



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

Financial Statements
With Independent Auditors' Report

December 31, 2022 and 2021

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

Opinion

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, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Kingdom Building Ministries, Inc. d.b.a. Forge, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kingdom Building Ministries, Inc. d.b.a. Forge's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Kingdom Building Ministries, Inc. d.b.a. Forge's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kingdom Building Ministries, Inc. d.b.a. Forge's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Capin Crouse LLP

Centennial, Colorado
March 7, 2023

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

Statements of Financial Position

	December 31,	
	2022	2021
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,865,419	\$ 1,216,471
Receivables and other assets	60,319	48,507
Land held for sale	-	103,569
	1,925,738	1,368,547
Property and equipment–net:		
Land	177,652	177,652
Buildings and improvements	2,059,029	2,059,029
Equipment and vehicles	70,071	97,137
Website development costs	17,728	12,541
	2,324,480	2,346,359
Less accumulated depreciation and amortization	(1,388,369)	(1,356,424)
	936,111	989,935
Total Assets	\$ 2,861,849	\$ 2,358,482
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and other liabilities	\$ 90,835	\$ 59,472
Current portion of note payable–net	-	42,444
	90,835	101,916
Note payable–net	-	409,330
Total liabilities	90,835	511,246
Net assets:		
Net assets without donor restrictions	2,607,617	1,657,058
Net assets with donor restrictions	163,397	190,178
Total net assets	2,771,014	1,847,236
Total Liabilities and Net Assets	\$ 2,861,849	\$ 2,358,482

See notes to financial statements

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

Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 1,022,627	\$ 747,552	\$ 1,770,179	\$ 686,845	\$ 814,412	\$ 1,501,257
Gain on sale of land held for sale and property and equipment	666,573	-	666,573	-	-	-
Government grant revenue	-	-	-	-	211,300	211,300
Rental income	124,145	-	124,145	116,170	-	116,170
Speaking engagement income	139,714	-	139,714	135,016	-	135,016
Program and other income	141,251	-	141,251	50,333	-	50,333
Total Support and Revenue	2,094,310	747,552	2,841,862	988,364	1,025,712	2,014,076
NET ASSETS RELEASED:						
From purpose restrictions	774,333	(774,333)	-	996,882	(996,882)	-
EXPENSES:						
Program services:						
Itinerant speaking ministry	871,157	-	871,157	782,675	-	782,675
Training ministry	541,654	-	541,654	381,769	-	381,769
Resources ministry	287,021	-	287,021	239,181	-	239,181
	1,699,832	-	1,699,832	1,403,625	-	1,403,625
Supporting activities:						
General and administrative	112,540	-	112,540	114,253	-	114,253
Fundraising	105,712	-	105,712	61,809	-	61,809
	218,252	-	218,252	176,062	-	176,062
Total Expenses	1,918,084	-	1,918,084	1,579,687	-	1,579,687
Change in Net Assets	950,559	(26,781)	923,778	405,559	28,830	434,389
Net Assets, Beginning of Year	1,657,058	190,178	1,847,236	1,251,499	161,348	1,412,847
Net Assets, End of Year	\$ 2,607,617	\$ 163,397	\$ 2,771,014	\$ 1,657,058	\$ 190,178	\$ 1,847,236

See notes to financial statements

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

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services:			Supporting Activities:		Total
	Itinerant Speaking Ministry	Training Ministry	Resources Ministry	General and Administrative	Fundraising	
Salaries and benefits	\$ 484,881	\$ 199,348	\$ 162,133	\$ 38,855	\$ 36,382	\$ 921,599
Travel	79,722	174,763	-	2,387	2,387	259,259
Communications and promotions	67,910	71,884	31,000	55	51,498	222,347
Contract services	95,315	6,600	6,600	42,900	5,111	156,526
Office and professional services	32,919	52,645	36,656	24,638	1,846	148,704
Facilities and maintenance	46,503	15,337	21,326	1,560	3,576	88,302
Depreciation and amortization	40,018	13,198	18,351	1,343	3,076	75,986
Technology	15,199	5,013	6,970	510	1,168	28,860
Interest	8,690	2,866	3,985	292	668	16,501
	<u>\$ 871,157</u>	<u>\$ 541,654</u>	<u>\$ 287,021</u>	<u>\$ 112,540</u>	<u>\$ 105,712</u>	<u>\$ 1,918,084</u>
Percent of Total Expenses	<u>45%</u>	<u>28%</u>	<u>15%</u>	<u>6%</u>	<u>5%</u>	<u>100%</u>

See notes to financial statements

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

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services:			Supporting Activities:		Total
	Itinerant Speaking Ministry	Training Ministry	Resources Ministry	General and Administrative	Fundraising	
Salaries and benefits	\$ 450,801	\$ 205,388	\$ 166,236	\$ 14,570	\$ 32,604	\$ 869,599
Travel	68,489	71,550	-	2,364	2,364	144,767
Communications and promotions	23,971	21,820	15,078	578	10,132	71,579
Contract services	108,422	7,508	7,508	48,800	5,813	178,051
Office and professional services	33,043	34,545	17,318	28,764	2,185	115,855
Facilities and maintenance	41,019	17,153	13,837	8,031	3,648	83,688
Depreciation and amortization	38,576	16,130	13,012	7,553	3,431	78,702
Technology	9,491	3,969	3,202	1,858	844	19,364
Interest	8,863	3,706	2,990	1,735	788	18,082
	<u>\$ 782,675</u>	<u>\$ 381,769</u>	<u>\$ 239,181</u>	<u>\$ 114,253</u>	<u>\$ 61,809</u>	<u>\$ 1,579,687</u>
Percent of Total Expenses	<u>50%</u>	<u>24%</u>	<u>15%</u>	<u>7%</u>	<u>4%</u>	<u>100%</u>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 923,778	\$ 434,389
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	75,986	78,702
Gain on sale of land held for sale	(652,073)	-
Gain on sale of property and equipment	(14,500)	(3,000)
Forgiveness of Paycheck Protection Program loan	-	(211,300)
Changes in operating assets and liabilities:		
Receivables and other assets	(11,813)	3,469
Accounts payable and other liabilities	31,363	20,203
Net Cash Provided by Operating Activities	352,741	322,463
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	14,500	3,000
Proceeds from sale of land held for sale	755,642	-
Purchases of property and equipment	(22,162)	(37,000)
Net Cash Provided (Used) by Investing Activities	747,980	(34,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(451,773)	(39,680)
Proceeds from Paycheck Protection Program loan	-	211,300
Net Cash Provided (Used) by Financing Activities	(451,773)	171,620
Change in Cash and Cash Equivalents	648,948	460,083
Cash and Cash Equivalents, Beginning of Year	1,216,471	756,388
Cash and Cash Equivalents, End of Year	\$ 1,865,419	\$ 1,216,471
SUPPLEMENTAL DISCLOSURE AND NON-CASH ITEMS:		
Cash paid for interest	\$ 14,313	\$ 16,896
Non-cash transaction to recognize loan forgiveness	\$ -	\$ 211,300
Property transferred to land held for sale	\$ -	\$ 103,569

See notes to financial statements

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

Notes to Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021, Forge speakers had the privilege of challenging people at 140 and 123 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 16 and 13, itinerant speakers for the years ended December 31, 2022 and 2021, 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 9 Firebrand speakers during the years ended December 31, 2022 and 2021, respectively.
- Equipping ministry:
 - Equipping: this youth and young adult training program is an intensive discipleship training that equips laborers to love God deeply, live a life of unique and distinct ministry, and leave an eternal spiritual legacy. This full-time, ranging from two-week up to two-month program for young adults ages 18-29, includes classroom teaching, the potential of an international missions trip, and stateside service projects.

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

Notes to Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION, continued:

Primary ministry efforts include, continued:

- Equipping ministry, 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 Forge Equipping Programs: Forge also offers various shorter programs throughout the year, including Plan A Conferences, Forge Fests, Forge Mobile-Equipping at a Distance, Life Arrow Planning, Outreach Camps, and Detour. These programs range from church events to hands-on mission 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, the Forge Podcast called "Fuel For The Harvest," audio and video messages of Forge speakers, booklets, and full-length books such as "Plan A," and "Forged by Fire," by ministry president, Dwight Robertson, as well as other books such as "Mudrunner" by Charlie Marq, ministry COO.

The funds to support these ministries are provided through the faithful, sacrificial gifts of Forge partners. Through the use of direct-mail fundraising, 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts. As of December 31, 2022 and 2021, Forge has cash and cash equivalents on deposit with financial institutions that exceed the federally insured limits by approximately \$1,430,000 and \$862,000, respectively. 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.

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

Notes to Financial Statements

December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECEIVABLES AND OTHER ASSETS

Receivables and other assets consists of receivables, inventory, 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 \$7,800 and \$7,900, reserve for obsolete inventory as of December 31, 2022 and 2021, respectively.

LAND HELD FOR SALE

During the year ending December 31, 2021, Forge entered into a contract to sell it's adjacent land, which was reflected as land held for sale on the statement of financial position as of December 31, 2021 and was recorded at the lower of cost or net realizable value. The land was sold during the year ended December 31, 2022 for approximately \$800,000 and a gain on the sale of the land is recorded on the statement of activities for the year ended December 31, 2022.

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.

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 and specific projects.

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

Notes to Financial Statements

December 31, 2022 and 2021

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 net assets with donor restrictions class of net assets until funds have been expended by Forge for the purpose specified. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2022, are recorded as contributions and cash and cash equivalents, rather than promises to give.

During the year ended December 31, 2021, Forge received a Paycheck Protection Program loan of \$211,300 that was eligible for forgiveness based on Forge incurring various qualified expenses such as normal payroll costs and utilities. During the year ended December 31, 2021, Forge received forgiveness of the loan and it has been recorded as government grant revenue on the statements of activities.

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 an 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.
d.b.a FORGE

Notes to Financial Statements

December 31, 2022 and 2021

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,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 1,865,419	\$ 1,216,471
Account receivables	34,828	48,507
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,900,247	\$ 1,264,978

Forge has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flow closely through monthly board reporting and detailed financial analysis.

4. NOTE PAYABLE–NET:

Note payable–net consists of:

	December 31,	
	2022	2021
Note payable to a financial institution, which is secured by a deed of trust, with monthly payments of \$4,804. The payment includes principal and interest at a fixed rate of 3.5%. The mortgage was paid in full in December 2022.	\$ -	\$ 453,962
Less current portion–net	-	(42,444)
Less capitalized loan fees–net	-	(2,188)
	\$ -	\$ 409,330

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

Notes to Financial Statements

December 31, 2022 and 2021

4. NOTE PAYABLE–NET,continued:

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 \$0 and \$6,116, as of December 31, 2022 and 2021, respectively. During the year ended December 31, 2022, the loan was paid off and the capitalized loan fees were written off.

Forge was in compliance with all loan covenants as of December 31, 2022 and 2021.

5. LINE OF CREDIT:

During the years ended December 31, 2022 and 2021, Forge had a line of credit with a financial institution secured by property in the amount of \$100,000. This line of credit matured in April 2022 and was not renewed. The interest rate is variable and determined by the financial institution. There were no draws on the line of credit during the years ended December 31, 2022 and 2021.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Staff support	\$ 126,923	\$ 139,411
Projects and other	36,474	50,766
	<u>\$ 163,397</u>	<u>\$ 190,177</u>

7. 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, 2022 and 2021, Forge did not make any employer contributions to this plan.

8. RELATED PARTY TRANSACTIONS:

Forge utilizes accounting services from a firm that is owned by the CFO of Forge. The CFO stepped down from employment at Forge during the year ended December 31, 2022 and at that time the accounting firm took over as the outsourced CFO. During the years ended December 31, 2022 and 2021, Forge paid the related party \$66,600 and \$62,400, respectively, for the accounting services.

During the years ended December 31, 2022 and 2021, board members and key members of management contributed approximately \$232,000 for both years to Forge.

9. SUBSEQUENT EVENTS:

Subsequent events were evaluated through March 7, 2023, which is the date the financial statements were available to be issued.