



ENTRUST

Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

ENTRUST

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Entrust
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of Entrust, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Entrust as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Entrust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Entrust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Entrust
Colorado Springs, Colorado

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Entrust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Entrust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Colorado Springs, Colorado
March 28, 2022

ENTRUST

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 2,353,748	\$ 2,128,612
Prepaid expenses and other assets	76,101	38,210
Pledges receivable	7,000	307,135
Fixed assets–net	78,986	59,546
	<hr/>	<hr/>
Total Assets	<u>\$ 2,515,835</u>	<u>\$ 2,533,503</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 63,377	\$ 60,991
Backpay payable	3,011	1,500
Total liabilities	<hr/> 66,388 <hr/>	<hr/> 62,491 <hr/>
Net assets:		
Net assets without donor restrictions	422,247	458,308
Nets assets with donor restrictions	2,027,200	2,012,704
Total net assets	<hr/> 2,449,447 <hr/>	<hr/> 2,471,012 <hr/>
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 2,515,835</u>	<u>\$ 2,533,503</u>

See notes to financial statements

ENTRUST

Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 124,496	\$ 3,618,229	\$ 3,742,725	\$ 72,964	\$ 3,741,905	\$ 3,814,869
Contributed services	153,188	-	153,188	-	-	-
Seminar and material fees	22,670	-	22,670	16,443	-	16,443
Interest and other income	10,439	-	10,439	24,495	-	24,495
Total Support and Revenue	310,793	3,618,229	3,929,022	113,902	3,741,905	3,855,807
NET ASSETS RELEASED:						
Purpose restrictions	3,209,569	(3,209,569)	-	3,190,590	(3,190,590)	-
Administrative assessments	394,164	(394,164)	-	380,800	(380,800)	-
Total Net Assets Released	3,603,733	(3,603,733)	-	3,571,390	(3,571,390)	-
EXPENSES:						
Program services	2,947,279	-	2,947,279	2,792,511	-	2,792,511
Supporting activities:						
General and administrative	726,147	-	726,147	796,152	-	796,152
Fund-raising	277,161	-	277,161	242,539	-	242,539
	1,003,308	-	1,003,308	1,038,691	-	1,038,691
Total Expenses	3,950,587	-	3,950,587	3,831,202	-	3,831,202
Change in Net Assets	(36,061)	14,496	(21,565)	(145,910)	170,515	24,605
Net Assets, Beginning of Year	458,308	2,012,704	2,471,012	604,218	1,842,189	2,446,407
Net Assets, End of Year	\$ 422,247	\$ 2,027,200	\$ 2,449,447	\$ 458,308	\$ 2,012,704	\$ 2,471,012

See notes to financial statements

ENTRUST

Statement of Functional Expenses

	Year Ended December 31, 2021			
	Program Services	Supporting Activities		Total
		General and Administrative	Fund- Raising	
Salaries and benefits	\$ 2,059,696	\$ 607,868	\$ 190,313	\$ 2,857,877
Grants	338,475	-	-	338,475
Other service fees	279,735	6,489	5,423	291,647
Office expenses	81,321	21,770	5,796	108,887
Occupancy	46,142	45,760	10,656	102,558
Travel	64,473	362	-	64,835
Supporter contact	-	-	61,052	61,052
Conferences and meetings	29,090	3,284	-	32,374
Course production/training	23,354	-	-	23,354
Information technology	3,576	12,747	3,015	19,338
Depreciation	11,804	3,292	906	16,002
Professional fees	-	15,525	-	15,525
Language school and professional development	9,609	93	-	9,702
Insurance	-	8,485	-	8,485
Miscellaneous	4	472	-	476
Total Expenses	<u>\$ 2,947,279</u>	<u>\$ 726,147</u>	<u>\$ 277,161</u>	<u>\$ 3,950,587</u>
	75%	18%	7%	100%

See notes to financial statements

ENTRUST

Statement of Functional Expenses

	Year Ended December 31, 2020			
	Program Services	Supporting Activities		Total
		General and Administrative	Fund- Raising	
Salaries and benefits	\$ 1,882,488	\$ 661,363	\$ 177,805	\$ 2,721,656
Grants	368,276	-	-	368,276
Other service fees	271,205	6,840	8,107	286,152
Office expenses	67,209	28,128	4,846	100,183
Occupancy	45,561	45,845	6,113	97,519
Travel	68,472	7,774	7,971	84,217
Course production/training	45,144	-	-	45,144
Supporter contact	-	-	33,935	33,935
Information technology	5,765	12,652	1,840	20,257
Conferences and meetings	17,858	2,166	35	20,059
Depreciation	9,143	4,694	1,190	15,027
Professional fees	-	14,900	-	14,900
Language school and professional development	11,390	335	697	12,422
Insurance	-	8,370	-	8,370
Miscellaneous	-	3,085	-	3,085
Total Expenses	<u>\$ 2,792,511</u>	<u>\$ 796,152</u>	<u>\$ 242,539</u>	<u>\$ 3,831,202</u>
	73%	21%	6%	100%

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors	\$ 4,196,048	\$ 3,855,370
Cash received from other revenue	33,109	40,938
Cash paid to or on behalf of others	(2,846,510)	(2,731,706)
Cash paid to vendors	(1,122,071)	(1,094,097)
Net Cash Provided by Operating Activities	<u>260,576</u>	<u>70,505</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(35,440)	(19,247)
Net Cash Used by Investing Activities	<u>(35,440)</u>	<u>(19,247)</u>
Net Change in Cash and Cash Equivalents	225,136	51,258
Cash and Cash Equivalents, Beginning of Year	<u>2,128,612</u>	<u>2,077,354</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,353,748</u>	<u>\$ 2,128,612</u>

See notes to financial statements

ENTRUST

Notes to Financial Statements

December 31, 2021 and 2020

1. NATURE OF ORGANIZATION:

Entrust is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, Entrust is subject to federal income tax on any unrelated business taxable income. In addition, Entrust is not classified as a private foundation within the meaning of Section 509(a) of the IRC. 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, culturally, and educationally.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Entrust maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The 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 the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. 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 cash held in checking accounts and interest-bearing money market accounts. As of December 31, 2021 and 2020, Entrust has cash and cash equivalents on deposit with financial institutions that exceed the federally insured balance by approximately \$464,000 and \$817,000, respectively. Entrust has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of monthly or quarterly advances to missionaries to cover future expenditures, prepayments for insurance, and deposits for leases and venues for future events.

ENTRUST

Notes to Financial Statements

December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PLEDGES RECEIVABLE

Pledges receivable consists of unconditional commitments made by organizations. As of December 31, 2021 and 2020, pledges receivable are \$7,000 and \$307,135, respectively. The full \$7,000 balance recorded as of December 31, 2021, is expected to be received in the year ended December 31, 2022. The pledges are expected to be received in full, and therefore management has not recorded an allowance for doubtful pledges as of December 31, 2021 or 2020. Due to overall immateriality, no discount on pledges receivable has been recorded as of December 31, 2021 or 2020.

FIXED ASSETS

Fixed assets are stated at cost, or if donated, at the estimated fair market value at the date of donation. Items donated with restrictions regarding their use and contributions of cash to acquire fixed assets 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 net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is recorded using the straight-line method over estimated useful lives of 2-10 years. Fixed assets purchased or donated exceeding \$1,000 are capitalized.

ACCOUNTS PAYABLE AND BACKPAY PAYABLE

Accounts payable consist of expenses incurred prior to year-end and paid after year-end, as well as expenses incurred prior to year-end but not paid for lack of funds. Backpay payable consists of compensation due to staff members that has not been paid for lack of funds. As support is raised beyond a staff member's monthly needs, the backpay balance and program service expense reimbursements are paid. These payables are tracked for 18 months, and if after that amount of time the funds still have not been raised, the expenses and salary are cancelled and the liability is removed.

NET ASSETS

The net assets of Entrust are reported in the following categories:

Net assets without donor restrictions consist of resources that are available for current operations.

Net assets with donor restrictions include donor-restricted contributions for specified exempt purposes.

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Notes to Financial Statements

December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are 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 net assets with donor restrictions until a stipulated time restriction ends or the purpose restrictions are met by Entrust. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from purpose restrictions. Donations that are restricted for missionaries and projects, and seminar and material revenues, are assessed administrative charges of 10% for the years ended December 31, 2021 and 2020.

The Not-for-Profit Topic of the Financial Accounting Standards Board Accounting Standards Codification requires recording the value of contributed services that create or enhance the nonfinancial assets or require specialized skills. Entrust recorded seconded missionary staff services from an unrelated nonprofit organization that meet these requirements. Contributed services are reflected in the statements of activities at their estimated fair market value on the date the services are provided.

Seminar and material fees are collected from participants and recognized as revenue when the performance obligation is satisfied; that is, when the event occurs.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Entrust. These expenses include salaries and benefits, other service fees, travel, occupancy, conference and meetings, office expenses, depreciation, information technology, and language school and professional development. Depreciation is allocated based on square footage, and costs of other categories were allocated on estimates of time and effort.

ADVERTISING (SUPPORTER CONTACT)

Entrust communicates its programs and financial and prayer needs primarily through personal and written contact by individual staff members with their personal networks. Costs of connecting with and maintaining communication with their support teams are expensed as incurred. Advertising (supporter contact) and promotion expense for the years ended December 31, 2021 and 2020 was \$61,052 and \$33,935, respectively.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Entrust's financial assets reduced by amounts not available for general use within one year, as of December 31, 2021 and 2020. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the board of directors has set aside funds.

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Notes to Financial Statements

December 31, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

	December 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 2,353,748	\$ 2,128,612
Pledges receivable	7,000	307,135
Financial assets, at year-end	<u>2,360,748</u>	<u>2,435,747</u>
Less those unavailable for general expenditures within one year, due to:		
Missionary funds not expected to be used within one year	(125,035)	(106,000)
Project funds not expected to be used within one year	(45,373)	(108,500)
Pledge receivable not expected to be collected within one year	-	(100,000)
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 2,190,340</u>	<u>\$ 2,121,247</u>

Entrust has a board-established objective to maintain 120 days of specified operating expenses in reserve to ensure the stability and continuance of its mission, programs, employment, and ongoing operations.

Entrust manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The organization has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets at 120 days of expected expenditures. To achieve these targets, Entrust monitors its liquidity and cash reserves monthly.

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Notes to Financial Statements

December 31, 2021 and 2020

4. FIXED ASSETS–NET:

Fixed assets–net consist of:

	December 31, 2021		
	United States	Foreign Countries	Total
Building	\$ -	\$ 40,579	\$ 40,579
Equipment	69,396	51,793	121,189
Leasehold improvements	20,271	-	20,271
Furniture	11,164	-	11,164
	100,831	92,372	193,203
Accumulated depreciation	(72,848)	(41,369)	(114,217)
Fixed assets–net	\$ 27,983	\$ 51,003	\$ 78,986
	December 31, 2020		
	United States	Foreign Countries	Total
Building	\$ -	\$ 40,579	\$ 40,579
Equipment	61,380	51,007	112,387
Leasehold improvements	20,271	-	20,271
Furniture	11,164	-	11,164
	92,815	91,586	184,401
Accumulated depreciation	(65,732)	(59,123)	(124,855)
Fixed assets–net	\$ 27,083	\$ 32,463	\$ 59,546

Management has reviewed the assets in other countries and, in its opinion, determined they are under the control and ownership of Entrust. While such items are recognized as assets of Entrust, it should be noted that the political situation in many other countries is subject to rapid change. Therefore, the reader should be aware that while Entrust believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood the carrying value of the assets in other countries may not be representative of the amount that could be realized should the assets be sold.

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Notes to Financial Statements

December 31, 2021 and 2020

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2021	2020
Staff support	\$ 1,541,743	\$ 1,393,307
Projects	478,457	312,262
Time restricted	7,000	307,135
	<u>\$ 2,027,200</u>	<u>\$ 2,012,704</u>

6. RETIREMENT PLAN:

Entrust has a 403(b) retirement plan that is available to all employees. During the years ended December 31, 2021 and 2020, there were no employer contributions.

7. OPERATING LEASE:

Rent expense for the years ended December 31, 2021 and 2020, was \$60,728 and \$59,087, respectively. Future minimum payments for the lease are:

<u>Year Ending December 31,</u>	
2022	\$ 60,877
2023	60,877
	<u>\$ 121,754</u>

8. RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread through the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and change in net assets of Entrust for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

9. SUBSEQUENT EVENTS:

Subsequent events were evaluated through March 28, 2022, which is the date the financial statements were available to be issued.