



FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2014 and 2013

ENTRUST

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Entrust
Colorado Springs, Colorado

We have audited the accompanying financial statements of Entrust, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Entrust
Colorado Springs, Colorado

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, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
February 17, 2015

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Statements of Financial Position

	December 31,	
	2014	2013
ASSETS:		
Cash and cash equivalents	\$ 1,269,271	\$ 1,220,083
Prepaid expenses and other assets	31,702	21,786
Furniture and equipment—net	61,554	65,169
Total Assets	<u>\$ 1,362,527</u>	<u>\$ 1,307,038</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 82,878	\$ 100,990
Backpay payable	38,190	16,809
	<u>121,068</u>	<u>117,799</u>
Net Assets:		
Unrestricted:		
Operating	119,186	81,519
Equity in furniture and equipment	61,554	65,169
	<u>180,740</u>	<u>146,688</u>
Temporarily restricted	1,060,719	1,042,551
	<u>1,241,459</u>	<u>1,189,239</u>
Total Liabilities and Net Assets	<u>\$ 1,362,527</u>	<u>\$ 1,307,038</u>

See notes to financial statements

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Statements of Activities

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 81,370	\$ 3,182,940	\$ 3,264,310	\$ 81,235	\$ 3,088,968	\$ 3,170,203
Seminar and material fees	64,405	-	64,405	40,239	-	40,239
Interest and other income	11,495	-	11,495	9,817	-	9,817
Total Support and Revenue	157,270	3,182,940	3,340,210	131,291	3,088,968	3,220,259
NET ASSETS RELEASED:						
Purpose restrictions	2,869,367	(2,869,367)	-	2,692,613	(2,692,613)	-
Administrative assessments	295,405	(295,405)	-	285,238	(285,238)	-
Total Net Assets Released	3,164,772	(3,164,772)	-	2,977,851	(2,977,851)	-
EXPENSES:						
Program services	2,495,981	-	2,495,981	2,399,102	-	2,399,102
Supporting activities:						
General and administrative	523,348	-	523,348	563,498	-	563,498
Fund-raising	268,661	-	268,661	161,680	-	161,680
	792,009	-	792,009	725,178	-	725,178
Total Expenses	3,287,990	-	3,287,990	3,124,280	-	3,124,280
Change in Net Assets	34,052	18,168	52,220	(15,138)	111,117	95,979
Net Assets, Beginning of Year	146,688	1,042,551	1,189,239	161,826	931,434	1,093,260
Net Assets, End of Year	\$ 180,740	\$ 1,060,719	\$ 1,241,459	\$ 146,688	\$ 1,042,551	\$ 1,189,239

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 52,220	\$ 95,979
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	17,108	18,879
Loss on sale of furniture and equipment	(271)	2,461
Change in operating assets and liabilities:		
Prepaid expenses and other assets	(9,916)	(12,565)
Accounts payable	(18,112)	(18,551)
Backpay payable	21,381	(64,487)
Net Cash Provided by Operating Activities	<u>62,410</u>	<u>21,716</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of furniture and equipment	6,000	10,566
Purchases of furniture and equipment	(19,222)	(17,813)
Net Cash Used by Investing Activities	<u>(13,222)</u>	<u>(7,247)</u>
Net Change in Cash and Cash Equivalents	49,188	14,469
Cash and Cash Equivalents, Beginning of Year	<u>1,220,083</u>	<u>1,205,614</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,269,271</u>	<u>\$ 1,220,083</u>

See notes to financial statements

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Statement of Functional Expenses

	Year Ended December 31, 2014				
	Supporting Activities				
Program Services	General and Administrative	Fund-Raising	Total	TOTAL	
Salaries and benefits	\$ 1,713,489	\$ 369,234	\$ 186,536	\$ 555,770	\$ 2,269,259
Travel	217,078	29,635	22,581	52,216	269,294
Other service fees	154,014	22,938	-	22,938	176,952
Grants	175,886	-	-	-	175,886
Course production/training	92,442	10	-	10	92,452
Conferences and meetings	63,757	11,968	5,085	17,053	80,810
Occupancy	36,062	29,437	7,048	36,485	72,547
Supporter Contact	-	-	44,386	44,386	44,386
Office expenses	17,656	19,453	545	19,998	37,654
Information technology	8,706	11,799	976	12,775	21,481
Depreciation and amortization	6,402	9,302	1,404	10,706	17,108
Professional fees	-	12,800	-	12,800	12,800
Language school and professional development	10,478	1,434	100	1,534	12,012
Insurance	-	5,248	-	5,248	5,248
Miscellaneous	11	90	-	90	101
Total Expenses	<u>\$ 2,495,981</u>	<u>\$ 523,348</u>	<u>\$ 268,661</u>	<u>\$ 792,009</u>	<u>\$ 3,287,990</u>
	76%	16%	8%	24%	100%

See notes to financial statements

ENTRUST

Statement of Functional Expenses

	Year Ended December 31, 2013					
	Program Services	Supporting Activities			Total	TOTAL
		General and Administrative	Fund- Raising			
Salaries and benefits	\$ 1,732,083	\$ 405,271	\$ 102,696	\$ 507,967	\$ 2,240,050	
Travel	211,324	29,907	14,210	44,117	255,441	
Grants	160,831	-	-	-	160,831	
Other service fees	139,744	19,534	-	19,534	159,278	
Occupancy	29,369	33,148	7,182	40,330	69,699	
Course production/training	49,499	-	-	-	49,499	
Conferences and meetings	33,521	12,037	1,178	13,215	46,736	
Office expenses	16,613	21,608	4,650	26,258	42,871	
Supporter Contact	-	-	29,470	29,470	29,470	
Information technology	9,102	13,190	592	13,782	22,884	
Depreciation and amortization	7,682	9,741	1,456	11,197	18,879	
Professional fees	-	12,850	-	12,850	12,850	
Language school and professional development	4,738	1,056	246	1,302	6,040	
Insurance	-	4,983	-	4,983	4,983	
Miscellaneous	4,596	173	-	173	4,769	
 Total Expenses	 \$ 2,399,102	 \$ 563,498	 \$ 161,680	 \$ 725,178	 \$ 3,124,280	
	77%	18%	5%	23%	100%	

See notes to financial statements

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Notes to Financial Statements

December 31, 2014 and 2013

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, culturally, and educationally.

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

2. SUMMARY OF 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 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. Cash and cash equivalents balances by fund consist of:

	December 31,	
	2014	2013
Operating	\$ 125,366	\$ 81,542
Staff support	879,489	822,936
Projects	264,416	315,605
	<u>\$ 1,269,271</u>	<u>\$ 1,220,083</u>

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Notes to Financial Statements

December 31, 2014 and 2013

2. SUMMARY OF ACCOUNTING POLICIES, continued:

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.

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. This amount includes operating expenses of \$703 and program service expenses of \$100,287. 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, if the funds still have not been raised, the expenses and salary are cancelled and the liability is removed.

NET ASSETS

Unrestricted net assets consist of resources used to support operations and resources invested in furniture and equipment.

Temporarily restricted net assets include donor restricted contributions for specific projects and staff support.

UNCERTAIN TAX POSITIONS

The financial statement effects of 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 positions will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2014, Entrust had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Entrust's federal Exempt Organization Business Income Tax Returns (Form 990) for the years ended December 31, 2013, 2012, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

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Notes to Financial Statements

December 31, 2014 and 2013

2. SUMMARY OF ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE

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 the temporarily restricted class of net assets until a stipulated time restriction ends or the purpose restrictions are met by Entrust. 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. Donations that are restricted for missionaries and projects are assessed administrative charges of 9% for both the years ended December 31, 2014 and 2013.

ADVERTISING

Entrust uses advertising and promotion to communicate its programs to the organization's supporters and potential supporters. Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the years ended December 31, 2014 and 2013, was \$44,386 and \$29,470, respectively.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified in order to conform with current year presentation.

3. FURNITURE AND EQUIPMENT—NET:

Furniture and equipment—net consists of:

	December 31,	
	2014	2013
Equipment	\$ 76,113	\$ 73,820
Leasehold improvements	73,822	63,955
Furniture	11,824	11,824
	161,759	149,599
Accumulated depreciation	(100,205)	(84,430)
Furniture and equipment—net	\$ 61,554	\$ 65,169

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Notes to Financial Statements

December 31, 2014 and 2013

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2014	2013
Staff support	\$ 778,170	\$ 739,822
Projects	282,549	302,729
	<u>\$ 1,060,719</u>	<u>\$ 1,042,551</u>

5. RETIREMENT PLAN:

Entrust has a 403(b) retirement plan that is available to all employees. As of December 31, 2014 and 2013, there were no employer contributions.

6. OPERATING LEASE:

Entrust currently leases office space from a board member. Rent expense for the years ended December 31, 2014 and 2013, was \$35,634. The agreement expires February 2016 and future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2015	35,634
2016	5,939
	<u>\$ 41,573</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.