



FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2009 and 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, 2009 and 2008, 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 audits.

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 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 Entrust as of December 31, 2009 and 2008, 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.

Capin Crouse LLP

Colorado Springs, Colorado
March 5, 2010

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Statements of Financial Position

	December 31,	
	<u>2009</u>	<u>2008</u>
ASSETS:		
Cash and cash equivalents	\$ 1,159,591	\$ 1,196,501
Contribution receivable	-	100,000
Prepaid expenses and other assets	20,188	33,510
Furniture and equipment—net	<u>104,141</u>	<u>73,828</u>
Total Assets	<u>\$ 1,283,920</u>	<u>\$ 1,403,839</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 59,821	\$ 60,001
Deferred income	<u>5,340</u>	<u>-</u>
	65,161	60,001
Net Assets:		
Unrestricted:		
Operating	82,645	86,499
Board designated amounts	22,356	21,136
Equity in furniture and equipment	<u>104,141</u>	<u>73,828</u>
	209,142	181,463
Temporarily restricted	<u>1,009,617</u>	<u>1,162,375</u>
	<u>1,218,759</u>	<u>1,343,838</u>
Total Liabilities and Net Assets	<u>\$ 1,283,920</u>	<u>\$ 1,403,839</u>

See notes to financial statements

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Statements of Activities

	Year Ended December 31,					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 93,334	\$ 3,215,879	\$ 3,309,213	\$ 170,137	\$ 3,104,284	\$ 3,274,421
Other income	22,402	-	22,402	24,135	-	24,135
Rental income	18,575	-	18,575	20,450	-	20,450
Seminar and material fees	17,418	-	17,418	-	-	-
Interest income	8,578	-	8,578	27,310	-	27,310
Total Support and Revenue	160,307	3,215,879	3,376,186	242,032	3,104,284	3,346,316
NET ASSETS RELEASED:						
Purpose restrictions	3,067,120	(3,067,120)	-	2,858,380	(2,858,380)	-
Administrative assessments	301,517	(301,517)	-	236,523	(236,523)	-
Total Net Assets Released	3,368,637	(3,368,637)	-	3,094,903	(3,094,903)	-
EXPENSES:						
Program services	2,788,372	-	2,788,372	2,690,834	-	2,690,834
Supporting activities:						
General and administrative	516,375	-	516,375	487,816	-	487,816
Fund-raising	196,518	-	196,518	178,389	-	178,389
	712,893	-	712,893	666,205	-	666,205
Total Expenses	3,501,265	-	3,501,265	3,357,039	-	3,357,039
Change in Net Assets	27,679	(152,758)	(125,079)	(20,104)	9,381	(10,723)
Net Assets, Beginning of Year						
As previously stated	181,463	1,162,375	1,343,838	206,666	1,188,313	1,394,979
Prior period adjustments	-	-	-	(5,099)	(35,319)	(40,418)
As restated	181,463	1,162,375	1,343,838	201,567	1,152,994	1,354,561
Net Assets, End of Year	\$ 209,142	\$ 1,009,617	\$ 1,218,759	\$ 181,463	\$ 1,162,375	\$ 1,343,838

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (125,079)	\$ (10,723)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	16,684	11,355
Write-off of furniture and equipment	-	264
(Gain) loss on sale of furniture and equipment	(583)	-
Contributed investments	(22,375)	(1,471)
Change in operating assets and liabilities:		
Contribution receivable	100,000	(100,000)
Prepaid expenses and other assets	13,322	(24,745)
Accounts payable	(180)	19,583
Deferred income	5,340	-
Net Cash Used by Operating Activities	(12,871)	(105,737)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of contributed investments	22,375	1,471
Proceeds from furniture and equipment	5,000	-
Purchases of furniture and equipment	(51,414)	(12,574)
Net Cash Used by Investing Activities	(24,039)	(11,103)
Net Change in Cash and Cash Equivalents	(36,910)	(116,840)
Cash and Cash Equivalents, Beginning of Year	1,196,501	1,313,341
Cash and Cash Equivalents, End of Year	\$ 1,159,591	\$ 1,196,501
SUPPLEMENTAL DISCLOSURE:		
Fully depreciated furniture and equipment written-off	\$ 2,900	\$ 42,876

See notes to financial statements

ENTRUST

Notes to Financial Statements

December 31, 2009 and 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 multiply church leaders through accessible, locally owned, reproducible training systems. Jesus taught that the key to fulfilling His Great Commission was to train leaders who would disciple other leaders. In like manner, Entrust partners with ministries around the world to establish 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 consisted of one amount that was collected in full during the year ended December 31, 2009.

FURNITURE AND EQUIPMENT

Furniture and equipment 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 and equipment 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 and equipment purchased or donated exceeding \$500 are capitalized.

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Notes to Financial Statements

December 31, 2009 and 2008

2. SUMMARY OF ACCOUNTING POLICIES, continued:

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, 2009 and 2008, was \$675 and \$6,120, respectively.

3. FURNITURE AND EQUIPMENT—NET:

Furniture and equipment—net consist of:

	December 31,	
	2009	2008
Equipment	\$ 100,817	\$ 60,768
Leasehold improvements	56,338	52,873
Furniture	11,824	11,824
	<u>168,979</u>	<u>125,465</u>
Accumulated depreciation	<u>(64,838)</u>	<u>(51,637)</u>
Furniture and equipment—net	<u>\$ 104,141</u>	<u>\$ 73,828</u>

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Notes to Financial Statements

December 31, 2009 and 2008

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2009	2008
Missionary support	\$ 748,128	\$ 697,672
Projects	261,489	464,703
	<u>\$ 1,009,617</u>	<u>\$ 1,162,375</u>

5. RETIREMENT PLAN:

Entrust has a 403(b) retirement plan that is available to all employees. As of December 31, 2009 and 2008, there were only employee contributions.

6. OPERATING LEASE:

Entrust currently leases office space, from a board member, with monthly payments of \$3,920. Rent expense for both years ended December 31, 2009 and 2008, was \$47,040. The agreement expires February 2011 and future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2010	\$ 47,040
2011	7,840
	<u>\$ 54,880</u>

7. RECENTLY ISSUED ACCOUNTING STANDARDS:

Recently adopted accounting pronouncements : On January 1, 2009, Entrust adopted the new provisions of the Income Tax topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. As of December 31, 2009, Entrust had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. No subsequent events or disclosures were identified. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
Entrust
Colorado Springs, Colorado

Our report on our audits of the basic financial statements of Entrust as of, and for the years ended, December 31, 2009 and 2008, appears on page 1. We conducted our audits in accordance with generally accepted auditing standards in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on the following pages are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Capin Crouse LLP

Colorado Springs, Colorado
March 5, 2010

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Schedule of Functional Expenses

Year Ended December 31, 2009					
Program Services	Supporting Activities			Total	TOTAL
	General and Administrative	Fund- Raising			
Salaries and benefits	\$ 1,846,515	\$ 297,171	\$ 161,647	\$ 458,818	\$ 2,305,333
Grants	497,636	-	-	-	497,636
Travel	217,973	16,023	6,288	22,311	240,284
Conferences and meetings	115,525	13,126	296	13,422	128,947
Other service fees	62,951	30,053	-	30,053	93,004
Occupancy	-	79,974	-	79,974	79,974
Office expenses	25,808	40,477	252	40,729	66,537
Supporter contact	-	-	25,988	25,988	25,988
Depreciation and amortization	4,008	12,643	34	12,677	16,685
Moving expenses and missionary set-up costs	13,507	-	-	-	13,507
Professional fees	-	11,262	-	11,262	11,262
Information technology	-	6,981	1,249	8,230	8,230
Insurance	-	5,164	-	5,164	5,164
Language school and professional development	4,243	773	-	773	5,016
Government fees	-	1,386	-	1,386	1,386
Membership dues and subscriptions	-	1,264	89	1,353	1,353
Advertising and promotion	-	-	675	675	675
Miscellaneous	206	78	-	78	284
Total Expenses	<u>\$ 2,788,372</u>	<u>\$ 516,375</u>	<u>\$ 196,518</u>	<u>\$ 712,893</u>	<u>\$ 3,501,265</u>
	80%	15%	5%	20%	100%

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Schedule of Functional Expenses

	Year Ended December 31, 2008				
	Program Services	Supporting Activities		Total	TOTAL
		General and Administrative	Fund- Raising		
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
	\$ 2,690,834	\$ 487,816	\$ 178,389	\$ 666,205	\$ 3,357,039
	80%	15%	5%	20%	100%