



FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2015 and 2014

ENTRUST

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statement of Functional Expenses, Year Ended December 31, 2015	6
Statement of Functional Expenses, Year Ended December 31, 2014	7
Notes to Financial Statements	8

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, 2015 and 2014, 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, 2015 and 2014, 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 4, 2016

ENTRUST

Statements of Financial Position

	December 31,	
	2015	2014
ASSETS:		
Cash and cash equivalents	\$ 1,481,852	\$ 1,269,271
Contributions receivable	142,500	-
Prepaid expenses and other assets	45,227	31,702
Furniture and equipment—net	61,988	61,554
	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,731,567</u>	<u>\$ 1,362,527</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 86,732	\$ 82,878
Backpay payable	37,538	38,190
	<u>124,270</u>	<u>121,068</u>
Net assets:		
Unrestricted:		
Operating	196,359	119,186
Equity in furniture and equipment	61,988	61,554
	<u>258,347</u>	<u>180,740</u>
Temporarily restricted	1,348,950	1,060,719
	<u>1,607,297</u>	<u>1,241,459</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 1,731,567</u>	<u>\$ 1,362,527</u>

See notes to financial statements

ENTRUST

Statements of Activities

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 104,825	\$ 3,384,103	\$ 3,488,928	\$ 81,370	\$ 3,182,940	\$ 3,264,310
Seminar and material fees	33,559	-	33,559	64,405	-	64,405
Interest and other income	33,569	-	33,569	11,495	-	11,495
Total Support and Revenue	171,953	3,384,103	3,556,056	157,270	3,182,940	3,340,210
NET ASSETS RELEASED:						
Purpose restrictions	2,774,984	(2,774,984)	-	2,869,367	(2,869,367)	-
Administrative assessments	320,888	(320,888)	-	295,405	(295,405)	-
Total Net Assets Released	3,095,872	(3,095,872)	-	3,164,772	(3,164,772)	-
EXPENSES:						
Program services	2,375,981	-	2,375,981	2,495,981	-	2,495,981
Supporting activities:						
General and administrative	574,442	-	574,442	523,348	-	523,348
Fund-raising	239,795	-	239,795	268,661	-	268,661
	814,237	-	814,237	792,009	-	792,009
Total Expenses	3,190,218	-	3,190,218	3,287,990	-	3,287,990
Change in Net Assets	77,607	288,231	365,838	34,052	18,168	52,220
Net Assets, Beginning of Year	180,740	1,060,719	1,241,459	146,688	1,042,551	1,189,239
Net Assets, End of Year	\$ 258,347	\$ 1,348,950	\$ 1,607,297	\$ 180,740	\$ 1,060,719	\$ 1,241,459

See notes to financial statements

ENTRUST

Statements of Cash Flows

	Year Ended December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 365,838	\$ 52,220
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	22,995	17,108
Loss on sale of furniture and equipment	(340)	(271)
Change in operating assets and liabilities:		
Contributions receivable	(142,500)	
Prepaid expenses and other assets	(13,525)	(9,916)
Accounts payable	3,854	(18,112)
Backpay payable	(652)	21,381
Net Cash Provided by Operating Activities	<u>235,670</u>	<u>62,410</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of furniture and equipment	4,000	6,000
Purchases of furniture and equipment	(27,089)	(19,222)
Net Cash Used by Investing Activities	<u>(23,089)</u>	<u>(13,222)</u>
Net Change in Cash and Cash Equivalents	212,581	49,188
Cash and Cash Equivalents, Beginning of Year	<u>1,269,271</u>	<u>1,220,083</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,481,852</u>	<u>\$ 1,269,271</u>

See notes to financial statements

ENTRUST

Statement of Functional Expenses

	Year Ended December 31, 2015					
	Program Services	Supporting Activities			Total	TOTAL
		General and Administrative	Fund- Raising			
Salaries and benefits	\$ 1,579,474	\$ 390,692	\$ 151,548	\$ 542,240	\$ 2,121,714	
Travel	193,543	28,554	28,709	57,263	250,806	
Other service fees	180,151	30,708	-	30,708	210,859	
Grants	206,287	-	-	-	206,287	
Course production/training	88,218	-	-	-	88,218	
Occupancy	48,256	32,822	3,829	36,651	84,907	
Conferences and meetings	32,019	12,198	4,510	16,708	48,727	
Supporter Contact	-	-	47,106	47,106	47,106	
Office expenses	12,017	20,509	1,436	21,945	33,962	
Information technology	9,401	16,259	1,317	17,576	26,977	
Depreciation and amortization	5,686	16,025	1,284	17,309	22,995	
Professional fees	-	18,310	-	18,310	18,310	
Language school and professional development	9,813	2,672	56	2,728	12,541	
Miscellaneous	11,116	104	-	104	11,220	
Insurance	-	5,589	-	5,589	5,589	
 Total Expenses	 \$ 2,375,981	 \$ 574,442	 \$ 239,795	 \$ 814,237	 \$ 3,190,218	
	74%	18%	8%	26%	100%	

See notes to financial statements

ENTRUST

Statement of Functional Expenses

Year Ended December 31, 2014

	Supporting Activities				TOTAL
	Program Services	General and Administrative	Fund- Raising	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	\$ 2,495,981	\$ 523,348	\$ 268,661	\$ 792,009	\$ 3,287,990
	76%	16%	8%	24%	100%

See notes to financial statements

ENTRUST

Notes to Financial Statements

December 31, 2015 and 2014

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 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,	
	2015	2014
Operating	\$ 192,807	\$ 125,366
Staff support	1,025,003	879,489
Projects	264,042	264,416
	<u>\$ 1,481,852</u>	<u>\$ 1,269,271</u>

ENTRUST

Notes to Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS RECEIVABLE

Contributions receivable are reported as income of Entrust when made, if the amount is estimable and absent of any conditions. The contributions receivable have been recorded at the present value of their estimated future cash flows. Entrust has assessed the collectibility of contributions receivable and believe they are fully collectible. Therefore, no allowance was taken during the year ended December 31, 2015.

Subsequent to year end, Entrust received the contributions receivable in full.

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. 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, 2015, Entrust had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Entrust is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

ENTRUST

Notes to Financial Statements

December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT 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 10% and 9% for the years ended December 31, 2015 and 2014, 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, 2015 and 2014, was \$47,106 and \$44,386, respectively.

3. FURNITURE AND EQUIPMENT—NET:

Furniture and equipment—net consist of:

	December 31,	
	2015	2014
Equipment	\$ 71,738	\$ 76,113
Leasehold improvements	98,197	73,822
Furniture	11,824	11,824
	<u>181,759</u>	<u>161,759</u>
Accumulated depreciation	<u>(119,771)</u>	<u>(100,205)</u>
Furniture and equipment—net	<u>\$ 61,988</u>	<u>\$ 61,554</u>

ENTRUST

Notes to Financial Statements

December 31, 2015 and 2014

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2015	2014
Staff support	\$ 937,486	\$ 778,170
Projects	268,964	282,549
		1,060,719
Time restricted contributions receivable	142,500	-
	<u>\$ 1,348,950</u>	<u>\$ 1,060,719</u>

5. RETIREMENT PLAN:

Entrust has a 403(b) retirement plan that is available to all employees. As of December 31, 2015 and 2014, there were no employer contributions.

6. OPERATING LEASE:

Entrust currently leases office space from a board member. Rent expense for both years ended December 31, 2015 and 2014, was \$35,634. The agreement expires March 2016. During the year ended December 31, 2015, Entrust entered into a new office lease agreement beginning March 2016. Future minimum payments for both leases are:

<u>Year Ending December 31,</u>	
2016	\$ 58,148
2017	59,076
2018	59,076
2019	59,076
2020	59,076
Thereafter	9,846
	<u>\$ 304,298</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.