

**VINEYARD USA AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**VINEYARD USA AND SUBSIDIARIES**  
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May 24, 2024

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Vineyard USA and Subsidiaries  
Stafford, Texas

**Opinion**

We have audited the accompanying consolidated financial statements of Vineyard USA (a non-profit corporation), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Vineyard USA as of December 31, 2023, 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 for 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 the Organization 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 the

Organization'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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

*Beeson, Hoffman + Siddall*

**VINEYARD USA & SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 1,581,718
Certificates of deposit	5,617,009
Accounts receivable	190,911
Prepaid expenses	52,576
Inventory	34,801
<b>Total Current Assets</b>	<u>7,477,015</u>
 Property and equipment, net	 <u>461,334</u>
 <b>Other Assets</b>	
Investments in mutual funds	2,001,459
Notes receivable	202,421
Album masters, net	89,006
<b>Total Other Assets</b>	<u>2,292,886</u>
 <b>Total Assets</b>	 <u><u>\$ 10,231,235</u></u>

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable and accrued expenses	\$ 215,155
Deferred revenue	63,394
Deferred compensation payable	488,956
<b>Total Current Liabilities</b>	<u>767,505</u>

**Net Assets**

Net assets without donor restrictions:	
Undesignated	7,424,873
Board designated	387,850
<b>Total net assets without donor restrictions</b>	<u>7,812,723</u>
 Net assets with donor restrictions	 <u>1,651,007</u>
 <b>Total Net Assets</b>	 <u>9,463,730</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 10,231,235</u></u>

See accompanying notes.

**VINEYARD USA & SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenues</b>			
Donations	\$ 5,009,613	\$ 612,499	\$ 5,622,112
Events	693,064	-	693,064
Royalties, publishing and licensing	983,869	-	983,869
Sales	132,669	-	132,669
Interest and dividends	167,569	-	167,569
Realized and unrealized gains	94,676	-	94,676
Employee Retention Credit	351,417	-	351,417
Other income	45,021	-	45,021
Net assets released from restrictions	<u>461,378</u>	<u>(461,378)</u>	<u>-</u>
Total Support and Revenues	<u>7,939,276</u>	<u>151,121</u>	<u>8,090,397</u>
<b>Expenses</b>			
Program Activities:			
Ministry	<u>6,788,752</u>	<u>-</u>	<u>6,788,752</u>
Supporting Activities:			
Management and general	1,586,821	-	1,586,821
Fundraising	-	-	-
Total Supporting Activities:	<u>1,586,821</u>	<u>-</u>	<u>1,586,821</u>
Total Expenses	<u>8,375,573</u>	<u>-</u>	<u>8,375,573</u>
<b>Change in Net Assets</b>	(436,297)	151,121	(285,176)
<b>Net Assets - December 31, 2022</b>	<u>8,249,020</u>	<u>1,499,886</u>	<u>9,748,906</u>
<b>Net Assets - December 31, 2023</b>	<u>\$ 7,812,723</u>	<u>\$ 1,651,007</u>	<u>\$ 9,463,730</u>

See accompanying notes.

**VINEYARD USA & SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Program:</u> <u>Ministry</u>	<u>Support:</u> <u>Management</u> <u>&amp; General</u>	<u>Total</u>
Affinity support	\$ 80,000	\$ -	\$ 80,000
Communications	16,700	16,700	33,400
Conferences and retreats	413,372	-	413,372
Cost of goods sold	867,289	-	867,289
Depreciation and amortization	56,216	11,413	67,629
Global support	466,234	-	466,234
Marketing	11,862	7,037	18,899
Ministry	398,110	-	398,110
Miscellaneous	219,191	34,679	253,870
Multiply grants	24,000	-	24,000
National Leadership Conference	578,095	-	578,095
Office	131,795	122,844	254,639
Personnel	2,383,525	1,057,745	3,441,270
Professional fees	181,120	181,620	362,740
Regional	481,050	-	481,050
Repairs and maintenance	23,134	23,134	46,268
Spiritual care consulting	101,150	-	101,150
Travel	355,909	131,649	487,558
	<u>\$ 6,788,752</u>	<u>\$ 1,586,821</u>	<u>\$ 8,375,573</u>

See accompanying notes.

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**VINEYARD USA & SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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<b>Operating Activities</b>	
Change in net assets	\$ (285,176)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	67,629
Sources and (uses) of cash from changes in operating assets and liabilities:	
Accounts receivable	1,016
Prepays	6,309
Inventory	(3,284)
Notes receivable	8,190
Accounts payable and accrued expenses	118,947
Deferred revenue	<u>63,394</u>
<b>Net Cash Used by Operating Activities</b>	<u>(22,975)</u>
<b>Investing Activities</b>	
Change in certificates of deposit	122,826
Purchase of investments	(94,677)
Expenditures for album masters	<u>(51,051)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(22,902)</u>
<b>Net Change in Cash</b>	(45,877)
<b>Beginning Cash</b>	<u>1,627,595</u>
<b>Ending Cash</b>	<u><u>\$ 1,581,718</u></u>

See accompanying notes.

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**VINEYARD USA AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**Note 1: Organization and Purpose**

The primary purpose of Vineyard USA is to participate in the advancement of the Kingdom of God through the work of local Vineyard churches that communicate the Gospel of Jesus Christ in word and deed. Vineyard USA is a non-profit corporation, and is exempt from income taxes under Internal Revenue Code Section 501(c) (3) and comparable state law.

Vineyard USA provides financial support and provides the majority of board members to Vineyard Music USA (Worship) and Vineyard Resources (Resources) both of which further Vineyard USA's purpose. Each of the entities is a separate non-profit corporation. The consolidated financial statements include the accounts of the Vineyard USA, Worship, and Resources (collectively, the Organization). All significant intercompany balances and transactions have been eliminated in consolidation.

**Note 2: Summary of Significant Accounting Policies**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable

Receivables consist of donations from association churches intended for the current year but received after year end.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$18,899 for the year ended December 31, 2023.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. The carrying value of cash and cash equivalents approximates their fair value because of the short maturities of those financial instruments.

Certificates of Deposit

Certificates of deposit are valued at cost, which approximates fair value due to the short-term nature of these investments.

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**VINEYARD USA AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**Note 2: Summary of Significant Accounting Policies (continued)**

Concentrations of Cash and Credit Risk

The Organization maintains its cash in bank accounts that, at times, may exceed federally insured limits. The Organization has not experienced losses in such accounts, and management believes the Organization is not exposed to any significant risk on its cash balances.

The Organization provides credit, in the normal course of business, to church plants and other organizations. Management considers these accounts to be fully collectible.

Inventory

Inventory consists of books, clothing and CDs, and is valued at the lesser of cost or net realizable value.

Investments

Investments in mutual funds are recorded at fair market value.

Masters

Album and songbook masters consist of the actual cost to create and produce the album or songbook. Masters are amortized over their expected useful lives from 24 or 60 months from the date of release. Purchased catalogs of music are amortized over their expected useful lives from 2 to 10 years.

Net Assets

The consolidated financial statements report amounts by classification of net assets as follows:

*Net assets without donor restrictions* are those currently available for purposes under the direction of the board, designated by the board and resources invested in property and equipment.

*Net assets with donor restrictions* are contributed with donor stipulations for specific operating purposes or programs.

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, ranging from 5 to 35 years. The Organization reviews the carrying value of its property and equipment for impairment whenever events or changes in circumstances indicate the net carrying value may not be recoverable.

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**VINEYARD USA AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**Note 2: Summary of Significant Accounting Policies (continued)**

Support, Revenue and Reclassifications

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Organization. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. Donated property (including securities, real property and equipment) is recorded at estimated fair value on the date of the gift. The general policy of the Organization is to immediately liquidate any donated stocks and transfer the proceeds to general operating accounts.

The Organization receives gifts of cash and other assets as “support with donor restrictions” if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Expenses

All expenses are stated on the accrual basis and presented on both a program area basis and a functional basis. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include travel, utilities, office and professional fees, which are allocated based on the nature of the expense, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Use of Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Evaluation of Subsequent Events

For purposes of measurement and disclosure in these financial statements, management has considered subsequent events through May 24, 2024, the date the consolidated financial statements were available to be issued.

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**VINEYARD USA AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**Note 3: Property and Equipment**

The following is a summary of the major classes of property and equipment at December 31, 2023:

Land	\$ 44,450
Buildings	476,926
Furniture and equipment	<u>49,751</u>
	571,127
Less accumulated depreciation	<u>(109,793)</u>
	<u>\$ 461,334</u>

Depreciation expense for the year was \$21,873.

**Note 4: Notes Receivable**

The Organization lends money to association churches for the purpose of church planting. The notes bear no interest and repayment is based on a percentage of tithes and offerings received by the church plant.

**Note 5: Album Masters**

At December 31, 2023, album masters consisted of the following:

Album masters	\$ 745,230
Less accumulated amortization	<u>(656,224)</u>
	<u>\$ 89,006</u>

Amortization expense for the year was \$45,756.

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**VINEYARD USA AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**Note 5: Album Masters (continued)**

The future estimated amortization expense related to album masters is as follows:

<u>Years Ending December 31,</u>	
2024	\$ 45,564
2025	34,001
2026	4,046
2027	4,046
2028	<u>1,349</u>
	<u>\$ 89,006</u>

**Note 6: Net Assets**

Board Designated

The board of the Organization has policies that affect the presentation of board designation on net assets. At December 31, 2023, the board designated net assets consist of the following:

Missions and missions contingency	\$ 360,809
Society of Vineyard Scholars	18,541
Education	<u>8,500</u>
	<u>\$ 387,850</u>

With Donor Restrictions

Net assets with donor restrictions are subject to expenditure for a specified purpose. At December 31, 2023, net assets with donor restrictions related to the following purposes:

Well-Being of Pastors programs	\$ 1,444,482
Ukraine relief	56,679
Multiply	137,051
Associations	<u>12,795</u>
	<u>\$ 1,651,007</u>

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**VINEYARD USA AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**Note 7: Availability and Liquidity**

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, management considers all expenditures related to its ongoing activities of operating the Organization to be general expenditures. In addition to financial assets available to meet general expenditures over the next twelve months, the Organization anticipates collecting sufficient contributions and program revenues to cover general expenditures not covered by donor-restricted resources.

At the balance sheet date, the following financial assets are available to meet general expenditures over the next twelve months:

Financial Assets:	
Cash and cash equivalents	\$ 1,581,718
Certificates of deposit	5,617,009
Accounts receivable	190,911
Investments in mutual funds	<u>2,001,459</u>
	9,391,097
Less unavailable for general expenditure within one year: Restricted by donor for purpose	<u>(1,651,007)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,740,090</u>

**Note 8: Deferred Compensation Plans**

The Organization has a 403(b) plan and deferred compensation plans (DCP) covering certain employees as defined by the plans.

403 (b) Plan

The Organization contributed \$16,666 to the 403(b) plan during the year ended December 31, 2023.

Deferred Compensation Plans

The DCP are non-qualified plans, and the associated liabilities are included in the Organization's consolidated statement of financial position as deferred compensation payable. The Organization has established a rabbi trust to finance obligations under the DCP with investments in mutual funds, which are also included in the consolidated statement of financial position. The Organization made no contribution to the DCP in the current year.

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**VINEYARD USA AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**Note 9: Fair Value Measurements**

The fair value of the investment in mutual funds is based on quoted net asset values of the shares held by the Organization at year-end.