



KINGDOM BUILDING MINISTRIES, INC.
d.b.a. FORGE

Financial Statements
With Independent Auditors' Report

December 31, 2017 and 2016

KINGDOM BUILDING MINISTRIES, INC.
DBA FORGE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Kingdom Building Ministries, Inc. dba Forge
Aurora, Colorado

We have audited the accompanying financial statements of Kingdom Building Ministries, Inc. dba Forge (Forge), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 audits 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 Forge'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 Forge'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
Kingdom Building Ministries, Inc. dba Forge
Aurora, Colorado

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kingdom Building Ministries, Inc. d.b.a. Forge 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

Centennial, Colorado
January 24, 2018

**KINGDOM BUILDING MINISTRIES, INC.
DBA FORGE**

Statements of Financial Position

	December 31,	
	2017	2016
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 234,489	\$ 280,983
Receivables and other assets	33,508	38,247
	267,997	319,230
Property and equipment–net:		
Land	281,221	281,221
Buildings and improvements	2,000,762	2,000,762
Equipment and vehicles	216,303	203,803
Website development costs	12,541	12,541
	2,510,827	2,498,327
Less accumulated depreciation	(1,177,734)	(1,094,526)
	1,333,093	1,403,801
Total Assets	\$ 1,601,090	\$ 1,723,031
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	\$ 33,246	\$ 36,900
Current portion of note payable–net	36,712	34,897
	69,958	71,797
Note payable–net	574,744	618,593
	644,702	690,390
Net assets:		
Unrestricted:		
Operating	196,780	240,003
Equity in property and equipment–net	721,637	750,311
	918,417	990,314
Temporarily restricted–staff support	37,971	42,327
	956,388	1,032,641
Total Liabilities and Net Assets	\$ 1,601,090	\$ 1,723,031

See notes to financial statements

**KINGDOM BUILDING MINISTRIES, INC.
DBA FORGE**

Statements of Activities

	Year Ended December 31,					
	2017		2016			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 410,959	\$ 1,045,470	\$ 1,456,429	\$ 651,539	\$ 1,133,221	\$ 1,784,760
Speaking engagement income	157,110	-	157,110	195,269	-	195,269
Rental income	141,100	-	141,100	124,550	-	124,550
Program and other income	109,049	-	109,049	53,431	-	53,431
Total Support and Revenue	818,218	1,045,470	1,863,688	1,024,789	1,133,221	2,158,010
NET ASSETS RELEASED:						
From purpose restrictions	1,049,826	(1,049,826)	-	1,200,476	(1,200,476)	-
EXPENSES:						
Program services:						
Itinerant speaking ministry	856,886	-	856,886	878,630	-	878,630
Training ministry	664,324	-	664,324	678,734	-	678,734
Resources ministry	227,483	-	227,483	237,534	-	237,534
	1,748,693	-	1,748,693	1,794,898	-	1,794,898
Supporting activities:						
General and administrative	119,025	-	119,025	118,224	-	118,224
Fundraising	72,223	-	72,223	79,469	-	79,469
	191,248	-	191,248	197,693	-	197,693
Total Expenses	1,939,941	-	1,939,941	1,992,591	-	1,992,591
Change in Net Assets	(71,897)	(4,356)	(76,253)	232,674	(67,255)	165,419
Net Assets, Beginning of Year	990,314	42,327	1,032,641	757,640	109,582	867,222
Net Assets, End of Year	\$ 918,417	\$ 37,971	\$ 956,388	\$ 990,314	\$ 42,327	\$ 1,032,641

See notes to financial statements

**KINGDOM BUILDING MINISTRIES, INC.
DBA FORGE**

Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (76,253)	\$ 165,419
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	84,394	82,736
Write-off of old capitalized loan fees	-	(3,186)
Changes in operating assets and liabilities:		
Receivables and other assets	4,739	68,373
Accounts payable and other liabilities	(3,654)	(23,255)
Net Cash Provided by Operating Activities	9,226	290,087
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(12,500)	(26,106)
Net Cash Used by Investing Activities	(12,500)	(26,106)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from new borrowings	-	675,000
Principal payments on note payable	(43,220)	(686,058)
Borrowings on line of credit	125,000	65,000
Payments on line of credit	(125,000)	(105,205)
Net Cash Used by Financing Activities	(43,220)	(51,263)
Change in Cash and Cash Equivalents	(46,494)	212,718
Cash and Cash Equivalents, Beginning of Year	280,983	68,265
Cash and Cash Equivalents, End of Year	\$ 234,489	\$ 280,983
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 22,989	\$ 32,057

See notes to financial statements

**KINGDOM BUILDING MINISTRIES, INC.
DBA FORGE**

Notes to Financial Statements

December 31, 2017 and 2016

1. NATURE OF ORGANIZATION:

Kingdom Building Ministries, Inc. dba Forge (Forge) is a cross-denominational, parachurch organization, that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law(s). However, Forge is subject to federal income tax on any unrelated business taxable income. In addition, Forge is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

Forge exists to expand God's Kingdom by challenging people to fully devote their lives to God and by equipping them to live lives of active ministry. Our name helps convey who we are and what we do. Our God is an all-consuming Fire, a Forge that is shaping people to have everyday impact for Christ. We challenge and equip people to pursue an intimate relationship with God where they are transformed into Kingdom-building laborers, like strong metal being forged by fire into beautiful vessels and valuable tools. To accomplish our mission, Forge speakers travel to various churches and events, and we offer in-depth equipping and coaching programs that prepare youth and adults for ministry wherever God has placed them.

In summary, two simple phrases encapsulate the ministry of Forge: Hearts on Fire through intimacy with God and Lives on Purpose by Laboring for His Kingdom. Our desire at Forge is to challenge people of all ages, races, stations, and geographies to enter the Forge and become an active part of God's Kingdom work in their everyday places and spaces throughout the world. Primary ministry efforts include:

- Itinerant Speaking Ministry: During the years ended December 31, 2017 and 2016, Forge speakers had the privilege of challenging people at 160 and 156 separate events, respectively. Forge speakers challenge individuals to spiritual decisions including first-time commitments to Jesus Christ, recommitments to Christ, and commitments to spiritual multiplication in others. Forge had 11 and 12 itinerant speakers for the years ended December 31, 2017 and 2016, who partnered with local churches, denominations, universities, and ministry organizations to challenge people to become laborers. To develop future speakers in the Itinerant Speaking Ministry, Forge has launched the Firebrand program to equip future speakers to grow into the calling upon their lives. Forge has 8 and 3 Firebrand speakers during the years ended December 31, 2017 and 2016, respectively.
- The Experience: A young adult training program, formerly known (1992-2006) as "The Laborer's Institute," is an intensive discipleship training school that equips laborers to love God deeply, live a life of unique and distinct ministry, and leave an eternal spiritual legacy. This full-time, two month program for young adults ages 18-29, includes classroom teaching, an overseas missions trip, and stateside service projects.

KINGDOM BUILDING MINISTRIES, INC.
DBA FORGE

Notes to Financial Statements

December 31, 2017 and 2016

1. NATURE OF ORGANIZATION, continued:

Primary ministry efforts include, continued:

- Surge: A two and a half week, high-intensity, state-side training adventure that challenges students to love God more, love people better, and dig deep into discovering God's uniquely designed plan for their life. The program includes life-on-life coaching, skill development, and travel across the nation with ministry stops and service projects along the way.
- Deep Camp: A multi-generational, 5-day discipleship training experience designed to take people deep in their walk with the Lord. The program includes sermons delivered by Forge's Itinerant Speaking team and is focused on equipping participants to live with hearts on fire and lives on purpose.
- Other Equipping Programs: Forge also offers various shorter programs throughout the year, including Plan A Conferences, Life Planning, Weekends Almost Alone with God, Smoky Mountain Outreach Camp, and Unusual Soldiers. These programs range from church events to hands-on mission's trips and are each uniquely designed to challenge and equip those from all walks and seasons of life.
- Resources Ministry: Forge strives to put the life-changing messages of its speakers into accessible resources (print, electronic, audio, and video) which can be passed person to person. Primary resources include website content, the Forge app, audio and video messages of Forge speakers, booklets, and full-length books such as "You Are God's Plan A" and "Forged by Fire," by ministry president, Dwight Robertson.

The funds to support these ministries are provided through the faithful, sacrificial gifts of Forge partners. Through the use of direct-mail fund-raising, product sales, and one-on-one meetings, prospective donors are motivated to become partners and support the work of Forge. Contributions are Forge's primary source of revenue.

2. SIGNIFICANT ACCOUNTING POLICIES:

Forge 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 and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

KINGDOM BUILDING MINISTRIES, INC.
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Notes to Financial Statements

December 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts. These accounts may, at times, exceed federally insured limits. Forge has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

RECEIVABLES AND OTHER ASSETS

Receivables and other assets consists of receivables, inventory, capitalized production costs, and prepaid expenses for mission trips. All receivables are expected to be collected within one year. Management considers all amounts to be fully collectible.

Inventory is recorded at the lower of cost or market, using the average cost method, and consists of workbooks, books, and audio CD's and DVD's. Management has recorded a \$8,000 and \$7,500 reserve for obsolete inventory as of December 31, 2017 and 2016.

Forge incurs production costs on books it develops. These costs are capitalized and amortized over future expected sales. Total capitalized production costs as of December 31, 2017 and 2016, was \$51,536. As of December 31, 2013, capital production costs were fully amortized.

PROPERTY AND EQUIPMENT

Items capitalized as property and equipment are recorded at cost. Donated items are recorded at fair market value on the date of the gift. Forge capitalizes fixed asset purchases exceeding \$2,000, with lesser amounts expensed in the year purchased. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 30 years.

Equity in property and equipment–net consists of:

	December 31,	
	2017	2016
Property and equipment–net	\$ 1,333,093	\$ 1,403,801
Less note payable–net	(611,456)	(653,490)
	<u>\$ 721,637</u>	<u>\$ 750,311</u>

KINGDOM BUILDING MINISTRIES, INC.
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Notes to Financial Statements

December 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets.

Unrestricted net assets are amounts that are available to support current operations, including those resources invested in property and equipment—net.

Temporarily restricted net assets are amounts which are stipulated by donors for the support of Forge's staff.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Contributions restricted by the donor for a specific purpose are recorded as support in the temporarily restricted class of net assets until funds have been expended by Forge for the purpose specified. 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. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Property and other non-cash gifts are recorded at their estimated fair market value on the date of donation.

Those contributions postmarked by December 31, 2017, are recorded as contributions and cash and cash equivalents rather than promises to give.

Speaking engagement income is recorded as support and revenue when the engagement is held. Travel fees associated with itinerant engagements are billed to the host organization upon completion of the engagement. Rental, program, and other income is recorded when earned.

ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as depreciation and salaries, have been allocated among program services and supporting activities benefited.

**KINGDOM BUILDING MINISTRIES, INC.
DBA FORGE**

Notes to Financial Statements

December 31, 2017 and 2016

3. NOTE PAYABLE–NET:

Note payable–net consists of:

	December 31,	
	2017	2016
Note payable to a financial institution, which is secured by a deed of trust, with monthly payments of \$4,842. The payment includes principal and interest at a fixed rate of 3.5%. The mortgage matures in August 2023.	\$ 618,389	\$ 661,609
Less current portion–net	(36,712)	(34,897)
Less capitalized loan fees–net	(6,933)	(8,119)
	\$ 574,744	\$ 618,593

Capitalized loan fees are amortized over the life of the note payable using the straight-line method, which approximates the effective interest method. Accumulated amortization was \$1,371 and \$185 as of December 31, 2017 and 2016, respectively.

Future principal payments for the note payable are:

<u>Year Ending December 31,</u>		
2018	\$	36,712
2019		38,018
2020		39,370
2021		40,771
2022		42,220
Thereafter		421,298
	\$	618,389

Forge was in compliance with all loan covenants as of December 31, 2017.

KINGDOM BUILDING MINISTRIES, INC.
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4. LINE OF CREDIT:

During the year ended December 31, 2016, Forge obtained a secured line of credit with a financial institution in the amount of \$200,000. This line of credit matures in April 2018. The interest rate is variable and determined by the financial institution. As of December 31, 2017, the rate was at 4.5%. Forge drew \$125,000 and made principal payments of \$125,000 during the year ended December 31, 2017. No draws or payments were made on this line of credit during the year ended December 31, 2016. There was no balance on the line of credit as of December 31, 2017 and 2016.

5. DEFINED CONTRIBUTION PLAN:

Forge has a retirement plan under section 403(b) of the Code for its employees. This plan currently permits both employee and employer contributions. During the years ended December 31, 2017 and 2016, Forge did not make any employer contributions to this plan.

6. SUBSEQUENT EVENTS:

Subsequent events were evaluated through January 24, 2018, which is the date the financial statements were available to be issued.