



FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2013 and 2012

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, 2013 and 2012, and the related statements of activities and cash flows 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, 2013 and 2012, 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 3, 2014

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Statements of Financial Position

	December 31,	
	2013	2012
ASSETS:		
Cash and cash equivalents	\$ 1,220,083	\$ 1,205,614
Prepaid expenses and other assets	21,786	9,221
Furniture and equipment–net	65,169	79,262
	<hr/>	<hr/>
Total Assets	\$ 1,307,038	\$ 1,294,097
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 100,990	\$ 119,541
Backpay payable	16,809	81,296
	<hr/>	<hr/>
	117,799	200,837
Net Assets:		
Unrestricted:		
Operating	81,519	82,564
Equity in furniture and equipment	65,169	79,262
	<hr/>	<hr/>
	146,688	161,826
Temporarily restricted	1,042,551	931,434
	<hr/>	<hr/>
	1,189,239	1,093,260
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 1,307,038	\$ 1,294,097
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See notes to financial statements

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Statements of Activities

	Year Ended December 31,					
	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 81,235	\$ 3,088,968	\$ 3,170,203	\$ 81,383	\$ 3,210,683	\$ 3,292,066
Seminar and material fees	40,239	-	40,239	44,931	-	44,931
Interest income	9,139	-	9,139	9,103	-	9,103
Other income	678	-	678	4,273	-	4,273
Total Support and Revenue	131,291	3,088,968	3,220,259	139,690	3,210,683	3,350,373
NET ASSETS RELEASED:						
Purpose restrictions	2,692,613	(2,692,613)	-	2,545,195	(2,545,195)	-
Administrative assessments	285,238	(285,238)	-	297,118	(297,118)	-
Total Net Assets Released	2,977,851	(2,977,851)	-	2,842,313	(2,842,313)	-
EXPENSES:						
Program services	2,399,102	-	2,399,102	2,428,330	-	2,428,330
Supporting activities:						
General and administrative	563,498	-	563,498	505,877	-	505,877
Fund-raising	161,680	-	161,680	140,013	-	140,013
	725,178	-	725,178	645,890	-	645,890
Total Expenses	3,124,280	-	3,124,280	3,074,220	-	3,074,220
Change in Net Assets	(15,138)	111,117	95,979	(92,217)	368,370	276,153
Net Assets, Beginning of Year	161,826	931,434	1,093,260	254,043	563,064	817,107
Net Assets, End of Year	\$ 146,688	\$ 1,042,551	\$ 1,189,239	\$ 161,826	\$ 931,434	\$ 1,093,260

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 95,979	\$ 276,153
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	18,879	21,970
Loss on sale of furniture and equipment	2,461	-
Write-off on furniture and equipment no longer in service	-	3,010
Change in operating assets and liabilities:		
Contribution receivable	-	20,000
Prepaid expenses and other assets	(12,565)	27,846
Accounts payable	(18,551)	(14,735)
Backpay payable	(64,487)	(152,978)
Net Cash Provided by Operating Activities	<u>21,716</u>	<u>181,266</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of furniture and equipment	10,566	-
Purchases of furniture and equipment	(17,813)	(13,365)
Net Cash Used by Investing Activities	<u>(7,247)</u>	<u>(13,365)</u>
Net Change in Cash and Cash Equivalents	14,469	167,901
Cash and Cash Equivalents, Beginning of Year	<u>1,205,614</u>	<u>1,037,713</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,220,083</u>	<u>\$ 1,205,614</u>

See notes to financial statements

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Notes to Financial Statements

December 31, 2013 and 2012

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,	
	2013	2012
Operating	\$ 81,542	\$ 96,476
Staff support	822,936	805,126
Projects	315,605	304,012
	<u>\$ 1,220,083</u>	<u>\$ 1,205,614</u>

ENTRUST

Notes to Financial Statements

December 31, 2013 and 2012

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, 2013, 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, 2012, 2011, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

ENTRUST

Notes to Financial Statements

December 31, 2013 and 2012

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% and 10% for the years ended December 31, 2013 and 2012.

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, 2013 and 2012, was \$29,470 and \$32,583, 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,	
	2013	2012
Equipment	\$ 73,820	\$ 68,155
Leasehold improvements	63,955	77,880
Furniture	11,824	11,824
	<u>149,599</u>	<u>157,859</u>
Accumulated depreciation	<u>(84,430)</u>	<u>(78,597)</u>
Furniture and equipment–net	<u>\$ 65,169</u>	<u>\$ 79,262</u>

ENTRUST

Notes to Financial Statements

December 31, 2013 and 2012

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2013	2012
Staff support	\$ 739,822	\$ 638,988
Projects	302,729	292,446
	<u>\$ 1,042,551</u>	<u>\$ 931,434</u>

5. RETIREMENT PLAN:

Entrust has a 403(b) retirement plan that is available to all employees. As of December 31, 2013 and 2012, there were only employer contributions.

6. OPERATING LEASE:

Entrust currently leases office space from a board member. Rent expense for the years ended December 31, 2013 and 2012, was \$35,634. The agreement expires February 2016 and future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2014	\$ 35,634
2015	35,634
2016	5,939
	<u>\$ 77,207</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

We have audited the financial statements of Entrust, as of and for the years ended December 31, 2013 and 2012, and our report thereon dated March 3, 2014, which expresses an unqualified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Capin Crouse LLP

Colorado Springs, Colorado
March 3, 2014

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Schedule of Functional Expenses

Year Ended December 31, 2013

	Supporting Activities				TOTAL
	Program Services	General and Administrative	Fund- Raising	Total	
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	 <u>\$ 2,399,102</u>	 <u>\$ 563,498</u>	 <u>\$ 161,680</u>	 <u>\$ 725,178</u>	 <u>\$ 3,124,280</u>
	77%	18%	5%	23%	100%

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Schedule of Functional Expenses

	Year Ended December 31, 2012				
	Supporting Activities				
Program Services	General and Administrative	Fund-Raising	Total	TOTAL	
Salaries and benefits	\$ 1,705,719	\$ 346,472	\$ 91,060	\$ 437,532	\$ 2,143,251
Travel	220,801	12,890	6,714	19,604	240,405
Grants	295,299	-	-	-	295,299
Other service fees	72,559	20,499	-	20,499	93,058
Occupancy	-	59,287	7,476	66,763	66,763
Course production/training	54,930	-	-	-	54,930
Conferences and meetings	34,585	9,675	-	9,675	44,260
Office expenses	18,428	19,674	426	20,100	38,528
Supporter Contact	-	-	32,583	32,583	32,583
Information technology	8,857	9,336	280	9,616	18,473
Depreciation and amortization	10,628	9,868	1,474	11,342	21,970
Professional fees	-	12,623	-	12,623	12,623
Language school and professional development	5,498	672	-	672	6,170
Insurance	-	4,881	-	4,881	4,881
Miscellaneous	1,026	-	-	-	1,026
Total Expenses	<u>\$ 2,428,330</u>	<u>\$ 505,877</u>	<u>\$ 140,013</u>	<u>\$ 645,890</u>	<u>\$ 3,074,220</u>
	79%	16%	5%	21%	100%