



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

Financial Statements  
With Independent Auditors' Report

December 31, 2018 and 2017

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

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Kingdom Building Ministries, Inc. d.b.a. Forge  
Aurora, Colorado

We have audited the accompanying financial statements of Kingdom Building Ministries, Inc. d.b.a. Forge, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, 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. d.b.a. 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, 2018 and 2017, 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.

***Emphasis of Matter***

Kingdom Building Ministries, Inc. d.b.a. Forge has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentaton of Financial Statements of Not-for-Profit Entities*, as described in note 2. This has had a material effect on the presentation of the December 31, 2018 and 2017 financial statements.

*Capin Crouse LLP*

Centennial, Colorado  
March 8, 2019

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

**Statements of Financial Position**

	December 31,	
	2018	2017
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 96,994	\$ 234,489
Receivables and other assets	61,409	33,508
	158,403	267,997
Property and equipment–net:		
Land	281,221	281,221
Buildings and improvements	2,022,133	2,000,762
Equipment and vehicles	221,378	216,303
Website development costs	12,541	12,541
	2,537,273	2,510,827
Less accumulated depreciation and amortization	(1,254,194)	(1,177,734)
	1,283,079	1,333,093
<b>Total Assets</b>	<b>\$ 1,441,482</b>	<b>\$ 1,601,090</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 47,036	\$ 33,246
Current portion of note payable–net	38,018	36,712
Line of credit	60,000	-
	145,054	69,958
Note payable–net	529,846	574,744
	674,900	644,702
Net assets:		
Net assets without donor restrictions:		
Operating	22,171	196,780
Equity in property and equipment–net	715,215	721,637
	737,386	918,417
Net assets with donor restrictions	29,196	37,971
	766,582	956,388
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,441,482</b>	<b>\$ 1,601,090</b>

See notes to financial statements

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

**Statements of Activities**

	Year Ended December 31,					
	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 390,623	\$ 1,010,905	\$ 1,401,528	\$ 410,959	\$ 1,045,470	\$ 1,456,429
Speaking engagement income	155,042	-	155,042	157,110	-	157,110
Rental income	120,825	-	120,825	141,100	-	141,100
Program and other income	91,426	-	91,426	109,049	-	109,049
<b>Total Support and Revenue</b>	<b>757,916</b>	<b>1,010,905</b>	<b>1,768,821</b>	<b>818,218</b>	<b>1,045,470</b>	<b>1,863,688</b>
<b>NET ASSETS RELEASED:</b>						
From purpose restrictions	1,019,680	(1,019,680)	-	1,049,826	(1,049,826)	-
<b>EXPENSES:</b>						
Program services:						
Itinerant speaking ministry	884,179	-	884,179	856,886	-	856,886
Training ministry	647,229	-	647,229	664,324	-	664,324
Resources ministry	235,663	-	235,663	227,483	-	227,483
	<u>1,767,071</u>	<u>-</u>	<u>1,767,071</u>	<u>1,748,693</u>	<u>-</u>	<u>1,748,693</u>
Supporting activities:						
General and administrative	108,466	-	108,466	119,025	-	119,025
Fundraising	83,090	-	83,090	72,223	-	72,223
	<u>191,556</u>	<u>-</u>	<u>191,556</u>	<u>191,248</u>	<u>-</u>	<u>191,248</u>
<b>Total Expenses</b>	<b>1,958,627</b>	<b>-</b>	<b>1,958,627</b>	<b>1,939,941</b>	<b>-</b>	<b>1,939,941</b>
Change in Net Assets	(181,031)	(8,775)	(189,806)	(71,897)	(4,356)	(76,253)
Net Assets, Beginning of Year	918,417	37,971	956,388	990,314	42,327	1,032,641
Net Assets, End of Year	<u>\$ 737,386</u>	<u>\$ 29,196</u>	<u>\$ 766,582</u>	<u>\$ 918,417</u>	<u>\$ 37,971</u>	<u>\$ 956,388</u>

See notes to financial statements

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

**Statement of Functional Expenses**

Year Ended December 31, 2018

	Program Services			Supporting Activities		Total
	Itinerant Speaking Ministry	Training Ministry	Resources Ministry	General and Administrative	Fundraising	
Salaries and benefits	\$ 698,151	\$ 316,040	\$ 186,816	\$ 69,567	\$ 62,704	\$ 1,333,278
Travel	83,675	229,327	-	3,925	3,925	320,852
Office and professional services	17,216	35,989	11,698	19,572	1,769	86,244
Depreciation and amortization	31,363	21,875	12,786	6,028	4,407	76,459
Facilities and maintenance	28,254	26,663	11,519	5,431	3,970	75,837
Technology	10,710	7,470	4,366	2,059	1,505	26,110
Interest	9,760	6,807	3,979	1,876	1,371	23,793
Communications and promotions	5,050	3,058	4,499	8	3,439	16,054
	<u>\$ 884,179</u>	<u>\$ 647,229</u>	<u>\$ 235,663</u>	<u>\$ 108,466</u>	<u>\$ 83,090</u>	<u>\$ 1,958,627</u>
Percent of Total Expenses	<u>45%</u>	<u>33%</u>	<u>12%</u>	<u>6%</u>	<u>4%</u>	<u>100%</u>

See notes to financial statements

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

**Statement of Functional Expenses**

Year Ended December 31, 2017

	Program Services			Supporting Activities		Total
	Itinerant Speaking Ministry	Training Ministry	Resources Ministry	General and Administrative	Fundraising	
Salaries and benefits	\$ 657,677	\$ 316,675	\$ 180,441	\$ 75,054	\$ 56,879	\$ 1,286,726
Travel	84,318	227,565	-	3,325	3,325	318,533
Office and professional services	17,573	44,351	12,969	21,030	815	96,738
Depreciation and amortization	38,275	23,298	10,817	8,321	2,496	83,207
Facilities and maintenance	30,149	34,008	8,520	6,554	1,966	81,197
Technology	10,666	6,492	3,014	2,319	696	23,187
Interest	11,121	6,769	3,143	2,418	725	24,176
Communications and promotions	7,107	5,166	8,579	4	5,321	26,177
	<u>\$ 856,886</u>	<u>\$ 664,324</u>	<u>\$ 227,483</u>	<u>\$ 119,025</u>	<u>\$ 72,223</u>	<u>\$ 1,939,941</u>
Percent of Total Expenses	<u>44%</u>	<u>34%</u>	<u>12%</u>	<u>5%</u>	<u>5%</u>	<u>100%</u>

See notes to financial statements



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

**Statements of Cash Flows**

	Year Ended December 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (189,806)	\$ (76,253)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	76,459	83,207
Changes in operating assets and liabilities:		
Receivables and other assets	(27,901)	4,739
Accounts payable and other liabilities	13,790	(3,654)
Net Cash Provided (Used) by Operating Activities	(127,458)	8,039
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(26,446)	(12,500)
Net Cash Used by Investing Activities	(26,446)	(12,500)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on note payable	(43,591)	(42,033)
Borrowings on line of credit	85,000	125,000
Payments on line of credit	(25,000)	(125,000)
Net Cash Provided (Used) by Financing Activities	16,409	(42,033)
Change in Cash and Cash Equivalents	(137,495)	(46,494)
Cash and Cash Equivalents, Beginning of Year	234,489	280,983
Cash and Cash Equivalents, End of Year	\$ 96,994	\$ 234,489
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Cash paid for interest	\$ 22,607	\$ 22,989

See notes to financial statements

# KINGDOM BUILDING MINISTRIES, INC. DBA FORGE

## Notes to Financial Statements

December 31, 2018 and 2017

1. NATURE OF ORGANIZATION:

Kingdom Building Ministries, Inc. d.b.a. 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 laws. 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, 2018 and 2017, Forge speakers had the privilege of challenging people at 169 and 160 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 15 and 11 itinerant speakers for the years ended December 31, 2018 and 2017, respectively, 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 had 6 and 8 Firebrand speakers during the years ended December 31, 2018 and 2017, respectively.
- Training ministry:
  - 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, 2018 and 2017

1. NATURE OF ORGANIZATION, continued:

Primary ministry efforts include, continued:

- Training ministry, 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, Forge Core, Forge Mobile-Equipping at a Distance, 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 support and 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.**  
**DBA FORGE**

**Notes to Financial Statements**

December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash held in checking and savings accounts. As of December 2018 and 2017, cash did not 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 valued at the lower of cost or net realizable value using the weighted average method which approximates the first-in, first-out method. Inventory consists of workbooks, books, and audio CD's and DVD's. Management has recorded a \$8,000 reserve for obsolete inventory as of December 31, 2018 and 2017.

Forge incurs production costs on books it develops. These costs are capitalized and amortized over future expected sales. Total capitalized production costs which are fully amortized as of December 31, 2018 and 2017, was \$51,536.

**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 three to thirty years.

Equity in property and equipment–net consists of:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Property and equipment–net	\$ 1,283,079	\$ 1,333,093
Less note payable–net	<u>(567,864)</u>	<u>(611,456)</u>
	<u>\$ 715,215</u>	<u>\$ 721,637</u>

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

**Notes to Financial Statements**

December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

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

*Net assets without donor restrictions* are amounts that are available to support current operations, including those resources invested in property and equipment—net.

*Net assets with donor restrictions* 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, 2018, 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.

FUNCTIONAL ALLOCATION OF EXPENSES

Forge's functional expense allocation percentages are an estimate of the resources used by the ministry functions and focuses. Payroll-related accounts are allocated based on the current-year estimate of each staff person's focus. Each employee's time is estimated based on their unique role and tasks within Forge.

Facility-related accounts, including building maintenance, insurance, utilities, equipment, and office supplies, are allocated based on the activities the building, and its related expenses, supports. Since the way the staff spend their time reflects how the building is used, these allocations are derived by estimating how the Denver-based staff spend their time. These percentages are then used to allocate all facility-related accounts.

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

**Notes to Financial Statements**

December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Forge adopted the provisions of this new standard during the year ended December 31, 2018. In addition to the changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (note 3) and disclosures related to functional allocation of expenses were expanded (note 2, above). Adoption of this standard had no effect on the change in net assets by class of net assets or in total.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Forge's financial assets reduced by amounts not available for general expenditure because of contractual or donor-imposed restrictions within one year of the statements of financial position date.

	December 31,	
	2018	2017
Financial assets:		
Cash and cash equivalents	\$ 96,994	\$ 234,489
Receivables and other assets	61,409	33,508
	<u>          </u>	<u>          </u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 158,403</u>	<u>\$ 267,997</u>

Forge has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Forge also has an unsecured \$200,000 line of credit, which it could draw upon in the event of an anticipated liquidity need. Management monitors cash flow closely through monthly board reporting and detailed financial analysis. Subsequent to the year ended December 31, 2018, Forge began a \$150,000 matching campaign to increase the financial assets available to meet cash needs for general expenditures for the year ending December 31, 2019.

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

**Notes to Financial Statements**

December 31, 2018 and 2017

4. NOTE PAYABLE–NET:

Note payable–net consists of:

	December 31,	
	2018	2017
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.	\$ 573,611	\$ 618,389
Less current portion–net	(38,018)	(36,712)
Less capitalized loan fees–net	(5,747)	(6,933)
	\$ 529,846	\$ 574,744

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 \$2,372 and \$1,371 as of December 31, 2018 and 2017, respectively.

Future principal payments for the note payable are:

Year Ending December 31,	
2019	\$ 38,018
2020	39,370
2021	40,771
2022	42,220
2023	413,232
	\$ 573,611

Forge was in compliance with all loan covenants as of December 31, 2018.

**KINGDOM BUILDING MINISTRIES, INC.**  
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**Notes to Financial Statements**

December 31, 2018 and 2017

5. LINE OF CREDIT:

During the year ended December 31, 2018, Forge renewed a secured line of credit with a financial institution in the amount of \$200,000. This line of credit matures in April 2019. The interest rate is variable and determined by the financial institution. As of December 31, 2018, the rate was at 5.5%. There was a balance on the line of credit of \$60,000 and \$0 as of December 31, 2018 and 2017, respectively. Subsequent to the year ended December 31, 2018, the line of credit was paid in full.

6. 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, 2018 and 2017, Forge did not make any employer contributions to this plan.

7. SUBSEQUENT EVENTS:

Subsequent events were evaluated through March 8, 2019, which is the date the financial statements were available to be issued.