



Financial Statements
With Independent Auditors' Report

December 31, 2016 and 2015

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, 2016 and 2015, 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, 2016 and 2015, 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 23, 2017

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Statements of Financial Position

	December 31,	
	2016	2015
ASSETS:		
Cash and cash equivalents	\$ 1,812,934	\$ 1,481,852
Contributions receivable	-	142,500
Prepaid expenses and other assets	55,408	45,227
Fixed assets-net	184,026	61,988
Total Assets	\$ 2,052,368	\$ 1,731,567
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 110,038	\$ 86,732
Backpay payable	35,555	37,538
	145,593	124,270
Net assets:		
Unrestricted:		
Operating	76,389	196,359
Equity in fixed assets	184,026	61,988
	260,415	258,347
Temporarily restricted	1,646,360	1,348,950
	1,906,775	1,607,297
Total Liabilities and Net Assets	\$ 2,052,368	\$ 1,731,567

See notes to financial statements

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Statements of Activities

	Year Ended December 31,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 99,541	\$ 3,514,424	\$ 3,613,965	\$ 104,825	\$ 3,384,103	\$ 3,488,928
Seminar and material fees	63,876	-	63,876	33,559	-	33,559
Interest and other income	14,028	-	14,028	33,569	-	33,569
Total Support and Revenue	177,445	3,514,424	3,691,869	171,953	3,384,103	3,556,056
NET ASSETS RELEASED:						
Purpose restrictions	2,854,676	(2,854,676)	-	2,774,984	(2,774,984)	-
Administrative assessments	362,338	(362,338)	-	320,888	(320,888)	-
Total Net Assets Released	3,217,014	(3,217,014)	-	3,095,872	(3,095,872)	-
EXPENSES:						
Program services	2,586,571	-	2,586,571	2,375,981	-	2,375,981
Supporting activities:						
General and administrative	598,853	-	598,853	574,442	-	574,442
Fund-raising	206,967	-	206,967	239,795	-	239,795
	805,820	-	805,820	814,237	-	814,237
Total Expenses	3,392,391	-	3,392,391	3,190,218	-	3,190,218
Change in Net Assets	2,068	297,410	299,478	77,607	288,231	365,838
Net Assets, Beginning of Year	258,347	1,348,950	1,607,297	180,740	1,060,719	1,241,459
Net Assets, End of Year	\$ 260,415	\$ 1,646,360	\$ 1,906,775	\$ 258,347	\$ 1,348,950	\$ 1,607,297

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 299,478	\$ 365,838
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	74,567	22,995
Loss (Gain) on sale of fixed assets	38,970	(340)
Change in operating assets and liabilities:		
Contributions receivable	142,500	(142,500)
Prepaid expenses and other assets	(10,181)	(13,525)
Accounts payable	23,306	3,854
Backpay payable	(1,983)	(652)
Net Cash Provided by Operating Activities	<u>566,657</u>	<u>235,670</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets	-	4,000
Purchases of fixed assets	(235,575)	(27,089)
Net Cash Used by Investing Activities	<u>(235,575)</u>	<u>(23,089)</u>
Net Change in Cash and Cash Equivalents	331,082	212,581
Cash and Cash Equivalents, Beginning of Year	<u>1,481,852</u>	<u>1,269,271</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,812,934</u>	<u>\$ 1,481,852</u>

See notes to financial statements

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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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Statement of Functional Expenses

Year Ended December 31, 2015

	Supporting Activities				TOTAL
	Program Services	General and Administrative	Fund- Raising	Total	
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

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Notes to Financial Statements

December 31, 2016 and 2015

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,	
	2016	2015
Operating	\$ 229,974	\$ 192,807
Staff support	1,240,763	1,025,003
Projects	342,197	264,042
	<u>\$ 1,812,934</u>	<u>\$ 1,481,852</u>

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Notes to Financial Statements

December 31, 2016 and 2015

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 collectability of contributions receivable and believe they are fully collectible. Therefore, no allowance was taken during the year ended December 31, 2016.

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

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 3-39 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.

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, 2016, 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 2013.

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Notes to Financial Statements

December 31, 2016 and 2015

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, and seminar and material revenues, are assessed administrative charges of 10% for the years ended December 31, 2016 and 2015, 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, 2016 and 2015, was \$43,376 and \$47,106, respectively.

RECLASSIFICATIONS

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

3. FIXED ASSETS–NET:

Fixed assets–net consist of:

	December 31,	
	2016	2015
Building	\$ 117,566	\$ -
Equipment	115,826	71,738
Leasehold improvements	20,271	98,197
Furniture	11,164	11,824
	<u>264,827</u>	<u>181,759</u>
Accumulated depreciation	<u>(80,801)</u>	<u>(119,771)</u>
Fixed assets–net	<u>\$ 184,026</u>	<u>\$ 61,988</u>

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Notes to Financial Statements

December 31, 2016 and 2015

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2016	2015
Staff support	\$ 1,163,835	\$ 937,486
Projects	482,525	268,964
Time restricted contributions receivable	-	142,500
	<u>\$ 1,646,360</u>	<u>\$ 1,348,950</u>

5. RETIREMENT PLAN:

Entrust has a 403(b) retirement plan that is available to all employees. As of December 31, 2016 and 2015, there were no employer contributions.

6. OPERATING LEASE:

For year ended December 31, 2015, Entrust leased office space from a board member. Rent expense for years ended December 31, 2016 and 2015, was \$57,640 and \$35,634, respectively. The agreement expired in March 2016. During the year ended December 31, 2016, Entrust entered into a new office lease agreement beginning March 2016. Future minimum payments for the new lease are:

<u>Year Ending December 31,</u>	
2017	\$ 59,087
2018	59,087
2019	59,087
2020	59,087
2021	9,848
	<u>\$ 246,196</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.