

BIBLICAL EDUCATION BY EXTENSION INTERNATIONAL
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2007

JASPERS + HALL, PC
CERTIFIED PUBLIC ACCOUNTANTS

12295 Oracle Blvd, Ste 233
Colorado Springs CO, 80921
(719) 785-7905

BIBLICAL EDUCATION BY EXTENSION INTERNATIONAL

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Biblical Education by Extension International
Colorado Springs, Colorado

We have audited the accompanying statement of financial position of Biblical Education by Extension International, 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Biblical Education by Extension International as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental information presented on page 9 is not a required part of the financial statements and is not required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Biblical Education by Extension International financial statements for the year ended December 31, 2006, from which the summarized information was derived.

Jaspers Hall, PC
July 3, 2008

Financial Statements

BIBLICAL EDUCATION BY EXTENSION INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007
(With Comparative Totals for December 31, 2006)

ASSETS	<u>2007</u>	<u>2006</u>
Current Assets:		
Cash	\$ 1,313,341	\$ 1,264,285
Prepaid Expenses	8,765	17,117
Total Current Assets	<u>1,322,106</u>	<u>1,281,402</u>
Property and Equipment, at cost, net of accumulated Depreciation of \$83,157 and \$69,295 for 2007 and 2006, respectively	<u>72,873</u>	<u>78,136</u>
Total Assets	<u><u>\$ 1,394,979</u></u>	<u><u>\$ 1,359,538</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	\$ -	\$ 61,495
Total Liabilities	<u>-</u>	<u>61,495</u>
Net Assets:		
Unrestricted	206,666	197,501
Temporarily Restricted	<u>1,188,313</u>	<u>1,100,542</u>
Total Net Assets	<u>1,394,979</u>	<u>1,298,043</u>
Total Liabilities and Net Assets	<u><u>\$ 1,394,979</u></u>	<u><u>\$ 1,359,538</u></u>

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

BIBLICAL EDUCATION BY EXTENSION INTERNATIONAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	Temporarily		Total	
	Unrestricted	Restricted	2007	2006
REVENUE, SUPPORT, AND OTHER INCOME				
Public Support:				
Cash	\$ 108,669	\$ 3,127,214	\$3,235,883	\$2,672,150
Common Stock	-	3,968	3,968	19,470
Interest Income	48,501	-	48,501	45,215
Other Income	13,099	203,744	216,843	20,477
Administration Fees	248,566	(248,566)	-	-
Total Revenue, Support and Other Income	<u>418,835</u>	<u>3,086,360</u>	<u>3,505,195</u>	<u>2,757,312</u>
Net Assets Released From Restrictions	2,998,589	(2,998,589)	-	-
Total Revenue, Support, Other Income and Reclassifications	<u>3,417,424</u>	<u>87,771</u>	<u>3,505,195</u>	<u>2,757,312</u>
EXPENSES				
Program Services:				
Designated Program Expenses	503,286	-	503,286	511,732
Missionary Ministry Services	2,480,474	-	2,480,474	2,177,434
Total Direct Expenses	<u>2,983,760</u>	<u>-</u>	<u>2,983,760</u>	<u>2,689,166</u>
Support Services:				
General and Administrative	404,146	-	404,146	377,276
Development	20,353	-	20,353	10,551
Total Support Expenses	<u>424,499</u>	<u>-</u>	<u>424,499</u>	<u>387,827</u>
Total Expenses	<u>3,408,259</u>	<u>-</u>	<u>3,408,259</u>	<u>3,076,993</u>
Change in Net Assets	9,165	87,771	96,936	(319,681)
Net Assets - Beginning of Year	<u>197,501</u>	<u>1,100,542</u>	<u>1,298,043</u>	<u>1,617,724</u>
Net Assets - End of Year	<u>\$ 206,666</u>	<u>\$ 1,188,313</u>	<u>\$1,394,979</u>	<u>\$1,298,043</u>

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

BIBLICAL EDUCATION BY EXTENSION INTERNATIONAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 96,936	\$ (319,681)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	13,862	13,083
(Increase)/Decrease in Advances	-	-
(Increase)/Decrease in Prepaid Expenses	8,352	(11,442)
(Increase)/Decrease in Deposits	-	-
Increase/(Decrease) in Accounts Payable	(61,495)	41,679
Net Cash Provided By Operating Activities	57,655	(276,361)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(8,599)	(77,768)
Net Cash Used by Investing Activities	(8,599)	(77,768)
Net Increase (Decrease) in Cash and Cash Equivalents	49,056	(354,129)
 Cash and Cash Equivalents - Beginning of Year	1,264,285	1,618,414
 Cash and Cash Equivalents - End of Year	\$ 1,313,341	\$ 1,264,285

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

Notes to Financial Statements

BIBLICAL EDUCATION BY EXTENSION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 1- HISTORICAL MISSION BACKGROUND

Biblical Education by Extension International, DBA Entrust (“Entrust”) is a Texas non-profit corporation. The Corporation was formed in May 1985 in the name of Eastern European Seminary, Incorporated. The State of Texas issued a certificate of amendment to change the name to Biblical Education by Extension International on April 8, 1991. In September 2000, the corporation moved its headquarters to Colorado Springs, Colorado. The State of Texas issued an assumed name certificate of amendment to change the DBA to Entrust on July 18, 2005. Entrust operates in the state of Colorado under a certificate of authority as a foreign corporation. The Corporation’s purpose is to establish indigenous training for pastors. To accomplish this goal, the Organization also develops, translates and publishes a Bible study curriculum and administers missionary revenues and expenses. The Organization’s sources of revenue are support from churches and the general public.

Certain missionary personnel have been accepted to work with Entrust. These personnel are responsible for raising their own support to be contributed to Entrust. Each missionary’s expenses are paid from his/her support. These amounts are distributed at the discretion of the Corporation and any unused funds may be transferred to the general account and reclassified as unrestricted. The contributions to fund these activities are temporarily restricted.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation maintains its records on the full accrual method of accounting where income is recorded when earned and expenses are recognized when incurred. Accordingly, the financial statements reflect all significant receivables, payables and other liabilities.

The Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations.” In accordance with SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Corporation is required to present a Statement of Cash Flows.

Federal Income Tax

The Corporation is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, Entrust qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**BIBLICAL EDUCATION BY EXTENSION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2007

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less as cash equivalents.

Donated Item

The Corporation records income from donated assets at fair market value on the date of the donation. Such donations are reported as unrestricted support unless the donor places restrictions on the donation for a specific purpose. Assets donated with explicit restrictions regarding use are reported as restricted support. Donations of cash that must be used to acquire property and equipment are reported as restricted support. The Corporation reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Fixed Assets

Major additions and improvements are capitalized at cost, when purchased, or at fair market value on the date of gift or transfer when donated. Assets purchased with a cost greater than \$500 are capitalized. Replacements, maintenance, and repairs that do not improve or extend the lives of the assets are expensed as incurred. Fixed assets are depreciated using the straight-line method over the useful lives of the assets.

NOTE 3- CASH AND CASH EQUIVALENTS

The corporation's financial instruments that are exposed to concentrations of credit risk consist primarily of temporary cash investments. The organization maintains its cash balances at different financial institutions. At times such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) insured limits. As of December 31, 2007, Entrust maintained a cash balance of \$1,313,341 at the Evangelical Christian Credit Union. These funds are secured under NCUA for the amount of \$100,000. The excess \$1,213,341 at the Evangelical Christian Credit Union is not insured, however, the organization does not believe that these monies are at risk.

**BIBLICAL EDUCATION BY EXTENSION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2007

NOTE 4- DESCRIPTION OF ACTIVITIES

Programs

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting service benefited.

General

Perform activities that are indispensable to the Organization's existence and the conduct of its programs but which are not identifiable with a particular program. The contributions to fund these activities are unrestricted.

Development

Encourage potential donors to contribute to the various programs and activities. The contributions to fund these activities are unrestricted.

Designated Programs

Utilize the Organization's developed curriculum to facilitate and train pastors and church leaders in target countries. The budget for each program is approved and reviewed by the Board of Directors. The contributions to fund these activities are temporarily restricted.

Restricted and Unrestricted Revenue and Support

Contributions received for the Corporation's programs are recognized as support when received. Contributions received for the operation of the Corporation are unrestricted. Contributions received for missionary services and designated programs are temporarily restricted.

NOTE 5- OFFICE EQUIPMENT

A summary of office equipment follows:

	<u>2007</u>	<u>2006</u>
Furniture	\$ 14,589	\$ 14,589
Equipment	141,441	132,842
Total	<u>156,030</u>	<u>147,431</u>
Less Accumulated Depreciation	83,157	69,295
Total	<u>\$ 72,873</u>	<u>\$ 78,136</u>

Depreciation expense for the year ended December 31, 2007 was \$13,862.

**BIBLICAL EDUCATION BY EXTENSION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2007

NOTE 6- RELATED PARTIES

Some staff members of Entrust are also Directors on the Boards of the following foundations:

KIA foundation,
The Moscow Theological Institute
The Biblical Leadership Training Consortium in Russia
Fundatia E.B.E

Fundatia E.B.E. is a separate legal entity that raises funds through Entrust. The amount of funds raised by this entity through Entrust does not exceed the amount of funds they receive from Entrust. In 2007 contributions to Fundatia E.B.E. total \$15,108.

Dr. David P. Bohn and Graham Hibbert are the co-presidents of Entrust and are on the Board of Directors. Dr. Bohn is related to Ernest Jaffarian, who is on the Board of Directors of Entrust. Ernest Jaffarian is the owner of the building Entrust is currently leasing in Colorado Springs, Colorado. This leasing agreement began on March 1, 2006 and ends February 28, 2011. This is an operating lease with payments that total \$47,040 in 2007.

NOTE 7- COMMITMENTS

On February 1, 2006 the Organization signed a lease agreement for the current office space in Colorado Springs, Colorado beginning March 01, 2006, ending February 28, 2011. The annual commitment for the lease was \$47,040 in 2007 and is \$47,040 in 2008. The lessor is Ernest Jaffarian, the related party in note 6.

Supplementary Information

BIBLICAL EDUCATION BY EXTENSION INTERNATIONAL
SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2007
 (With Comparative Totals for December 31, 2006)

	SUPPORT SERVICES		PROGRAM SERVICES		TOTAL	
	General	Development	Missionary Services	Other Programs	2007	2006
Salaries and Housing Allowance	\$ 187,365	\$ -	\$ 1,465,910	\$ -	\$ 1,653,275	\$ 1,394,137
Foreign Projects	-	-	-	328,920	328,920	511,077
Travel	7,471	-	230,080	6,085	243,636	242,736
Other Employee Benefits	21,423	-	132,597	-	154,020	246,528
Capital Expenditures	-	-	20,530	105,000	125,530	-
Medical Expense	-	-	112,212	-	112,212	-
Payroll Taxes	12,007	-	87,940	581	100,528	91,643
Officer and Director Compensation	-	-	95,744	-	95,744	98,602
Meetings and Conferences	6,070	7,077	68,348	12,407	93,902	52,774
Retirement Plan Contribution	1,800	-	90,200	-	92,000	74,750
Occupancy	67,183	-	-	7,557	74,740	82,813
Contractual Services	35,781	-	11,955	6,993	54,729	21,597
Miscellaneous	3,410	-	44,162	1,677	49,249	44,114
Consumable Supplies	11,909	2,934	28,911	1,537	45,291	45,431
Postage and Shipping	9,608	3,058	26,040	411	39,117	9,532
Missionary Set-up Expense	-	-	35,529	-	35,529	7,796
Education	-	-	25,635	-	25,635	72,759
Printing and Publishing	7,435	7,284	-	5,500	20,219	26,044
Donations	-	-	4,681	11,408	16,089	-
Translation/Edit/Proof	-	-	-	15,210	15,210	-
Depreciation	13,862	-	-	-	13,862	13,083
Telephone	6,090	-	-	-	6,090	30,546
Accounting Fees	5,000	-	-	-	5,000	5,126
H R Materials	3,842	-	-	-	3,842	1,743
Memberships	2,420	-	-	-	2,420	2,365
Equipment Rental and Maintenance	1,470	-	-	-	1,470	1,797
	\$ 404,146	\$ 20,353	\$ 2,480,474	\$ 503,286	\$ 3,408,259	\$ 3,076,993

See Independent Auditors' Report.