



Elevation

C H U R C H

Consolidated Financial Statements
December 31, 2020

C. DEWITT FOARD & COMPANY, P.A.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Elevation Church (the "Church" - a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Elevation Church, as of December 31, 2020 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.

C. Dewitt Foard & Company, P.A.
February 17, 2021

Elevation Church
Consolidated Statement of Financial Position

December 31, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	59,934,618
Investments		28,783,070
Prepaid Expenses		1,410,265
Other Receivables		286,839

Total Current Assets		90,414,792
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Fixed Assets:

Property and Equipment		121,126,000
Less - Accumulated Depreciation		(37,047,983)

Total Property and Equipment (Net)		84,078,017
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Long-Term Assets:

Investment in Subsidiary		2,496,203
Other Assets		100,000
Lease Deposits		50,807

Total Long-Term Assets		2,647,010
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Total Assets	\$	177,139,819
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued Liabilities	\$	8,835,610
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Total Current Liabilities		8,835,610
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Total Liabilities		8,835,610
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Net Assets:

Net Assets Without Donor Restrictions		168,304,209
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Total Net Assets		168,304,209
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Total Liabilities and Net Assets	\$	177,139,819
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See accompanying notes to financial statements

Elevation Church
Consolidated Statement of Activities

	Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue			
Tithes & Offerings	\$ 93,642,735	\$ -	\$ 93,642,735
Expansion Offerings	-	12,015,396	12,015,396
Total Operating Revenue	93,642,735	12,015,396	105,658,131
Net Assets Released From Donor Restrictions			
Property and Equipment Purchases	13,204,908	(13,204,908)	-
Outreach	1,441,848	(1,441,848)	-
Net Assets Released From Donor Restrictions	14,646,756	(14,646,756)	-
Support and Revenue, Net	108,289,491	(2,631,360)	105,658,131
EXPENSES			
Operations	5,701,442	-	5,701,442
Ministries	6,086,151	-	6,086,151
Weekend Events	989,497	-	989,497
Personnel	23,233,063	-	23,233,063
Facilities and Maintenance	4,330,339	-	4,330,339
Outreach - Operating	10,547,511	-	10,547,511
Outreach - Expansion	1,441,848	-	1,441,848
Total Expenses	52,329,851	-	52,329,851
Income From Operations	55,959,640	(2,631,360)	53,328,280
Depreciation and Amortization	7,070,942	-	7,070,942
Net Change in Assets From Operations	48,888,698	(2,631,360)	46,257,338
OTHER REVENUE AND EXPENSE			
Other Revenue	11,753,263	-	11,753,263
Other Expense	4,411,569	-	4,411,569
Total Other Net Revenue	7,341,694	-	7,341,694
Increase in Net Assets	56,230,392	(2,631,360)	53,599,032
Net Assets, Beginning of Year	112,073,817	2,631,360	114,705,177
Net Assets, End of Year	\$ 168,304,209	\$ -	\$ 168,304,209

See accompanying notes to financial statements

Elevation Church
Consolidated Statement of Cash Flows

December 31, 2020

OPERATING ACTIVITIES

Change in net assets	53,599,032
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Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:

Contributions received for financing purposes	(12,015,396)
Depreciation and amortization	7,070,942
Sales taxes receivable	124,899
Prepaid expenses	(563,386)
Lease deposits	63,379
Accrued liabilities	6,660,459

Net Cash Provided by Operating Activities	54,939,929
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INVESTING ACTIVITIES

Decrease in cash realized from:

Purchases of investments	(28,783,070)
Purchases of property and equipment	(13,418,949)

Net Cash Provided by Investing Activities	(42,202,019)
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FINANCING ACTIVITIES

Increase in cash realized from:

Contributions received for financing purposes	12,015,396
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Net Cash Used by Financing Activities	12,015,396
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Increase in Cash	24,753,306
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Cash and Cash Equivalents, Beginning of Year	35,181,312
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Cash and Cash Equivalents, End of Year	\$ 59,934,618
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See accompanying notes to financial statements

Elevation Church
Consolidated Statement of Functional Expenses

	Year Ended December 31, 2020			
	Program Service Activities	Volunteer Recruitment and Fundraising Activities	General and Administrative Activities	Total
Operations				
Administrative Support	\$ -	\$ 3,953,638	\$ -	\$ 3,953,638
Campus and Staff Development	-	-	625,038	625,038
Information Technology	921,106	97,530	65,019	1,083,655
Campus and Culture Creative	39,112	-	-	39,112
Total Operations	960,219	4,051,167	690,056	5,701,442
Ministries				
Youth	369,965	-	-	369,965
eKidz	213,025	-	-	213,025
eGroups	56,182	-	-	56,182
General Campus Support	3,442,890	-	-	3,442,890
Technical Campus Production Support	306,548	-	-	306,548
Campus Team	95,069	-	-	95,069
Digital	1,096,254	-	-	1,096,254
Online	506,218	-	-	506,218
Total Ministries	6,086,151	-	-	6,086,151
Weekend Events				
Content Creative	185,175	-	-	185,175
Worship	44,820	-	-	44,820
Events	292,966	-	-	292,966
Programming	466,536	-	-	466,536
Total Weekend Events	989,497	-	-	989,497
Central Office Support				
Personnel	19,748,103	2,090,976	1,393,984	23,233,063
Facilities and Maintenance	4,200,429	86,607	43,303	4,330,339
Outreach - Tithes & Offerings	10,547,511	-	-	10,547,511
Outreach - Year End Offering (Expansion)	1,441,848	-	-	1,441,848
Depreciation and Amortization	6,858,814	141,418	70,710	7,070,942
Total Central Office Support	42,796,705	2,319,001	1,507,997	46,623,702
Other Expense				
Elevation Worship	1,229,136	-	-	1,229,136
National Media	1,368,534	-	-	1,368,534
Other	1,813,899	-	-	1,813,899
Total Other Expense	4,411,569	-	-	4,411,569
Total Functional Expense	\$ 55,244,141	\$ 6,370,168	\$ 2,198,053	\$ 63,812,362

See accompanying notes to financial statements

Elevation Church
Notes to Financial Statements
December 31, 2020

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, there were twenty physical locations. The Church owns eight of the locations and leases the remaining twelve 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.

Elevation Worship: Elevation Worship (EW) 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 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 Concord Retail Investment Group for a permanent location for its Concord campus subsequent to the purchase of the property. Construction on this campus was completed in 2020.

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.

Elevation Church will utilize a portion of the YWCA as a permanent location for its Winston Salem campus. Renovations of the building were required, and construction was completed in 2020.

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.

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, 2020, the with donor restrictions balance of \$5,028,743 represented the construction in process. Once the project is completed the balance will be released from donor restrictions.

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 are generally 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 cash on hand and deposits held by financial institutions with immediate availability.

Investments: The Church invests cash not immediately required for operations in either short-term or long-term investments. These investments include overnight funds and mutual funds that are readily marketable.

Liquidity Management: The Church has \$33,557,755 of unrestricted cash as of December 31, 2020. These assets are available to meet the general operating needs of the Church. It is anticipated ongoing contributions without donor restrictions received in 2021 will be sufficient to fully support Church operations.

Sales Tax Receivable: The North Carolina Department of Revenue requires the Church to pay sales taxes on all purchases and then to file a tax return requesting reimbursement for sales taxes paid. Sales taxes receivable, which total \$273,789 as of December 31, 2020, are included in 'Other Receivables' in the financial statements. The total is presented at net realizable value and will be collected within twelve months.

Investments: Investments are reported at fair market value determined by quoted market prices. Investment revenue and realized and unrealized gains and losses, if any, are reported on the statement of activities.

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.

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 \$77,200 in estimated taxes for 2020. Tax returns for the years 2018 – 2020 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, program service activities represent the primary focus of the Church's activities, and they represent most of the expenses. Second, supporting services include both volunteer recruitment and fundraising activities and general and administrative 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 program service activities, fundraising activities and volunteer recruitment, and general and administrative 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.

COVID – 19: On April 20, 2020, the Church received loan proceeds in the amount of \$3.7 million under the Paycheck Protection Program ("PPP"). However, the Church made the decision to repay the full loan amount. The Church recorded a note payable which will be relieved when the loan is repaid. The process of repayment of the loan has been initiated and will be completed in the 2nd quarter of 2021.

Established as part of the Coronavirus Aid, Relief and Economic Security Act ("Cares Act"), the PPP provided loans to qualifying businesses in amounts up to 2.5 times the average monthly payroll expenses. PPP loans and accrued interest are forgivable after a covered period (either 8 or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The Church used the loan proceeds for purposes consistent with the PPP and could have applied for full forgiveness.

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, 2020, the Church evaluated the impact of subsequent events through February 17, 2021, 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 – PROPERTY AND EQUIPMENT

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

	2020
Buildings	\$ 61,398,191
Land	21,287,595
Audio/Video Equipment	14,799,923
Leasehold Improvements	7,450,833
Computer Equipment/Software	2,812,161
Furniture and Equipment	7,700,411
Vehicles and Trailers	648,143
Construction in Progress	5,028,743
	121,126,000
Less: Accumulated Depreciation	(37,047,983)
Property and Equipment, Net	\$ 84,078,017

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 \$7,070,942 for the year ended December 31, 2020.

NOTE 4 – LONG-TERM DEBT

The Church, through its operating subsidiary ECP, has guaranteed long-term debt of \$3,775,000 as of December 31, 2020.

NOTE 5 – 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 designated 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. In 2020, \$12,015,396 was received with donor restrictions. Of that amount, \$10,573,548 was used to purchase fixed assets, and \$1,441,848 was disbursed as outreach, fully utilizing contributions with donor restrictions.

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 6 – 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) retirements 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 2020, retirement benefits paid by the Church and included in the Statement of Activities amounted to \$757,846.

NOTE 7 – LEASES

The Church has entered into non-cancellable operating lease agreements for the worship team (recording studio), general office space, warehouse facilities (storage), parking spaces and general office equipment. In 2020, rent expenses amounted to \$2,128,820.

Future minimum rent payments due under operating leases for the five years ending December 31, 2025, are presented in the following table.

Year	Amount
2021	\$ 1,542,145
2022	973,367
2023	948,461
2024	923,619
2025	757,922
Total	\$ 5,145,514

NOTE 8 – 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.

Geographic Area

The Church, by its nature, operates in a small geographic area. Therefore, the Church is subject to changes in the local economy.

Leadership

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

NOTE 9 – OTHER REVENUE AND EXPENSE

Other revenue and expense for the year ended December 31, 2020, is presented below.

	2020
Other Revenue	
Elevation Worship	\$ 5,809,436
National Media	3,289,382
Miscellaneous	2,654,445
Total Other Revenue	\$ 11,753,263
Other Expense	
Elevation Worship	\$ 1,229,136
National Media	1,368,534
Miscellaneous	1,813,899
Total Other Expense	4,411,569
Net Other Revenue	\$ 7,341,694

NOTE 10 – 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 2020, there were no payments to Board members for such events.

NOTE 11 – CONSTRUCTION PROJECT:

The Church has one construction project in progress as of December 31, 2020. The estimated cost to complete and the estimated completion date is –

Matthews Headquarters/Recording Studio \$ 1,978,000 2nd Quarter of 2021