The
Chalmers
Center

CHALMERS CENTER FOR ECONOMIC DEVELOPMENT at COVENANT COLLEGE, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2013 and 2012

CAPINCROUSE LLP
Certified Public Accountants

Chalmers Center for Economic Development
at Covenant College, Inc.

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CAPINCROUSE LLP
Certified Public Accountants
www.capincrouse.com 1255 Lakes Parkway, Suite 130 Lawrenceville, GA 30043 678.518.5301

INDEPENDENT AUDITORS' REPORT

Board of Directors
Chalmers Center for Economic Development
at Covenant College, Inc.
Lookout Mountain, Georgia

We have audited the accompanying financial statements of Chalmers Center for Economic Development at Covenant College, Inc, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Chalmers Center for Economic Development
at Covenant College, Inc.
Lookout Mountain, Georgia

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chalmers Center for Economic Development at Covenant College, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Atlanta, Georgia
March 21, 2014

Chalmers Center for Economic Development
at Covenant College, Inc.

Statements of Financial Position

	December 31, 2013	December 31, 2012
ASSETS:		
Cash	$ 1,116,143	$ 1,009,177
Grants receivable	-	168,400
Accounts receivable	26,979	300
Other assets	4,577	3,907
Property and equipment–net	133,338	129,998
Total Assets	$ 1,281,037	$ 1,311,782
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 49,601	$ 54,168
Deferred revenue	2,250	2,250
Total liabilities	51,851	56,418
Net assets:		
Unrestricted	1,146,958	1,003,273
Temporarily restricted	82,228	252,091
Total net assets	1,229,186	1,255,364
Total Liabilities and Net Assets	$ 1,281,037	$ 1,311,782

See notes to financial statements

Chalmers Center for Economic Development
at Covenant College, Inc.

Statements of Activities

	Year Ended December 31,					
	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	$ 508,065	$ 91,000	$ 599,065	$ 282,705	$ 118,000	$ 400,705
Grant income	199,500	565,000	764,500	544,350	265,000	809,350
Gift-in-kind	172,779	-	172,779	148,368	-	148,368
Royalty income	103,645	-	103,645	102,602	-	102,602
Fee income	110,750	-	110,750	160,974	-	160,974
Other income	453	-	453	12,126	-	12,126
Total support and revenue	1,095,192	656,000	1,751,192	1,251,125	383,000	1,634,125
RECLASSIFICATIONS:						
Net assets released from restriction by satisfaction of program restrictions	825,863	(825,863)	-	967,713	(967,713)	-
EXPENSES:						
Program services	1,417,269	-	1,417,269	1,335,528	-	1,335,528
General and Administrative	182,795	-	182,795	160,224	-	160,224
Fund-raising	177,306	-	177,306	136,873	-	136,873
Total Expenses	1,777,370	-	1,777,370	1,632,625	-	1,632,625
Change in Net Assets	143,685	(169,863)	(26,178)	586,213	(584,713)	1,500
Net Assets, Beginning of Year	1,003,273	252,091	1,255,364	417,060	836,804	1,253,864
Net Assets, End of Year	$ 1,146,958	$ 82,228	$ 1,229,186	$ 1,003,273	$ 252,091	$ 1,255,364

See notes to financial statements

Chalmers Center for Economic Development
at Covenant College, Inc.

Statements of Cash Flows

	Year Ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (26,178)	$ 1,500
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	37,098	33,589
Loss on disposal of assets	-	2,921
Changes in operating assets and liabilities:		
Grants receivable	168,400	-
Accounts receivable	(26,679)	(4,827)
Other assets	(670)	(2,342)
Accounts payable	(4,567)	14,782
Net Cash Provided by Operating Activities	147,404	45,623
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(40,438)	(9,096)
Net Cash Used by Investing Activities	(40,438)	(9,096)
Net Change in Cash and Cash Equivalents	106,966	36,527
Cash and Cash Equivalents, Beginning of Year	1,009,177	972,650
Cash and Cash Equivalents, End of Year	$ 1,116,143	$ 1,009,177

See notes to financial statements

Chalmers Center for Economic Development at Covenant College, Inc.

Notes to Financial Statements

December 31, 2013 and 2012

1. NATURE OF ORGANIZATION:

   The Chalmers Center for Economic Development at Covenant College, Inc. (Chalmers) is a Georgia nonprofit organization classified as a 501(c)(3) religious organization by the United States Internal Revenue Service, which is other than a private foundation. As such, it is exempt from U.S. federal and state income tax, and contributions are deductable for income tax purposes.

   The Chalmers Center at Covenant College equips the church with poverty alleviation tools that point the poor to the healing work of Jesus Christ. By researching, field-testing, and training the church in practical ways to walk with the poor, the Chalmers Center supports spiritual and economic transformation in low-income communities.

   Dr. Brian Fikkert, Chalmers' Founder and Executive Director, and Steve Corbett, Chalmers' Community Development Specialist, co-authored the book *When Helping Hurts* in 2009. By God's grace, over 250,000 copies of the book are now in distribution. God has used *When Helping Hurts* to encourage churches to engage in sustainable, effective poverty alleviation practices as they disciple the materially poor.

   In the United States and Canada, Chalmers offers churches training in its *Faith & Finances* program. Through the *Faith & Finances* course, the Chalmers Center equips churches to train low- to moderate-income people in money management and stewardship principles. Participants of all income levels explore how their money is part of God's work in the world, in addition to gaining crucial financial knowledge.

   The Chalmers Center also equips churches in the Majority World (Asia, Africa, and Latin America) to be agents of reconciliation among the poor. In our church-centered savings groups, participants meet together and study scripture, save their financial resources, and share life together. As a result, the poor are holistically empowered with spiritual, financial, and social tools to help transform their communities.

   Through Chalmers' training events and seminars, more than 20,000 church and ministry leaders have been equipped with the principles of effective poverty alleviation. In the Majority World, over 275,000 people are using Chalmers' church-centered savings group curriculum. Chalmers also completed work on *When Helping Hurts: The Small Group Experience* in 2013, providing a resource to equip broader networks of churches and ministries to walk with low-income people.

   God has blessed Chalmers with a network of committed ministry partners. By subscribing to our monthly prayer letter, hundreds of people faithfully present the Chalmers Center's praises and requests before the throne of God. Our financial resource partners continue to be remarkably generous, enabling the Chalmers Center to research and develop even more poverty alleviation resources. Ultimately, church and ministry leaders around the globe utilize Chalmers' discipleship tools, ensuring that the church – as the body and bride of Christ – is the primary channel of God's restorative work in the lives of the materially poor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the statements to the reader.

USE OF ESTIMATES

The preparation of Chalmers' financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and money market accounts. From time to time cash accounts may exceed federally insured limits; however, Chalmers has not experienced any losses in such accounts, and does not believe it is exposed to any significant risk.

GRANTS RECEIVABLE

Grants receivable include unconditional promises made by organizations wherein the organization has granted funds to Chalmers but has not transferred the cash to Chalmers. All grants receivable are expected to be collected within one year and are recorded as grant income. No allowance was recorded for the years ended December, 31 2013 and 2012, as all grants are deemed collectible.

ACCOUNTS RECEIVABLE

Accounts receivable primarily consist of royalty income receivables. All accounts receivable are expected to be collected within one year and are recorded as royalty income when earned. No allowance was recorded for the years ended December, 31 2013 and 2012, as all receivables are deemed collectible.

PROPERTY AND EQUIPMENT

Chalmers capitalizes property and equipment in excess of $1,000 at cost when purchased. Donated items are recorded at their fair market value on the date of the gift. Depreciation is computed over the estimated lives of the individual assets using the straight-line method. Estimated useful lives range from 3 to 5 years.

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

- *Unrestricted net assets* are currently available for Chalmers purposes or invested in property and
- *Temporarily restricted net assets* are contributed with donor stipulations for specific operating purposes or programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash is received, unconditionally promised, or when ownership of noncash items are transferred to Chalmers. Contributed investments and noncash items are recorded at fair value on the date of the gift.

Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or other legal restrictions.

Contributed securities and property are reflected as contributions in the accompanying financial statements at their estimated fair value at the date of receipt.

Revenues (including interest and other) are recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated services are recorded at fair value at the date of the gift. The services are received for management functions including developing and revising programs of development, polices, guidelines, and other documents necessary for Chalmers' continuing program of development. Donated rent is recorded at fair market value. Chalmers had donated services of $151,779 and $127,368, respectively for the years ended December 31, 2013 and 2012. Chalmers had donated rent of $21,000 for the years ended December 31, 2013 and 2012.

ALLOCATION OF EXPENSES

The costs of providing the various program and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities based on the use of facilities, level of support effort, and relative program and supporting ministry benefited.

RECLASSIFICATIONS

Certain information from the prior year financial statements has been reclassified to conform to the current year presentation format.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

UNCERTAIN TAX POSITIONS
The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of December 31, 2013 and 2012, Chalmers had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Chalmers files information tax returns in the U.S. and various states. Chalmers is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2008.

3. PROPERTY AND EQUIPMENT–NET:
Property and equipment–net consist of:

	December 31, 2013	December 31, 2012
Office furniture, equipment, and leasehold improvements	$ 217,509	$ 177,072
Less accumulated depreciation	(84,171)	(47,074)
	$ 133,338	$ 129,998

4. NET ASSETS:
Net assets consist of:

	December 31, 2013	December 31, 2012
Unrestricted:		
Undesignated–available for general activities	$ 1,013,620	$ 873,275
Net investment in property and equipment	133,338	129,998
	1,146,958	1,003,273
Temporarily restricted:		
General Fund	39,459	121,101
ASSET project	42,769	50,990
ADDC project	-	80,000
	82,228	252,091
	$ 1,229,186	$ 1,255,364

5. LEASE COMMITMENTS:
Chalmers leases office space in Lookout Mountain, Georgia. The terms of the operating lease, which began September 1, 2011 and expires September 1, 2016, includes annual rent payments of $1 per year. Chalmers is required to make leasehold improvements to the premises. Donated rent totaled $21,000 for the years ended December 31, 2013 and 2012. The future minimum lease payments are as follows:

December 31,	Total
2014	$ 21,000
2015	21,000
2016	15,750
	$ 57,750

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