



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

FINANCIAL STATEMENTS  
With Independent Auditors' Report

December 31, 2015 and 2014

**KINGDOM BUILDING MINISTRIES, INC.**  
**d.b.a. 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, 2015 and 2014, 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  
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, 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*

Centennial, Colorado  
January 26, 2015

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

**Statements of Financial Position**

	December 31,	
	2015	2014
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 68,265	\$ 89,787
Receivables	74,571	23,505
Inventory–net	14,582	13,804
Prepaid expenses and other assets	22,954	11,513
	180,372	138,609
Property and equipment–net:		
Land	281,221	281,221
Buildings and improvements	1,998,130	1,993,902
Equipment and vehicles	180,330	180,330
Website development costs	12,541	12,541
	2,472,222	2,467,994
Less accumulated depreciation	(1,012,345)	(929,233)
	1,459,877	1,538,761
<b>Total Assets</b>	<b>\$ 1,640,249</b>	<b>\$ 1,677,370</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 60,155	\$ 50,479
Line of credit	40,205	40,000
Current portion of note payable	27,210	25,866
	127,570	116,345
Note payable, net of current portion	645,457	672,665
	773,027	789,010
Net assets:		
Unrestricted:		
Operating	(29,570)	(866)
Equity in property and equipment–net	787,210	840,230
	757,640	839,364
Temporarily restricted	109,582	48,996
	867,222	888,360
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,640,249</b>	<b>\$ 1,677,370</b>

See notes to financial statements

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

**Statements of Activities**

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 533,659	\$ 1,131,880	\$ 1,665,539	\$ 554,820	\$ 1,101,787	\$ 1,656,607
Speaking engagement income	239,142	-	239,142	190,906	-	190,906
Rental income	108,950	-	108,950	92,563	-	92,563
Program and other income	58,721	-	58,721	51,327	-	51,327
<b>Total Support and Revenue</b>	<b>940,472</b>	<b>1,131,880</b>	<b>2,072,352</b>	<b>889,616</b>	<b>1,101,787</b>	<b>1,991,403</b>
<b>NET ASSETS RELEASED:</b>						
From purpose restrictions	1,071,294	(1,071,294)	-	1,165,027	(1,165,027)	-
<b>EXPENSES:</b>						
Program services:						
Itinerant speaking ministry	950,965	-	950,965	909,933	-	909,933
Training ministry	677,225	-	677,225	664,619	-	664,619
Resources ministry	277,129	-	277,129	268,270	-	268,270
	<u>1,905,319</u>	<u>-</u>	<u>1,905,319</u>	<u>1,842,822</u>	<u>-</u>	<u>1,842,822</u>
Supporting activities:						
General and administrative	114,850	-	114,850	168,538	-	168,538
Fundraising	73,321	-	73,321	85,275	-	85,275
	<u>188,171</u>	<u>-</u>	<u>188,171</u>	<u>253,813</u>	<u>-</u>	<u>253,813</u>
<b>Total Expenses</b>	<b>2,093,490</b>	<b>-</b>	<b>2,093,490</b>	<b>2,096,635</b>	<b>-</b>	<b>2,096,635</b>
<b>Change in Net Assets</b>	<b>(81,724)</b>	<b>60,586</b>	<b>(21,138)</b>	<b>(41,992)</b>	<b>(63,240)</b>	<b>(105,232)</b>
<b>Net Assets, Beginning of Year</b>	<b>839,364</b>	<b>48,996</b>	<b>888,360</b>	<b>881,356</b>	<b>112,236</b>	<b>993,592</b>
<b>Net Assets, End of Year</b>	<b>\$ 757,640</b>	<b>\$ 109,582</b>	<b>\$ 867,222</b>	<b>\$ 839,364</b>	<b>\$ 48,996</b>	<b>\$ 888,360</b>

See notes to financial statements

**KINGDOM BUILDING MINISTRIES, INC.****d.b.a. FORGE****Statements of Cash Flows**

	Year Ended December 31,	
	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (21,138)	\$ (105,232)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	83,113	78,913
Changes in operating assets and liabilities:		
Receivables	(51,066)	34,011
Inventory–net	(778)	(686)
Prepaid expenses and other assets	(11,441)	19,427
Accounts payable and other liabilities	9,676	(6,832)
Net Cash Provided by Operating Activities	<u>8,366</u>	<u>19,601</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(4,229)	(83,450)
Net Cash Used by Investing Activities	<u>(4,229)</u>	<u>(83,450)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on note payable	(25,864)	(24,491)
Borrowings on line of credit	250,205	310,000
Payments on line of credit	(250,000)	(270,000)
Net Cash Provided (Used) by Financing Activities	<u>(25,659)</u>	<u>15,509</u>
Change in Cash and Cash Equivalents	(21,522)	(48,340)
Cash and Cash Equivalents, Beginning of Year	<u>89,787</u>	<u>138,127</u>
Cash and Cash Equivalents, End of Year	<u>\$ 68,265</u>	<u>\$ 89,787</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Cash paid for interest (none capitalized)	<u>\$ 39,076</u>	<u>\$ 40,222</u>

See notes to financial statements

# **KINGDOM BUILDING MINISTRIES, INC.**

## **d.b.a. FORGE**

### **Notes to Financial Statements**

December 31, 2015 and 2014

#### **1. NATURE OF ORGANIZATION:**

Kingdom Building Ministries, Inc. d.b.a. Forge (Forge) is a cross-denominational, parachurch organization, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code), and is not a private foundation under Section 509(a) of the Code.

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, 2015 and 2014, Forge speakers had the privilege of challenging people at 117 and 102 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 12 itinerant speakers for the years ended December 31, 2015 and 2014, 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.
- **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.
- **16 Days:** 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.



# KINGDOM BUILDING MINISTRIES, INC.

## d.b.a. FORGE

### Notes to Financial Statements

December 31, 2015 and 2014

1. NATURE OF ORGANIZATION, continued:

Primary ministry efforts include, continued:

- 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, 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," 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.

#### 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

Receivables consist of accounts and contributions receivable. All receivables are expected to be collected within one year. Management considers all amounts to be fully collectible.

# KINGDOM BUILDING MINISTRIES, INC.

## d.b.a. FORGE

### Notes to Financial Statements

December 31, 2015 and 2014

#### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

##### INVENTORY

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 \$6,000 reserve for obsolete inventory as of December 31, 2015 and 2014.

##### CAPITALIZED PRODUCTION COSTS

Forge incurs production costs on books it develops. These costs are capitalized and amortized over future expected sales and are included in prepaid expenses and other assets on the statements of financial position. Total capitalized production costs as of December 31, 2015 and 2014, 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 3-30 years.

Equity in property and equipment—net consists of:

	December 31,	
	2015	2014
Property and equipment—net	\$ 1,459,877	\$ 1,538,761
Less note payable	(672,667)	(698,531)
	<u>\$ 787,210</u>	<u>\$ 840,230</u>

##### 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 and various projects.

# **KINGDOM BUILDING MINISTRIES, INC.**

## **d.b.a. FORGE**

### **Notes to Financial Statements**

December 31, 2015 and 2014

#### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

##### 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, 2015, 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.

##### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position 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 position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2015, Forge had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

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

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

**Notes to Financial Statements**

December 31, 2015 and 2014

3. NOTE PAYABLE:

Note payable consists of:

	December 31,	
	2015	2014
Note payable to a financial institution, secured by a deed of trust, with monthly payments of \$5,283. The payment includes principal and interest at a fixed rate of 5.39%. The mortgage matures in November 2031.	\$ 672,667	\$ 698,531
Less current portion	(27,210)	(25,866)
Note payable, net of current portion	\$ 645,457	\$ 672,665

Future principal payments for the note payable are:

Year Ending December 31,		
2016	\$	27,210
2017		28,840
2018		30,456
2019		32,163
2020		33,879
Thereafter		520,119
	\$	672,667

Forge was in compliance with all loan covenants as of December 31, 2015.

4. LINE OF CREDIT:

Forge maintains a secured line of credit with a financial institution in the amount of \$200,000. The interest rate is 1.00% over the index rate set by the financial institution, which was 4.25% as of December 31, 2015. The line of credit expires in October 2016. As of December 31, 2015 and 2014, the line of credit had a balance of \$40,205 and \$40,000, respectively. Subsequent to the year ended December 31, 2015, Forge drew an additional \$30,000 on the line of credit and made principal payments of \$70,205.

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

**Notes to Financial Statements**

December 31, 2015 and 2014

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of:

	December 31,	
	2015	2014
Time restricted	\$ 55,000	\$ 6,000
Purpose restricted:		
Staff support	53,243	38,602
Itinerant ministry projects	1,339	4,394
	<u>\$ 109,582</u>	<u>\$ 48,996</u>

6. DEFINED CONTRIBUTION PLAN:

Forge has in place 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, 2015 and 2014, Forge did not make any employer contributions to this plan.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.