanding accrued interest at the time the new notes were entered into was included as principal in the new notes.

Based on the current outstanding principal balances and the anticipated repayments, future maturities on the notes receivable – foreign partner affiliates as of June 30, 2011 are as follows:

Year Ending June 30,	Amount
2012	$ -
2013	-
2014	-
2015	-
2016	2,434,118
2017 and thereafter	198,524
Total	$ 2,632,642

NOTE 6 - RELATED PARTY TRANSACTIONS

Mentors receives significant contributions from members of its Board of Directors. Contributions from members of the Board of Directors were $127,889 and $282,898 for the years ended June 30, 2011 and 2010, respectively.

As of June 30, 2010, Mentors had a note receivable of $1,400,000 from an Arizona limited partnership that was controlled by a significant donor to Mentors (see also Note 8).

NOTE 7 - 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. Estimated fair value, however, as of June 30, 2010 could not be determined. Effective May 19, 2011, Mentors' management transferred ownership and assigned all of Mentors' rights, title and interest in this land to a separate non-profit entity as part of an education grant (see Note 4).

NOTE 8 - NOTES RECEIVABLE

Notes receivable consisted of the following at June 30, 2011 and 2010:

	2011	2010
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.	$ -	$ 22,867
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
Total Notes Receivable	$ -	$ 1,422,867

As more fully described in Note 4, during the year ended June 30, 2011, Mentors' management transferred ownership and assigned Mentors' rights, title and interest in these notes receivable to a separate non-profit foundation as part of an educational grant.

NOTE 9 - NOTES PAYABLE

At June 30, 2011 and 2010, Mentors had notes payable due to various individuals and entities totaling $441,209 and $-0-, respectively. Each of the notes bears interest at 8.0% per annum. 50% of all interest accrued annually on the principal balance of each note is payable on a quarterly basis beginning three (3) months from the date of the note. Payment on the remaining 50% of all interest accrued annually is deferred until the maturity date. In addition, 50% of the principal is due on the fifth (5^{th}) annual anniversary of the date of the note, and the remaining 50% of the principal is due on the sixth (6^{th}) annual anniversary of the date of the note. Accrued interest on the notes payable at June 30, 2011 and 2010 was $2,500 and $0, respectively.

Future maturities of notes payable as of June 30, 2011 are as follows:

Year Ending June 30,	Amount
2012	$ -
2013	-
2014	-
2015	-
2016	220,604
2017 and thereafter	220,605
Total	$ 441,209

NOTE 10 - RETIREMENT PLAN

Mentors' employees participate in a defined-contribution employee benefit plan incorporating provisions of Section 401(k) of the Internal Revenue Code. Employees who have at least one year of service are eligible to participate. Mentors matches 100% of eligible employee contributions up to an employee's contribution of 3% of their compensation, and matches 50% of eligible employee contributions up to an employee's additional contribution of 2% of compensation. Matching contributions by Mentors during the years ended June 30, 2011 and 2010 totaled $8,423 and $6,030, respectively.

NOTE 11 - LEASE COMMITMENTS

Mentors leases its Draper, Utah administrative offices from a third party under an operating lease expiring in December 2012. For the years ended June 30, 2011 and 2010, rent expense totaled $47,263 and $21,959, respectively. Minimum future lease payments under this lease commitment are as follows:

Year Ending June 30,	Amount
2012	$ 41,466
2013	20,859
2014 and thereafter	-
Total	$ 62,325

NOTE 12 - SUBSEQUENT EVENTS

For purposes of these financial statements and all disclosures, subsequent events were evaluated through August 07, 2012, which is the date the financial statements were available to be issued, and management noted no material subsequent events that would require disclosure in these financial statements as of June 30, 2011, except as follows:

- Subsequent to June 30, 2011, Mentors received an additional $627,500 pursuant to various note payable agreements, which of this amount, a total of $584,800 was then loaned out to the various foreign partner affiliates pursuant to the note receivable agreements with these affiliates.