



Elevation
C H U R C H

Consolidated Financial Statements
December 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Overseers of
Elevation Church
Matthews, North Carolina

Opinion

We have audited the accompanying financial statements of Elevation Church (the "Church" - a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 Elevation Church as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Elevation Church and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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 Elevation Church's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 audit.
- 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 purposes of expressing an opinion on the effectiveness of Elevation Church'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 Elevation Church'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Foard & Company, P.A.

February 16, 2023

Elevation Church
Consolidated Statement of Financial Position

December 31, 2022

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 69,658,572
Prepaid Expenses	2,276,292
Other Receivables	2,578,369
Total Current Assets	74,513,233

Fixed Assets:

Property and Equipment	135,275,720
Less - Accumulated Depreciation	(51,044,132)
Total Property and Equipment (Net)	84,231,588

Long-Term Assets:

Investments	93,583,653
Cash Held For Long-Term Purposes	15,910,361
Investment in Subsidiary	2,590,273
Other Assets	546,139
Lease Deposits	79,925
Total Long-Term Assets	112,710,351

Total Assets	\$ 271,455,172
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued Liabilities	\$ 1,467,589
Total Current Liabilities	1,467,589

Long-Term Liabilities:

Long-term Liabilities	5,305,121
Total Liabilities	6,772,710

Net Assets:

Net Assets Without Donor Restrictions	263,734,803
Net Assets With Donor Restrictions	947,659
Total Net Assets	264,682,462
Total Liabilities and Net Assets	\$ 271,455,172

See accompanying notes to financial statements

Elevation Church
Consolidated Statement of Activities

	Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Tithes & Offerings	\$ 94,731,316	\$ 12,918,224	\$ 107,649,540
Year End Offering	9,894,225	1,349,213	11,243,438
Total Operating Revenue	104,625,541	14,267,437	118,892,978
Net Assets Released From Donor Restrictions			
Outreach Disbursements	16,864,788	(16,864,788)	-
Net Assets Released From Donor Restrictions	16,864,788	(16,864,788)	-
Operating Revenue, Net	121,490,329	(2,597,351)	118,892,978
EXPENSES			
Personnel	31,712,230	-	31,712,230
Facilities	8,226,173	-	8,226,173
Ministry Operations	10,023,601	-	10,023,601
Online Ministry	2,236,224	-	2,236,224
Central Operations	5,648,249	-	5,648,249
Digital/AVL	2,951,281	-	2,951,281
Outreach	16,864,788	-	16,864,788
Total Expenses	77,662,546	-	77,662,546
Income From Operations	43,827,783	(2,597,351)	41,230,432
Depreciation and Amortization	7,026,332	-	7,026,332
Net Change in Assets From Operations	36,801,451	(2,597,351)	34,204,100
OTHER REVENUE AND EXPENSE			
Other Revenue	13,365,944	-	13,365,944
Other Expense	16,980,589	-	16,980,589
Total Other Net Revenue	(3,614,645)	-	(3,614,645)
Increase in Net Assets	33,186,806	(2,597,351)	30,589,455
Net Assets, Beginning of Year	230,547,997	3,545,010	234,093,007
Net Assets, End of Year	\$ 263,734,803	\$ 947,659	\$ 264,682,462

See accompanying notes to financial statements

Elevation Church
Consolidated Statement of Cash Flows

	December 31, 2022
Cash Flows From Operating Activities	
Change in net assets	\$ 30,589,455
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation and amortization	7,026,332
Unrealized loss on investments	13,503,208
Realized gain on sale of fixed assets	(102,797)
Changes in assets and liabilities that provided (used) cash:	
Prepaid expenses	(629,853)
Other Receivables	(1,987,718)
Other Assets	(446,139)
Right Of Use Asset, net	45,626
Lease deposits	(783)
Accrued Liabilities	(143,595)
LT liabilities	396,139
Net Cash Provided by Operating Activities	48,249,875
Cash Flows From Investing Activities	
Decrease in cash realized from:	
Purchases of investments	(56,658,779)
Purchases of property and equipment	(3,864,151)
Proceeds from disposals of property and equipment	224,404
Net Cash Provided by Investing Activities	(60,298,526)
 (Decrease) Increase in Cash	 (12,048,651)
Cash and Cash Equivalents, Beginning of Year	97,617,584
Cash and Cash Equivalents, End of Year	\$ 85,568,933

Cash Reconciliation	
Operating Cash	\$ 69,658,572
Cash Held for Long-Term Purposes	15,910,361
Total Cash and Cash Equivalents, End Of Year	\$ 85,568,933

See accompanying notes to financial statements

Elevation Church
Consolidated Statement of Functional Expenses

	Year Ended December 31, 2022			
	Volunteer Recruitment and Fundraising			
	Ministry Activities	Activities	Central Office Activities	Total
Operating Expenses				
Personnel	\$ 26,955,395	\$ 2,854,101	\$ 1,902,734	\$ 31,712,230
Facilities	7,979,388	164,523	82,262	8,226,173
Ministry Operations -				
Central Ministry Support	1,473,366	163,707	-	1,637,073
Youth	1,122,891	124,765	-	1,247,656
eKidz	274,482	30,498	-	304,980
eGroups	162,999	18,111	-	181,110
Campus Operations	3,731,879	414,653	-	4,146,532
Guest Experience	34,851	3,872	-	38,723
Other Campus Ministry	2,220,774	246,753	-	2,467,527
Online Ministry				
Online Campus/Programming	1,674,989	186,110	-	1,861,099
Other Online Ministry	337,613	37,513	-	375,125
Central Operations	4,518,600	282,412	847,237	5,648,249
Digital/AVL	2,508,589	265,615	177,077	2,951,281
Outreach	16,864,788	-	-	16,864,788
Depreciation and Amortization	6,815,542	140,527	70,263	7,026,332
Total Operating Expenses	76,676,146	4,933,160	3,079,573	84,688,878
Other Expense				
Elevation Worship	7,935,359	-	-	7,935,359
National Media	5,102,546	-	-	5,102,546
Other	3,942,684	-	-	3,942,684
Total Other Expense	16,980,589	-	-	16,980,589
Total Functional Expense	\$ 93,656,735	\$ 4,933,160	\$ 3,079,573	\$ 101,669,467

See accompanying notes to financial statements

Elevation Church
Notes to Financial Statements
December 31, 2022

NOTE 1 – NATURE OF OPERATIONS

Organization and Mission: Elevation Church (the “Church”) was incorporated in June 2005 in the State of North Carolina as a 501(c)(3) nonprofit organization. The Church headquarters is in Matthews, North Carolina.

The mission statement of the Church is “So That People Far From God Will be Raised to Life in Christ”. The goal is to spread the good news of the gospel of Jesus Christ to people around the world through the following means:

Physical Locations: The Church holds multiple worship experiences each week at locations in North Carolina, South Carolina, Virginia, and Florida in the United States. As of December 31, 2021 there were nineteen physical locations. The Church owns eight of the locations and leases the remaining eleven locations. The Church actively searches for opportunities to expand its network of physical locations.

Online Ministry (eFam): Weekend sermons are available via live stream on the Elevation Church website (elevationchurch.org) as well as YouTube and Facebook. Prior sermons are available on-demand on YouTube as well as the Church website.

National Media (television ministry): The Church, through Steven Furtick Ministries, broadcasts sermons nationally and internationally on various media outlets. National and international broadcasts are on Trinity Broadcasting Network (TBN) and The Hillsong Network. The Church also broadcasts on various local stations in cities in which the Church has a physical location and major cities around the United States.

Elevation Worship Records (EWR): Pastor Steven and EWR staff members write worship songs directly out of the life of the Church. In addition to singing these songs in weekend worship experiences, these songs are recorded and released to the general public. EW regularly tours throughout the US and performs at various Christian conferences and concerts.

Subsidiaries: Elevation Church has two operating subsidiaries, both organized in 2019 in the State of North Carolina.

EC Winston LLC (“ECW”) is a not-for-profit Limited Liability Company wholly owned by Elevation Church. The Church advanced \$3,163,465 to ECW. ECW used these funds to purchase a building previously owned by the Winston Salem (NC) YWCA. ECW negotiated a long-term lease with the YWCA prior to the purchase of the property ensuring the YWCA will remain as a long-term tenant for the majority of the facility. The Church utilizes a portion of the building as a permanent location for its Winston-Salem campus.

Million Little Miracles, LLC (“MLM”) is a not-for-profit Limited Liability Company wholly owned by Elevation Church. MLM was formed to allow licensed Church staff to serve as the general contractor on small (less than \$500,000) internal construction projects. The Church advanced \$500,000 to MLM to meet the state of North Carolina licensing requirements.

EC Property Corp (“ECP”) is a for-profit C Corporation wholly owned by Elevation Church. The Church invested \$1,500,000 for 1,000 shares of the common stock of ECP and advanced an additional \$1,000,000 for operating cash needs. ECP invested \$1,500,000 for a 50% ownership stake in Concord Retail Investment Group, LLC (the “Group”), a joint venture between ECP and MPV Properties LLC (MPV). MPV also invested \$1,500,000 for 50% ownership of the Group. The Group used this \$3,000,000 to purchase a shopping center in downtown Concord, North Carolina.

Elevation Church signed a long-term lease with the Group for a permanent location for its Concord campus subsequent to the purchase of the property.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with US Generally Accepted Accounting Principles (GAAP).

Financial Statement Presentation:

Contributions, other revenues, expenses and gifts of land, buildings, or equipment are classified based on the existence or absence of donor-imposed restrictions. Accordingly, contributions and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Gifts of land, buildings, and equipment are recorded as support without donor restrictions unless explicit donor restrictions specify how the donated assets must be used.

Contributions and other gifts subject to donor-imposed stipulations that are more restrictive than the Church’s mission and purpose are reported as an increase in net assets with donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature when the donor stipulates that resources be maintained in perpetuity. The Church has never received a contribution with permanent donor restrictions.

An additional restriction related to contributions is the commitment to return 12% of every dollar donated back to the communities we serve through our Outreach Ministry. The amount and timing of contributions in the last few weeks of the year make it impossible to disburse those funds in the same year. Contributions committed to Outreach are classified as restricted funds until disbursed.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

As of December 31, 2022, the donor restrictions balance of \$947,659 represents future outreach disbursements based on contributions received in 2022. The restriction will be released as these outreach dollars are disbursed in 2023.

Revenue Recognition: Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services: The Church receives donated services from numerous volunteers assisting the Church in achieving its mission. The value of these contributed services are not reflected in the accompanying statements of activities because the criteria for recognition of such volunteer efforts under GAAP have not been satisfied.

Other Support: Contributions of marketable securities and cryptocurrencies are sold upon receipt. Donated real property or equipment, if material, are included in contributions at fair value.

Promises to Contribute: Unconditional promises to contribute are recorded at the time the promise to contribute is received by the Church. Conditional promises to contribute are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Intentions to contribute are not recognized because the intentions do not represent a legally enforceable pledge. The Church considers all amounts donors have pledged to its capital campaigns to be intentions to contribute. The Church sends statements to donors but does not make any attempt to collect the amounts donors have indicated they will contribute. These intentions to contribute are not included in the accompanying financial statements.

Cash: Cash consists of funds in operating accounts with immediate availability as well as funds in overnight investment accounts.

Investments: The Church invests cash not required for operations in various investment options. Investments are held for long term purposes and are reported at fair market value determined by quoted market prices. Interest and dividends on investments as well as realized and unrealized gains and losses are included in Other Revenue on the consolidated statement of activities.

Liquidity Management: The Church has \$68,710,913 of unrestricted cash as of December 31, 2022. These assets are available to meet the general operating needs of the Church. It is anticipated ongoing contributions without donor restrictions received in 2022 will be sufficient to fully support Church operations.

Other Receivables: Other Receivables consist primarily of two items - EWR tour revenue from Premier Productions of \$2,030,668, which was received in January 2023, and Sales Taxes receivable of \$536,004. The North Carolina Department of Revenue requires the Church to pay sales taxes on all purchases and to then file a tax return requesting reimbursement for sales taxes paid. The total is presented at net realizable value and will be collected within twelve months.

Inventory: The Church expenses merchandise held for resale when purchased. The value of unsold inventory is not deemed material. The Church also maintains inventories of materials and supplies used in our physical locations on the weekends. The cost of these supplies is recorded as an expense as items are released from inventory.

Leases: In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for most leases with terms longer than 12 months. Leases may be classified as either financing or operating, with classifications affecting the pattern of expense recognition in the statement of activities. The Church implemented the new standard for the year 2022. The implementation of this standard resulted in an increase in assets and liabilities, but did not result in a material change in net assets.

Income Taxes: The Church is a not-for-profit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation within the meaning of Section 509(a). Donors of money or property, or both, are entitled to the maximum charitable contribution deduction allowed by law. Management is not aware of any tax positions that would have a significant impact on its financial position.

The Church pays Unrelated Business Income Taxes (UBIT) on net earnings from activities not related to its exempt purpose. The Church paid \$77,500 in estimated taxes for 2022. Tax returns for the years 2019 – 2021 are open for examination by the Internal Revenue Service and the North Carolina Department of Revenue.

Use of Estimates: The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Functional Allocation of Expenses: The Church's activities are focused in two functional areas. First, ministry activities represent the primary focus of the Church's mission, and they represent most of the expenses. Second, supporting services include both volunteer recruitment and fundraising activities and central office activities. Volunteer recruitment and fundraising activities include all expenses used in an effort to generate volunteers and resources. The Church does not employ advertising agencies, marketing firms, or consulting firms to assist with fundraising activities.

Personnel and other expenses are allocated to ministry activities, fundraising activities and volunteer recruitment, and central office activities based on management's estimates of time spent and various allocation methods appropriate to the type of activity. None of the expenses are considered to be non-recurring.

Subsequent Events: The Church evaluates the impact of subsequent events, which are events that occur after the consolidated balance sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the balance sheet date. For the year ended December 31, 2022, the Church evaluated the impact of subsequent events through February 15, 2023, the date the consolidated financial statements were available to be issued. No events have occurred that require disclosure or adjustment to the consolidated financial statements.

NOTE 3 – INVESTMENTS

Investments are carried at estimated fair value and consist of the following at December 31:

	2022
Equities	41,253,229
Fixed Income	33,324,410
Diversifying Equities	16,529,447
Alternatives	2,476,567
	\$ 93,583,653

Investment income/losses for the year ended December 31, 2022:

	2022
Interest/Dividends	\$ 2,118,832
Realized Gain	\$ 3,814,833
Unrealized Loss	\$ (13,503,208)
	\$ (7,569,543)

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2022
Buildings	\$ 69,192,321
Land	21,287,595
Audio/Video Equipment	16,165,205
Right of Use Asset	4,863,356
Leasehold Improvements	7,450,833
Computer Equipment/Software	1,804,958
Furniture and Equipment	12,931,869
Vehicles and Trailers	765,851
Construction in Progress	813,732
	135,275,720
Less: Accumulated Depreciation	(51,044,132)
Property and Equipment, Net	\$ 84,231,588

Property and equipment (excluding computer equipment) in excess of \$2,500 is capitalized. Computer equipment in excess of \$1,000 is capitalized. Depreciation and amortization are provided in amounts sufficient to amortize the cost of the property and equipment over the estimated useful lives of the assets on a straight-line basis.

Depreciation expense was \$7,026,332 for the year ended December 31, 2022.

NOTE 5 – LONG-TERM DEBT

The Church, through its operating subsidiary ECP, has guaranteed long-term debt of \$3,779,000 as of December 31, 2022. This arrangement is in conjunction with our Concord location.

NOTE 6 – NET ASSET CATEGORIES

With Donor Restrictions

Contributions and other gifts received by the Church for the purchase of fixed assets, expansion, or related debt reduction are initially recorded as net assets with donor restrictions. A portion of these funds (12%) are restricted to be donated to outreach partners. As amounts are paid, they are released from restriction, and they are included in one of the property and equipment classifications in Note 3, or related debt is reduced, or the amount is included as an outreach expense, as appropriate.

Without Donor Restrictions

Contributions and other gifts available for use in general operations and not subject to donor restrictions are reported as an increase in net assets in the period received. Contributions received with donor restrictions whose restrictions are met in the same reporting period they are received are generally reposted as support without donor restrictions in the same reporting year. The Church designates 12% of these funds to be donated to outreach partners.

NOTE 7 – RETIREMENT PLAN

The Church matches up to four percent of a full-time, salaried employee's base compensation and housing allowance, where applicable, by contributing to a defined contribution 403(B) retirement plan. The plan is maintained, administered and controlled by an independent, third-party administrator. Employees are eligible to participate as soon as their employment begins. In 2022, retirement benefits paid by the Church and included in the Statement of Activities amounted to \$1,049,588.

NOTE 8 – LEASES

The Church leases office facilities and equipment as well as meeting space/auditoriums under various terms under long-term non-cancelable operating lease arrangements. The leases expire at various dates through 2032. An operating lease provides for increases in future minimum annual rental payments. The weighted average discount rate represents the risk free discount rate using a period comparable with that of the individual lease term. Generally, operating leases with a term of 12 months or less are not recorded on the statement of financial position.

Total right-of-use assets and lease liabilities at December 31, 2022 are as follows:

Lease Assets

Operating lease right-of-use - \$4,863,356

Lease Liabilities

Operating lease liabilities - \$4,908,92

Total Lease Costs For The Year Ending December 31, 2022	
Operating Leases	\$ 1,341,926
Short Term Equipment Leases	144,258
All Other Short Term Leases	2,690,223
Total Lease Payments	\$ 4,176,407

Weighted average discount rate – 2.17%

Weighted average remaining lease term – 6 years

Future minimum rent payments required under operating leases that have an initial remaining non-cancelable lease term in excess of one year are as follows:

Year Ending December 31,	Operating Amounts
2023	\$ 1,448,419
2024	1,023,918
2025	444,048
2026	302,573
2027	308,625
Thereafter	1,381,399
Total Lease Payments	\$ 4,908,982

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

Cash in Excess of Insured Limits

The Church regularly maintains cash balances in excess of Federal Deposit Insurance Corporation limits. However, management believes the risk of loss related to the uninsured balance is minimal based on the creditworthiness of the financial institutions in which the Church's deposits are held.

Leadership

Contributions could be impacted, especially in the short-term, if the Church's leadership were unable to perform their duties.

NOTE 10 – OTHER REVENUE AND EXPENSE

Other revenue and expense for the year ended December 31, 2021, is presented below.

	2022
Other Revenue	
EWB	\$ 11,882,116
Resources	\$ 4,276,875
National Media	3,312,616
Investments	(7,569,543)
All Other	1,463,880
Total Other Revenue	\$ 13,365,944
Other Expense	
EWB	\$ 7,935,359
Resources	\$ 2,879,567
National Media	5,102,546
All Other	1,063,117
Total Other Expense	16,980,589
Net Other Revenue	\$ (3,614,645)

NOTE 11 – COMMITMENTS

The Church has entered into contracts to purchase two buildings and land and one parcel of raw land at a total cost of \$10.6 million. Plans are to renovate the existing buildings and build a new campus on the land at a projected cost of \$29.5 million (total projected cost of \$40.1 million). Construction is planned to begin in 2023 and be complete by 2025.

NOTE 12 – RELATED PARTY TRANSACTIONS

Members of the Board of Directors are not compensated for participating as a Board member. From time to time, members of the Board preach at worship experiences and other events held by the Church, or provide seminar presentations to the church staff. As is true for any guest speaker, Board members receive honorariums. In 2022, there were no payments to Board members for such events.