



FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2010 and 2009

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, 2010 and 2009, 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, 2010 and 2009, 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 14, 2011

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Statements of Financial Position

	December 31,	
	<u>2010</u>	<u>2009</u>
ASSETS:		
Cash and cash equivalents	\$ 1,128,157	\$ 1,159,591
Prepaid expenses and other assets	20,934	20,188
Furniture and equipment—net	<u>91,975</u>	<u>104,141</u>
Total Assets	<u>\$ 1,241,066</u>	<u>\$ 1,283,920</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 125,752	\$ 59,821
Backpay payable	182,233	-
Deferred income	<u>-</u>	<u>5,340</u>
	307,985	65,161
Net Assets:		
Unrestricted:		
Operating	99,758	82,645
Board designated amounts	38,256	22,356
Equity in furniture and equipment	<u>91,975</u>	<u>104,141</u>
	229,989	209,142
Temporarily restricted	<u>703,092</u>	<u>1,009,617</u>
	<u>933,081</u>	<u>1,218,759</u>
Total Liabilities and Net Assets	<u>\$ 1,241,066</u>	<u>\$ 1,283,920</u>

See notes to financial statements

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Statements of Activities

	Year Ended December 31,					
	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 83,285	\$ 3,130,751	\$ 3,214,036	\$ 93,334	\$ 3,215,879	\$ 3,309,213
Seminar and material fees	51,571	-	51,571	17,418	-	17,418
Interest income	12,961	-	12,961	8,578	-	8,578
Rental income	7,000	-	7,000	18,575	-	18,575
Other income/(loss)	(4,328)	-	(4,328)	22,402	-	22,402
Total Support and Revenue	150,489	3,130,751	3,281,240	160,307	3,215,879	3,376,186
NET ASSETS RELEASED:						
Purpose restrictions	3,156,101	(3,156,101)	-	3,067,120	(3,067,120)	-
Administrative assessments	281,175	(281,175)	-	301,517	(301,517)	-
Total Net Assets Released	3,437,276	(3,437,276)	-	3,368,637	(3,368,637)	-
EXPENSES:						
Program services	2,772,716	-	2,772,716	2,788,372	-	2,788,372
Supporting activities:						
General and administrative	550,194	-	550,194	516,375	-	516,375
Fund-raising	244,008	-	244,008	196,518	-	196,518
	794,202	-	794,202	712,893	-	712,893
Total Expenses	3,566,918	-	3,566,918	3,501,265	-	3,501,265
Change in Net Assets	20,847	(306,525)	(285,678)	27,679	(152,758)	(125,079)
Net Assets, Beginning of Year	209,142	1,009,617	1,218,759	181,463	1,162,375	1,343,838
Net Assets, End of Year	\$ 229,989	\$ 703,092	\$ 933,081	\$ 209,142	\$ 1,009,617	\$ 1,218,759

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (285,678)	\$ (125,079)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	21,254	16,684
(Gain) loss on sale of furniture and equipment	6,968	(583)
Contributed investments	(5,464)	(22,375)
Change in operating assets and liabilities:		
Contribution receivable	-	100,000
Prepaid expenses and other assets	(746)	13,322
Accounts payable	65,931	(180)
Backpay payable	182,233	-
Deferred income	(5,340)	5,340
Net Cash Used by Operating Activities	<u>(20,842)</u>	<u>(12,871)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of contributed investments	5,464	22,375
Proceeds from disposal of furniture and equipment	13,613	5,000
Purchases of furniture and equipment	<u>(29,669)</u>	<u>(51,414)</u>
Net Cash Used by Investing Activities	<u>(10,592)</u>	<u>(24,039)</u>
Net Change in Cash and Cash Equivalents	(31,434)	(36,910)
Cash and Cash Equivalents, Beginning of Year	<u>1,159,591</u>	<u>1,196,501</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,128,157</u>	<u>\$ 1,159,591</u>

See notes to financial statements

ENTRUST

Notes to Financial Statements

December 31, 2010 and 2009

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.

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 \$1,000 are capitalized.

ENTRUST

Notes to Financial Statements

December 31, 2010 and 2009

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.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax positions taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2010 and 2009, Entrust had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

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 and promotion to communicate its programs to the audiences it serves. Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the year ended December 31, 2010 and 2009, was \$47,980 and \$26,663, respectively.

3. FURNITURE AND EQUIPMENT—NET:

Furniture and equipment—net consist of:

	December 31,	
	2010	2009
Equipment	\$ 74,752	\$ 100,817
Leasehold improvements	68,155	56,338
Furniture	11,824	11,824
	<u>154,731</u>	<u>168,979</u>
Accumulated depreciation	<u>(62,756)</u>	<u>(64,838)</u>
Furniture and equipment—net	<u>\$ 91,975</u>	<u>\$ 104,141</u>

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Notes to Financial Statements

December 31, 2010 and 2009

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2010	2009
Missionary support	\$ 593,639	\$ 748,128
Projects	109,453	261,489
	<u>\$ 703,092</u>	<u>\$ 1,009,617</u>

5. RETIREMENT PLAN:

Entrust has a 403(b) retirement plan that is available to all employees. As of December 31, 2010 and 2009, there were only employee contributions.

6. OPERATING LEASE:

Entrust currently leases office space, from a board member. Rent expense for the years ended December 31, 2010 and 2009, was \$47,040 and \$47,040, respectively. The agreement expires February 2016 and future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2011	\$ 37,535
2012	35,634
2013	35,634
2014	35,634
Thereafter	<u>41,573</u>
	<u>\$ 186,010</u>

7. 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, 2010 and 2009, 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 14, 2011

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Schedule of Functional Expenses

	Year Ended December 31, 2010				
	Program Services	Supporting Activities		Total	TOTAL
		General and Administrative	Fund- Raising		
Salaries and benefits	\$ 2,008,521	\$ 322,428	\$ 159,078	\$ 481,506	\$ 2,490,027
Grants	331,000	-	-	-	331,000
Travel	207,714	36,243	13,246	49,489	257,203
Other service fees	63,910	27,155	19,200	46,355	110,265
Conferences and meetings	75,950	9,248	4,481	13,729	89,679
Occupancy	12,990	66,491	-	66,491	79,481
Office expenses	22,985	39,346	-	39,346	62,331
Advertising and promotion	-	-	47,980	47,980	47,980
Depreciation and amortization	8,152	13,102	-	13,102	21,254
Course production/training	19,842	-	-	-	19,842
Information technology	-	16,295	-	16,295	16,295
Moving expenses and missionary set-up costs	15,628	-	-	-	15,628
Professional fees	-	11,900	-	11,900	11,900
Language school and professional development	5,366	1,177	-	1,177	6,543
Insurance	-	4,510	-	4,510	4,510
Membership dues and subscriptions	-	1,235	23	1,258	1,258
Government fees	-	1,004	-	1,004	1,004
Miscellaneous	433	60	-	60	493
Interest expense	225	-	-	-	225
	\$ 2,772,716	\$ 550,194	\$ 244,008	\$ 794,202	\$ 3,566,918
Total Expenses	78%	15%	7%	22%	100%

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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
Office expenses	115,525	13,126	296	13,422	128,947
Other service fees	62,951	30,053	-	30,053	93,004
Conferences and meetings	-	79,974	-	79,974	79,974
Occupancy	25,808	40,477	252	40,729	66,537
Miscellaneous	-	-	25,988	25,988	25,988
Depreciation and amortization	4,008	12,643	34	12,677	16,685
Capital purchases	13,507	-	-	-	13,507
Moving expenses and missionary set-up costs	-	11,262	-	11,262	11,262
Advertising and promotion	-	6,981	1,249	8,230	8,230
Professional fees	-	5,164	-	5,164	5,164
Insurance	4,243	773	-	773	5,016
Language school and professional development	-	1,386	-	1,386	1,386
Information technology	-	1,264	89	1,353	1,353
Membership dues and subscriptions	-	-	675	675	675
Government fees	206	78	-	78	284
	<u>\$ 2,788,372</u>	<u>\$ 516,375</u>	<u>\$ 196,518</u>	<u>\$ 712,893</u>	<u>\$ 3,501,265</u>
Total Expenses	80%	15%	5%	20%	100%