



The  
Chalmers  
Center

CHALMERS CENTER  
FOR ECONOMIC DEVELOPMENT  
AT COVENANT COLLEGE, INC.

Financial Statements  
With Independent Auditors' Report

June 30, 2018 and 2017

**CHALMERS CENTER FOR ECONOMIC DEVELOPMENT  
AT COVENANT COLLEGE, INC.**

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## 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. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, 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 auditors' 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 June 30, 2018 and 2017, 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*

Lawrenceville, Georgia  
November 1, 2018

**CHALMERS CENTER FOR ECONOMIC DEVELOPMENT  
AT COVENANT COLLEGE, INC.**

**Statements of Financial Position**

	June 30,	
	2018	2017
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,037,866	\$ 588,027
Other assets	43,197	32,105
Property and equipment–net	40,843	68,471
<b>Total Assets</b>	<b>\$ 1,121,906</b>	<b>\$ 688,603</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 37,505	\$ 72,329
Deferred revenue	46,859	-
	84,364	72,329
Net assets:		
Unrestricted	672,342	412,766
Temporarily restricted	365,200	203,508
	1,037,542	616,274
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,121,906</b>	<b>\$ 688,603</b>

See notes to financial statements

**CHALMERS CENTER FOR ECONOMIC DEVELOPMENT  
AT COVENANT COLLEGE, INC.**

**Statements of Activities**

	Year Ended June 30,					
	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 1,202,452	\$ 1,037,504	\$ 2,239,956	\$ 1,011,709	\$ 753,622	\$ 1,765,331
Gift-in-kind	201,831	-	201,831	207,414	-	207,414
Royalty income	53,002	-	53,002	64,761	-	64,761
Fee income	96,091	-	96,091	120,437	-	120,437
Total support and revenue	<u>1,553,376</u>	<u>1,037,504</u>	<u>2,590,880</u>	<u>1,404,321</u>	<u>753,622</u>	<u>2,157,943</u>
<b>RECLASSIFICATIONS:</b>						
Net assets released from restriction by satisfaction of program restrictions	875,812	(875,812)	-	983,053	(983,053)	-
<b>EXPENSES:</b>						
Program activities	1,860,834	-	1,860,834	2,047,722	-	2,047,722
Supporting activities:						
General and administrative	149,709	-	149,709	238,039	-	238,039
Fund-raising activities	159,069	-	159,069	409,051	-	409,051
	<u>308,778</u>	<u>-</u>	<u>308,778</u>	<u>647,090</u>	<u>-</u>	<u>647,090</u>
Total Expenses	<u>2,169,612</u>	<u>-</u>	<u>2,169,612</u>	<u>2,694,812</u>	<u>-</u>	<u>2,694,812</u>
Change in Net Assets	259,576	161,692	421,268	(307,438)	(229,431)	(536,869)
Net Assets, Beginning of Period	412,766	203,508	616,274	720,204	432,939	1,153,143
Net Assets, End of Period	<u>\$ 672,342</u>	<u>\$ 365,200</u>	<u>\$ 1,037,542</u>	<u>\$ 412,766</u>	<u>\$ 203,508</u>	<u>\$ 616,274</u>

See notes to financial statements

**CHALMERS CENTER FOR ECONOMIC DEVELOPMENT  
AT COVENANT COLLEGE, INC.**

**Statements of Cash Flows**

	Year Ended June 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 421,268	\$ (536,869)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	27,628	49,310
Changes in operating assets and liabilities:		
Other assets	(11,092)	17,944
Accounts payable and accrued expenses	(34,824)	(75,956)
Deferred revenue	46,859	-
Net Cash Provided (Used) by Operating Activities	449,839	(545,571)
Net Change in Cash and Cash Equivalents	449,839	(545,571)
Cash and Cash Equivalents, Beginning of Period	588,027	1,133,598
Cash and Cash Equivalents, End of Period	\$ 1,037,866	\$ 588,027

See notes to financial statements

# CHALMERS CENTER FOR ECONOMIC DEVELOPMENT AT COVENANT COLLEGE, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

### 1. NATURE OF ORGANIZATION:

Chalmers Center for Economic Development at Covenant College, Inc. (Chalmers) is a Georgia nonprofit corporation 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 deductible for income tax purposes.

Chalmers equips local churches with poverty alleviation tools that empower low-income people. By researching, field-testing, and training churches in practical ways to walk with the poor, Chalmers supports spiritual, social, and economic transformation in low-income communities.

Dr. Brian Fikkert, Chalmers' Founder and President, and Steve Corbett, Chalmers' Community Development Specialist, co-authored the book *When Helping Hurts* in 2009. By God's grace, over 360,000 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, Chalmers 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.

Chalmers also equips churches in the Majority World (Asia, Africa, and Latin America) to be agents of reconciliation among the poor via savings group ministries. 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 empowered with spiritual, financial, and social tools to help transform their communities.

In 2014, Chalmers released *When Helping Hurts: The Small Group Experience* and *Helping Without Hurting in Short-Term Missions*. These resources equip broader networks of churches and ministries to support effective poverty alleviation. In 2015, Chalmers released *From Dependence to Dignity: How to Alleviate Poverty through Church-Centered Microfinance* and *Helping Without Hurting in Church Benevolence*.

God has blessed Chalmers with a network of committed ministry partners. By subscribing to our monthly prayer letter, hundreds of people faithfully present Chalmers praises and requests before the throne of God. Our financial resource partners continue to be remarkably generous, enabling Chalmers 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.

# CHALMERS CENTER FOR ECONOMIC DEVELOPMENT AT COVENANT COLLEGE, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

### 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 management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

#### OTHER ASSETS

Other assets consist of royalty receivables and other assets. The royalty receivable is expected to be collected within one year and is recorded as royalty income when earned. No allowance has been recorded for the years ended June 30, 2018 and 2017, as management deems the receivable to be fully collectible.

#### PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. Chalmers generally capitalizes and reports property and equipment acquisitions in excess of \$1,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years.

#### CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

- *Unrestricted* amounts are currently available at the discretion of the board for use in operations. Net investment in property and equipment represent amounts invested in property and equipment net of accumulated depreciation.
- *Temporarily restricted* amounts are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

# CHALMERS CENTER FOR ECONOMIC DEVELOPMENT AT COVENANT COLLEGE, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

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 other assets is transferred to Chalmers. Fee income received in advance is recorded as deferred revenue.

Gifts of cash and other assets are reported as restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as reclassifications. All contributions are considered available for unrestricted use unless specifically restricted by the donor or other legal restrictions.

Chalmers reports donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Chalmers reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Gifts-in-kind include contributions of noncash items. Gifts-in-kind that can be used or sold are measured at fair value. During the years ended June 30, 2018 and 2017, the donations received primarily consist of donated rent totaling \$33,000 for both years ended. In addition, for the years ended June 30, 2018 and 2017, gifts-in-kind included donated services. Donated services are reported as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Chalmers. During the years ended June 30, 2018 and 2017, donated services meeting the criteria for recognition in the financial statements totaled \$168,831 and \$174,414, respectively.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities of Chalmers have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program services and the supporting activities benefited.

**CHALMERS CENTER FOR ECONOMIC DEVELOPMENT  
AT COVENANT COLLEGE, INC.**

**Notes to Financial Statements**

June 30, 2018 and 2017

3. OTHER ASSETS:

Other assets consist of:

	June 30,	
	2018	2017
Royalty receivable	\$ 28,317	\$ 27,730
Fee receivable	10,855	-
Other assets	4,025	4,375
	\$ 43,197	\$ 32,105

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2018	2017
Office furniture and equipment	\$ 127,473	\$ 127,473
Leasehold improvements	186,543	186,543
Less accumulated depreciation	(273,173)	(245,545)
	\$ 40,843	\$ 68,471

**CHALMERS CENTER FOR ECONOMIC DEVELOPMENT  
AT COVENANT COLLEGE, INC.**

**Notes to Financial Statements**

June 30, 2018 and 2017

5. NET ASSETS:

Net assets consist of:

	June 30,	
	2018	2017
Unrestricted:		
Undesignated—available for general activities	\$ 631,499	\$ 344,295
Net investment in property and equipment	40,843	68,471
	672,342	412,766
Temporarily restricted:		
International training	227,096	147,442
Other programs	138,104	56,066
	365,200	203,508
	\$ 1,037,542	\$ 616,274

6. LEASE COMMITMENTS:

Chalmers leases office space in Lookout Mountain, Georgia. The terms of the operating lease, which expire April 1, 2021, includes annual rent payments of \$1 per year. Chalmers was required to make leasehold improvements to the premises and has done so. Donated rent totaled \$33,000 for both years ended June 30, 2018 and 2017.

Future minimum lease payments (with initial or remaining lease terms in excess of one year) as of June 30, 2018, are as follows:

Years Ending June 30,	Amounts
2019	\$ 33,000
2020	33,000
2021	24,750
	\$ 90,750

7. CONCENTRATIONS:

During the years ended June 30, 2018 and 2017, Chalmers received 83% and 77%, respectively, of its total contributions from the top ten donors. Management understands the implication of this concentration.

**CHALMERS CENTER FOR ECONOMIC DEVELOPMENT  
AT COVENANT COLLEGE, INC.**

**Notes to Financial Statements**

June 30, 2018 and 2017

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 1, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.