

ENHANCED CLASSROOM RESOURCES

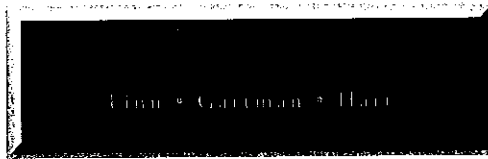
FINANCIAL STATEMENTS

JUNE 30, 2008

ENHANCED CLASSROOM RESOURCES

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Seeing problems and inconveniences as opportunities to serve

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Enhanced Classroom Resources
Virginia Beach, Virginia

We have audited the accompanying statement of financial position of Enhanced Classroom Resources as of June 30, 2008 and 2007, and the related statements of activities, and cash flows for the years 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.

Patrick Michael Finn, Jr.
Certified Public Accountant

Michael D. Gartman
Certified Public Accountant

William E. Hart
Certified Public Accountant

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 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 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 Enhanced Classroom Resources as of June 30, 2008 and 2007, 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.

Finn Gartman Hart, PLC

January 15, 2009

**ENHANCED CLASSROOM RESOURCES
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash on hand and in bank	\$ 29,017	\$ 15,563
Pledges receivable	<u>7,379</u>	<u>11,461</u>
TOTAL CURRENT ASSETS	<u>36,396</u>	<u>27,024</u>
PROPERTY AND EQUIPMENT		
Office equipment	5,256	4,531
Less: accumulated depreciation	<u>(3,131)</u>	<u>(2,134)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>2,125</u>	<u>2,397</u>
TOTAL ASSETS	<u>\$ 38,521</u>	<u>\$ 29,421</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Credit card payable	\$ -	\$ 462
Due to officer	-	432
Payroll tax liabilities	<u>2,963</u>	<u>2,146</u>
TOTAL CURRENT LIABILITIES	<u>2,963</u>	<u>3,040</u>
NET ASSETS		
Unrestricted	12,544	17,543
Temporarily restricted	<u>23,014</u>	<u>8,838</u>
TOTAL NET ASSETS	<u>35,558</u>	<u>26,381</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,521</u>	<u>\$ 29,421</u>

**ENHANCED CLASSROOM RESOURCES
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2008 and 2007**

	2008			2007
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	
SUPPORT AND REVENUE				
Contributions	\$ 62,205	\$ 69,802	\$ 132,007	\$ 116,272
Net assets released from restrictions	66,096	(66,096)	-	-
TOTAL SUPPORT AND REVENUE	<u>128,301</u>	<u>3,706</u>	<u>132,007</u>	<u>116,272</u>
EXPENSES				
Program services				
Project expenses				
Medical mission trips	54,768	-	54,768	46,887
Child and family services	3,375	-	3,375	5,600
Scholarships	1,848	-	1,848	3,100
Evangelism	10,127	-	10,127	2,806
Audio Bible	3,300	-	3,300	2,061
Other projects	1,274	-	1,274	-
Salaries	29,074	-	29,074	27,691
Payroll taxes	1,870	-	1,870	1,870
Office supplies	938	-	938	838
Postage	336	-	336	536
Telephone	563	-	563	633
Travel	1,339	-	1,339	2,006
Total program service expenses	<u>108,812</u>	<u>-</u>	<u>108,812</u>	<u>94,028</u>
Support services				
Depreciation	997	-	997	760
Fundraising	4,847	-	4,847	4,256
Legal and accounting fees	2,425	-	2,425	1,975
Office expenses	646	-	646	260
Payroll taxes	788	-	788	415
Salaries	3,456	-	3,456	3,244
Telephone	95	-	95	134
Travel	764	-	764	505
Total support services	<u>14,018</u>	<u>-</u>	<u>14,018</u>	<u>11,549</u>
TOTAL EXPENSES	<u>122,830</u>	<u>-</u>	<u>122,830</u>	<u>105,577</u>
NET INCREASE (DECREASE) IN NET ASSETS	5,471	3,706	9,177	10,695
NET ASSETS, BEGINNING OF PERIOD	<u>17,543</u>	<u>8,838</u>	<u>26,381</u>	<u>15,686</u>
NET ASSETS, END OF PERIOD	<u>\$ 23,014</u>	<u>\$ 12,544</u>	<u>\$ 35,558</u>	<u>\$ 26,381</u>

**ENHANCED CLASSROOM RESOURCES
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets during period	\$ 9,177	\$ 10,695
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation	997	760
Changes in:		
Pledges receivable	4,082	(11,461)
Reimbursements receivable	-	-
Payroll tax liabilities	817	1,577
	<u>15,073</u>	<u>1,571</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(725)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(725)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to officer	(432)	432
Net repayments on credit card payable	<u>(462)</u>	<u>381</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>(894)</u>	<u>813</u>
NET INCREASE IN CASH FOR YEAR	13,454	2,384
CASH, BEGINNING OF YEAR	<u>15,563</u>	<u>13,179</u>
CASH, END OF YEAR	<u>\$ 29,017</u>	<u>\$ 15,563</u>

ENHANCED CLASSROOM RESOURCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note A – Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization—Enhanced Classroom Resources (the “Organization”) is a faith-based humanitarian aid organization working in Cambodia and Vietnam to meet human needs in practical ways as an expression of the love of Christ for all people. The Organization provides medical equipment and services, educational opportunities and direct humanitarian aid. Projects are implemented with a focus on improving the quality of life for the poor and needy. Emphasis is placed on medical care and scholarships for children and youth.

The Organization is a Virginia not-for-profit corporation with federal tax-exempt status as a 501(c)(3) humanitarian aid organization under IRS guidelines. This IRS status was granted on August 2, 1994. The Organization was incorporated in Virginia on March 21, 2002 after operating for eight years as a Hawaii non-profit organization (1994 - 2002). From 1989 to 1994, the Organization operated as a mission extension of the University Avenue Baptist Church in Honolulu, Hawai’i.

Basis of Presentation—The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues and expenses are recognized and recorded when earned or incurred.

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the financial statements reflect unrestricted, temporarily restricted, and permanently restricted net assets and activities. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are reported as part of the unrestricted class.

The Organization has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 116, contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The temporarily restricted funds as of June 30, 2008 are for the audio bible project, the evangelism kit project, the water wells project, and the survival kit project.

Use of Estimates—Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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ENHANCED CLASSROOM RESOURCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note A – Nature of Organization and Summary of Significant Accounting Policies-concluded

Property and Equipment—Property and equipment is recorded at cost. Depreciation is provided over estimated useful lives of 5 years using the straight-line method. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts, and any resulting gain or loss is recorded in the Statement of Activities. Maintenance and repairs are expensed when incurred.

Income Taxes—The Organization is generally exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The organization did not have any unrelated business income that would be subject to income tax.

Donated Services—The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and program activities. No amounts have been recognized for these services in the Statement of Activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Expense Allocation—The costs of providing various programs have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.