



Financial Statements
With Independent Auditors' Report

December 31, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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
March 12, 2018

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Statements of Financial Position

	December 31,	
	2017	2016
ASSETS:		
Cash and cash equivalents	\$ 1,981,824	\$ 1,812,934
Prepaid expenses and other assets	86,377	55,408
Fixed assets-net	268,922	184,026
Total Assets	<u>\$ 2,337,123</u>	<u>\$ 2,052,368</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 84,802	\$ 110,038
Backpay payable	23,323	35,555
	<u>108,125</u>	<u>145,593</u>
Net assets:		
Unrestricted:		
Operating	28,125	76,389
Equity in fixed assets	268,922	184,026
	<u>297,047</u>	<u>260,415</u>
Temporarily restricted	1,931,951	1,646,360
	<u>2,228,998</u>	<u>1,906,775</u>
Total Liabilities and Net Assets	<u>\$ 2,337,123</u>	<u>\$ 2,052,368</u>

See notes to financial statements

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Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 65,916	\$ 3,953,121	\$ 4,019,037	\$ 99,541	\$ 3,514,424	\$ 3,613,965
Seminar and material fees	90,597	-	90,597	63,876	-	63,876
Interest and other income	5,540	-	5,540	14,028	-	14,028
Total Support and Revenue	162,053	3,953,121	4,115,174	177,445	3,514,424	3,691,869
NET ASSETS RELEASED:						
Purpose restrictions	3,265,879	(3,265,879)	-	2,854,676	(2,854,676)	-
Administrative assessments	401,651	(401,651)	-	362,338	(362,338)	-
Total Net Assets Released	3,667,530	(3,667,530)	-	3,217,014	(3,217,014)	-
EXPENSES:						
Program services	3,050,662	-	3,050,662	2,586,571	-	2,586,571
Supporting activities:						
General and administrative	548,467	-	548,467	598,853	-	598,853
Fund-raising	193,822	-	193,822	206,967	-	206,967
	742,289	-	742,289	805,820	-	805,820
Total Expenses	3,792,951	-	3,792,951	3,392,391	-	3,392,391
Change in Net Assets	36,632	285,591	322,223	2,068	297,410	299,478
Net Assets, Beginning of Year	260,415	1,646,360	1,906,775	258,347	1,348,950	1,607,297
Net Assets, End of Year	\$ 297,047	\$ 1,931,951	\$ 2,228,998	\$ 260,415	\$ 1,646,360	\$ 1,906,775

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 322,223	\$ 299,478
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	42,184	74,567
Loss on sale of fixed assets	-	38,970
Change in operating assets and liabilities:		
Contributions receivable	-	142,500
Prepaid expenses and other assets	(30,969)	(10,181)
Accounts payable	(25,236)	23,306
Backpay payable	(12,232)	(1,983)
Net Cash Provided by Operating Activities	<u>295,970</u>	<u>566,657</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	<u>(127,080)</u>	<u>(235,575)</u>
Net Cash Used by Investing Activities	<u>(127,080)</u>	<u>(235,575)</u>
Net Change in Cash and Cash Equivalents	168,890	331,082
Cash and Cash Equivalents, Beginning of Year	<u>1,812,934</u>	<u>1,481,852</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,981,824</u>	<u>\$ 1,812,934</u>

See notes to financial statements

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Statement of Functional Expenses

	Year Ended December 31, 2017				
	Supporting Activities				
Program Services	General and Administrative	Fund-Raising	Total	TOTAL	
Salaries and benefits	\$ 1,876,791	\$ 429,352	\$ 109,903	\$ 539,255	\$ 2,416,046
Other service fees	249,878	12,165	5,307	17,472	267,350
Travel	241,174	8,160	16,421	24,581	265,755
Grants	239,127	-	-	-	239,127
Course production/training	181,699	-	-	-	181,699
Conferences and meetings	107,211	13,537	-	13,537	120,748
Occupancy	56,532	34,008	7,287	41,295	97,827
Office expenses	34,823	15,286	5,480	20,766	55,589
Supporter Contact	-	-	45,722	45,722	45,722
Depreciation and amortization	37,533	3,725	926	4,651	42,184
Information technology	19,772	10,903	2,764	13,667	33,439
Professional fees	-	13,375	-	13,375	13,375
Language school and professional development	6,041	1,137	12	1,149	7,190
Insurance	-	6,819	-	6,819	6,819
Miscellaneous	81	-	-	-	81
Total Expenses	\$ 3,050,662	\$ 548,467	\$ 193,822	\$ 742,289	\$ 3,792,951
	80%	15%	5%	20%	100%

See notes to financial statements

ENTRUST

Statement of Functional Expenses

	Year Ended December 31, 2016				
	Supporting Activities				
Program Services	General and Administrative	Fund-Raising	Total	TOTAL	
Salaries and benefits	\$ 1,738,848	\$ 351,791	\$ 145,091	\$ 496,882	\$ 2,235,730
Other service fees	232,764	35,428	292	35,720	268,484
Travel	189,454	23,844	7,106	30,950	220,404
Course production/training	161,596	40	-	40	161,636
Grants	140,521	-	-	-	140,521
Occupancy	50,218	48,193	4,834	53,027	103,245
Depreciation and amortization	13,417	56,824	4,326	61,150	74,567
Supporter Contact	-	-	43,376	43,376	43,376
Office expenses	15,744	26,071	363	26,434	42,178
Conferences and meetings	31,198	6,513	1,445	7,958	39,156
Information technology	10,426	23,882	99	23,981	34,407
Professional fees	-	18,291	-	18,291	18,291
Insurance	113	6,447	-	6,447	6,560
Language school and professional development	2,113	1,343	35	1,378	3,491
Miscellaneous	159	186	-	186	345
Total Expenses	<u>\$ 2,586,571</u>	<u>\$ 598,853</u>	<u>\$ 206,967</u>	<u>\$ 805,820</u>	<u>\$ 3,392,391</u>
	76%	18%	6%	24%	100%

See notes to financial statements

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Notes to Financial Statements

December 31, 2017 and 2016

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 non-profit 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 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,	
	2017	2016
Operating	\$ 271,882	\$ 229,974
Staff support	1,276,186	1,240,763
Projects	433,756	342,197
	<u>\$ 1,981,824</u>	<u>\$ 1,812,934</u>

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Notes to Financial Statements

December 31, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 its 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 temporarily restricted net assets to unrestricted net assets 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, 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 fixed assets.

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

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, and seminar and material revenues, are assessed administrative charges of 10% for the years ended December 31, 2017 and 2016, respectively.

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, 2017 and 2016, was \$45,722 and \$43,376, respectively.

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Notes to Financial Statements

December 31, 2017 and 2016

3. FIXED ASSETS–NET:

Fixed assets–net consist of:

	December 31,	
	2017	2016
Building	\$ 116,345	\$ 117,566
Equipment	128,161	115,826
Leasehold improvements	20,271	20,271
Furniture	11,164	11,164
	<u>275,941</u>	<u>264,827</u>
Accumulated depreciation	(107,720)	(80,801)
	<u>168,221</u>	<u>184,026</u>
Construction in process	100,701	-
	<u>100,701</u>	<u>-</u>
Fixed assets–net	<u>\$ 268,922</u>	<u>\$ 184,026</u>

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2017	2016
Staff support	\$ 1,202,528	\$ 1,163,835
Projects	729,423	482,525
	<u>1,931,951</u>	<u>1,646,360</u>

5. RETIREMENT PLAN:

Entrust has a 403(b) retirement plan that is available to all employees. As of December 31, 2017 and 2016, there were no employer contributions.

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Notes to Financial Statements

December 31, 2017 and 2016

6. OPERATING LEASE:

Rent expense for years ended December 31, 2017 and 2016, was \$59,087 and \$57,640, respectively. For the year ended December 31, 2016, Entrust leased office space from a board member. The agreement expired in March 2016. During the year ended December 31, 2016, Entrust entered into a new office lease agreement with an outside party beginning March 2016. Future minimum payments for the new lease are:

<u>Year Ending December 31,</u>	
2018	\$ 59,087
2019	59,087
2020	59,087
2021	9,848
	<hr/>
	\$ 187,109
	<hr/>

7. SUBSEQUENT EVENTS:

Subsequent events were evaluated through March 12, 2018, which is the date the financial statement were available to be issued.