



FINANCIAL STATEMENTS  
With Independent Auditors' Report

December 31, 2008

# ENTRUST

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Entrust  
Colorado Springs, Colorado

We have audited the accompanying statements of financial position of Entrust as of December 31, 2008, 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 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 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 the organization's 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 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 Entrust as of December 31, 2008, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments described in Note 7 that were applied to restate the 2007, financial statements. In our opinion, such adjustments were appropriate and have been properly applied.

*Capin Crouse LLP*

Colorado Springs, Colorado  
May 6, 2009

# ENTRUST

## Statement of Financial Position

December 31, 2008

### ASSETS:

Cash and cash equivalents	\$ 1,196,501
Contribution receivable	100,000
Prepaid expenses and other assets	33,510
Furniture, equipment, and leasehold improvements - net	<u>73,828</u>

Total Assets	<u><u>\$ 1,403,839</u></u>
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### LIABILITIES AND NET ASSETS:

#### Liabilities:

Accounts payable	<u>\$ 60,001</u>
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#### Net Assets:

##### Unrestricted:

Operating	86,499
Board designated amounts	21,136
Equity in furniture, equipment, and leasehold improvements	<u>73,828</u>
	181,463

Temporarily restricted	<u>1,162,375</u>
	<u>1,343,838</u>

Total Liabilities and Net Assets	<u><u>\$ 1,403,839</u></u>
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See notes to financial statements

# ENTRUST

## Statement of Activities

Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 170,137	\$ 3,104,284	\$ 3,274,421
Interest income	27,310	-	27,310
Other income	24,135	-	24,135
Rental income	20,450	-	20,450
	<hr/>	<hr/>	<hr/>
Total Support and Revenue	242,032	3,104,284	3,346,316
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS RELEASED:</b>			
Administrative assessments	236,523	(236,523)	-
Purpose restrictions	2,858,380	(2,858,380)	-
	<hr/>	<hr/>	<hr/>
Total Net Assets Released	3,094,903	(3,094,903)	-
	<hr/>	<hr/>	<hr/>
<b>EXPENSES:</b>			
Program services	2,690,834	-	2,690,834
	<hr/>	<hr/>	<hr/>
Supporting activities:			
General and administrative	487,816	-	487,816
Fund-raising	178,389	-	178,389
	<hr/>	<hr/>	<hr/>
	666,205	-	666,205
	<hr/>	<hr/>	<hr/>
Total Expenses	3,357,039	-	3,357,039
	<hr/>	<hr/>	<hr/>
Change in Net Assets	(20,104)	9,381	(10,723)
	<hr/>	<hr/>	<hr/>
Net Assets—Beginning of Year			
As previously stated	206,666	1,188,313	1,394,979
Prior period adjustments	(5,099)	(35,319)	(40,418)
As restated	201,567	1,152,994	1,354,561
	<hr/>	<hr/>	<hr/>
Net Assets—End of Year	\$ 181,463	\$ 1,162,375	\$ 1,343,838
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See notes to financial statements

# ENTRUST

## Statement of Cash Flows

Year Ended December 31, 2008

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (10,723)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	11,355
Write-off of furniture, equipment, and leasehold improvements	264
Recognition of contribution receivable	(100,000)
Contributed investments	(1,471)
Change in operating assets and liabilities:	
Prepaid expenses and other assets	(24,745)
Accounts payable	19,583
Net Cash Used by Operating Activities	<u>(105,737)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of contributed investments	1,471
Purchases of furniture, equipment, and leasehold improvements	<u>(12,574)</u>
Net Cash Used by Investing Activities	<u>(11,103)</u>

Net Change in Cash and Cash Equivalents (116,840)

Cash and Cash Equivalents-Beginning of Year 1,313,341

Cash and Cash Equivalents-End of Year \$ 1,196,501

### SUPPLEMENTAL DISCLOSURE:

Fully depreciated furniture, equipment, and leasehold improvements written-off \$ 42,876

See notes to financial statements

# ENTRUST

## Notes to Financial Statements

December 31, 2008

### 1. NATURE OF ORGANIZATION:

Entrust is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal and state income taxes, and is not considered a private foundation under Section 509(a) of the Code. Entrust was originally incorporated in the state of Texas. In 2008, Entrust legally changed its state of incorporation to Colorado. Entrust also does business under the names Biblical Education by Extension International and BEE International.

The mission of Entrust is to serve the church in meeting the need for leadership by collaboratively developing accessible, transformational, sustainable training systems that multiply biblical leaders. Entrust has accepted the challenge of training 250,000 servant-leaders by 2017. Because God has chosen the local fellowship of believers to be the primary vehicle for the working of His Spirit in the world, Entrust's ultimate focus is the health and strength of the local church, establishing ongoing church-based training of servant-leaders for generations to come. Entrust wants to see well-trained servant-leaders in every local church in the world equipped through biblical leadership training that is indigenous and accessible financially, geographically (coverage), culturally, and educationally.

Entrust's mission is accomplished primarily through direct public support of our programs by individuals, businesses, churches and other non-profit organizations located throughout the United States.

### 2. SUMMARY OF ACCOUNTING POLICIES:

Entrust uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and savings accounts. These accounts, at times, may exceed federally insured limits. Entrust has not experienced any losses on such accounts and believe they are not exposed to any significant credit risk.

#### CONTRIBUTION RECEIVABLE

Contribution receivable consists of one amount. Management believes this amount will be collected in full during the year ending December 31, 2009; therefore, no allowance has been recorded.

# ENTRUST

## Notes to Financial Statements

December 31, 2008

### 2. SUMMARY OF ACCOUNTING POLICIES, continued:

#### FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Furniture, equipment, and leasehold improvements are stated at cost, or if donated, at the estimated fair market value at the date of donation. Items donated with restrictions regarding its use and contributions of cash to acquire furniture, equipment, and leasehold improvements are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time. Depreciation is recorded using the straight-line method over estimated useful lives of 3-39 years. Furniture, equipment, and leasehold improvements purchased or donated exceeding \$500 are capitalized.

#### NET ASSETS

*Unrestricted net assets* consist of resources used to support operations, designated by the board of directors, and resources invested in furniture and equipment.

*Temporarily restricted net assets* include donor restricted contributions for specific projects.

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets is transferred to Entrust. Contributions restricted by the donor for specific purposes are recorded as support in the temporarily restricted class of net assets until funds have been expended by Entrust for the purposes specified. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from purpose restrictions.

#### ADVERTISING

Entrust uses advertising to communicate its programs to the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2008, was \$6,120.

### 3. FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS - NET:

Furniture, equipment, and leasehold improvements - net consist of the following as of December 31, 2008:

Equipment	\$	60,768
Leasehold improvements		52,873
Furniture		11,824
		<hr/>
		125,465
Accumulated depreciation		(51,637)
		<hr/>
Furniture, equipment, and leasehold improvements - net	\$	<u>73,828</u>

# ENTRUST

## Notes to Financial Statements

December 31, 2008

### 4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following as of December 31, 2008:

Missionary support	\$	697,672
Projects		464,703
		<hr/>
	\$	<u>1,162,375</u>

### 5. RETIREMENT PLAN:

Entrust has a 403(b) retirement plan that is not subject to ERISA and is available for all employees. As of December 31, 2008, there are only employee contributions.

### 6. OPERATING LEASE:

Entrust currently leases office space, from a board member, with monthly payments of \$3,920. Rent expense for the year ended December 31, 2008, was \$47,040. The agreement expires February 2011 and future minimum lease payments are as follows:

<u>Year Ending December 31,</u>		
2009	\$	47,040
2010		47,040
2011		7,840
		<hr/>
	\$	<u>101,920</u>

### 7. PRIOR PERIOD ADJUSTMENT:

Subsequent to the issuance of the prior year financial statements, it was determined that certain balances were understated. Accordingly, the following prior period adjustments were made to correct the misstatement as of December 31, 2007:

Understatement of accounts payable	\$	40,418
Overstatement of unrestricted net assets	\$	5,099
Overstatement of temporarily restricted net assets	\$	35,319

## **SUPPLEMENTAL INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL INFORMATION**

Board of Directors  
Entrust  
Colorado Springs, Colorado

Our report on our audit of the basic financial statements of Entrust as of, and for the year ended, December 31, 2008, appears on page 1. We conducted our audit in accordance with generally accepted auditing standards in the United States of America for the purpose of forming an opinion on the basic financial statement taken as a whole. The schedule of functional expenses on the following pages is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Capin Crouse LLP*

Colorado Springs, Colorado  
May 6, 2009

# ENTRUST

## Schedule of Functional Expenses

Year Ended December 31, 2008

	Supporting Activities				TOTAL
	Program Services	General and Administrative	Fund- Raising	Total	
Salaries and benefits	\$ 1,827,958	\$ 322,939	\$ 124,738	\$ 447,677	\$ 2,275,635
Grants	359,680	-	-	-	359,680
Travel	293,174	6,694	2,067	8,761	301,935
Office expenses	48,819	29,889	32,730	62,619	111,438
Other service fees	41,001	33,924	-	33,924	74,925
Conferences and meetings	61,725	9,994	-	9,994	71,719
Occupancy	7,902	52,359	10,069	62,428	70,330
Miscellaneous	30,703	4,037	-	4,037	34,740
Depreciation and amortization	795	8,857	1,703	10,560	11,355
Capital purchases	9,918	-	-	-	9,918
Moving expenses and missionary set-up costs	6,478	-	-	-	6,478
Advertising and promotion	-	-	6,120	6,120	6,120
Professional fees	-	5,950	-	5,950	5,950
Insurance	-	5,323	-	5,323	5,323
Language school and professional development	2,681	2,193	-	2,193	4,874
Information technology	-	1,893	932	2,825	2,825
Membership dues and subscriptions	-	2,623	30	2,653	2,653
Government fees	-	1,141	-	1,141	1,141
	<b>\$ 2,690,834</b>	<b>\$ 487,816</b>	<b>\$ 178,389</b>	<b>\$ 666,205</b>	<b>\$ 3,357,039</b>
	80%	15%	5%	20%	100%