



The  
Chalmers  
Center

CHALMERS CENTER  
FOR ECONOMIC DEVELOPMENT  
AT COVENANT COLLEGE, INC.

Financial Statements  
With Independent Auditors' Report

June 30, 2021 and 2020

**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, 2021 and 2020, 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, 2021 and 2020, 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  
December 21, 2021

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

**Statements of Financial Position**

	June 30,	
	2021	2020
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 718,530	\$ 1,152,626
Other current assets	22,871	35,739
Grant receivable	400,000	400,000
Property and equipment–net	10,563	14,762
<b>Total Assets</b>	<b>\$ 1,151,964</b>	<b>\$ 1,603,127</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 171,092	\$ 160,273
Deferred revenue	3,458	56,495
<b>Total liabilities</b>	<b>174,550</b>	<b>216,768</b>
Net assets:		
Without donor restrictions	110,233	5,552
With donor restrictions	867,181	1,380,807
<b>Total net assets</b>	<b>977,414</b>	<b>1,386,359</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,151,964</b>	<b>\$ 1,603,127</b>

See notes to financial statements

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

**Statements of Activities**

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 1,810,364	\$ 226,336	\$ 2,036,700	\$ 1,356,923	\$ 879,312	\$ 2,236,235
Gift-in-kind	205,452	-	205,452	201,396	-	201,396
Royalties	26,422	-	26,422	38,640	-	38,640
Fees	236,792	-	236,792	174,082	-	174,082
Total support and revenue	<u>2,279,030</u>	<u>226,336</u>	<u>2,505,366</u>	<u>1,771,041</u>	<u>879,312</u>	<u>2,650,353</u>
<b>RECLASSIFICATIONS:</b>						
Net assets released from restriction by satisfaction of purpose and/or time restrictions	739,962	(739,962)	-	1,062,618	(1,062,618)	-
<b>EXPENSES:</b>						
Program services	2,341,648	-	2,341,648	2,357,991	-	2,357,991
Supporting activities:						
General and administrative	223,561	-	223,561	242,550	-	242,550
Fundraising	349,102	-	349,102	320,563	-	320,563
	<u>572,663</u>	<u>-</u>	<u>572,663</u>	<u>563,113</u>	<u>-</u>	<u>563,113</u>
Total Expenses	<u>2,914,311</u>	<u>-</u>	<u>2,914,311</u>	<u>2,921,104</u>	<u>-</u>	<u>2,921,104</u>
Change in Net Assets	104,681	(513,626)	(408,945)	(87,445)	(183,306)	(270,751)
Net Assets, Beginning of Year	<u>5,552</u>	<u>1,380,807</u>	<u>1,386,359</u>	<u>92,997</u>	<u>1,564,113</u>	<u>1,657,110</u>
Net Assets, End of Year	<u>\$ 110,233</u>	<u>\$ 867,181</u>	<u>\$ 977,414</u>	<u>\$ 5,552</u>	<u>\$ 1,380,807</u>	<u>\$ 1,386,359</u>

See notes to financial statements

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

**Statements of Cash Flows**

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (408,945)	\$ (270,751)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	7,503	24,437
Noncash contribution	(279,558)	(270,766)
Changes in operating assets and liabilities:		
Other assets	12,868	17,041
Grants receivable	-	400,000
Accounts payable and accrued expenses	10,819	8,186
Deferred revenue	(53,037)	15,695
Net Cash Used by Operating Activities	(710,350)	(76,158)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(3,304)	(2,104)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of note payable	279,558	270,766
Net Change in Cash and Cash Equivalents	(434,096)	192,504
Cash and Cash Equivalents, Beginning of Period	1,152,626	960,122
Cash and Cash Equivalents, End of Period	\$ 718,530	\$ 1,152,626
<b>NONCASH FINANCING ACTIVITIES:</b>		
Forgiveness of Paycheck Protection Program loan	\$ 270,766	\$ -

See notes to financial statements

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

## Notes to Financial Statements

June 30, 2021 and 2020

### 1. NATURE OF ORGANIZATION:

Chalmers Center for Economic Development at Covenant College, Inc. (Chalmers or Chalmers Center) 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.

Since 1999, the Chalmers Center has been an industry pioneer in developing and disseminating church-centered, gospel-driven, economic development innovations including savings-led microfinance, microenterprise development, financial literacy, jobs preparedness, and matched savings programs.

We equip churches with products & resources to think differently about poverty and start helping—locally and globally. We’ve equipped more than tens of thousands of churches and nonprofits to help people in poverty in biblical, effective ways.

We are known by many on account of the book *When Helping Hurts*, co-authored by Dr. Brian Fikkert, our Founder and President, and Steve Corbett. With over 500,000 copies sold, it continues to challenge and change the paradigm of many churches when it comes to poverty alleviation. Moreover, it has created an increasing demand for us as an organization to provide and distribute additional tools and training.

The Chalmers Center has a successful history of designing innovative ministries that even the poorest churches on the planet can use to declare and demonstrate the good news of the Kingdom of God. These ministries reflect the Chalmers Center’s gospel-centered theory of change and associated ministry design principles. Moving forward, building on the Chalmers Center’s experience and core competencies, the Chalmers Center plans to develop even more Kingdom-centered innovations for the church.

For more information, please visit [www.chalmers.org](http://www.chalmers.org).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis, in accordance with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the financial 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.

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

## Notes to Financial Statements

June 30, 2021 and 2020

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

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking 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. As of June 30, 2021 and 2020, cash balances exceeded federally insured limits by \$463,985 and \$902,177, respectively.

#### OTHER CURRENT ASSETS

Other current assets consist of royalty receivables and other current assets. The royalty receivable is expected to be collected within one year and is recorded as revenue when earned. No allowance has been recorded for the years ended June 30, 2021 and 2020, as management deems the receivable to be fully collectible.

#### GRANT RECEIVABLE

Grant receivable consists of amounts due to Chalmers from a certain foundation wherein the foundation has unconditionally promised to contribute funds to Chalmers in future periods. Chalmers expects to receive \$400,000 in grant receivable during the year ending June 30, 2022. The allowance for doubtful grant receivable is maintained at a level that, in management's judgment, is adequate to absorb probable losses. The amount is based upon an analysis of overall grant receivables by management. Management's evaluation of the allowance for doubtful grant includes, but is not limited to, the historical payment patterns from the foundation and general economic conditions. This process is based on estimates, and ultimate loss may vary from current estimates. As of June 30, 2021 and 2020, no allowance for doubtful grant receivable has been recorded as management has determined that the grant receivable is fully collectible.

Amounts expected to be collected within one year are recorded as support and a receivable at net realizable value. Amounts expected to be collected in future years are recorded as revenue and a receivable at the present value of the expected future cash flows. Discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. As of June 30, 2021 and 2020, no discount has been recorded as the grant receivable is collectible within one year.

#### 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.

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

## Notes to Financial Statements

June 30, 2021 and 2020

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

#### CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

- *Net assets without donor restrictions* 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.
- *Net assets with donor restrictions* 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.

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

Revenue is recognized when earned and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met. Fee income received in advance is recorded as deferred revenue in the accompanying statements of financial position. Essentially all deferred revenue from the prior period has been recognized in the current period.

Gifts of cash and other assets are reported 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 statements of activities as reclassifications. Contributions with donor restrictions which have been fully expended for their intended purposes within the reporting period are reported as tithes and offerings without donor restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor or other legal restrictions.

Chalmers reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. 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 support with donor restrictions. 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 assets are placed in service.

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

## Notes to Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued:

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, 2021 and 2020, the donations received consist of donated rent and donated salaries totaling \$205,452 and \$201,396, respectively. In addition, for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, donated services, in the form of donated salaries meeting the criteria for recognition in the financial statements, totaled \$171,192 and \$168,396, 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 programs and supporting services benefited.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Chalmers' financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Chalmers considers general expenditures to be all expenditures related to its ongoing activities to achieve its mission as well as the conduct of services undertaken to support those activities to be general expenditures.

	June 30,	
	2021	2020
Financial assets, at year-end:		
Cash and cash equivalents	\$ 718,530	\$ 1,152,626
Accounts receivable	22,871	34,084
Grants receivable	400,000	400,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,141,401	\$ 1,586,710

As part of Chalmers' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At June 30, 2021, Chalmers has \$867,181 in net assets with donor restrictions for various purposes including project support. These funds are considered available to meet needs for general expenditures as time/purpose restrictions are met.

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

**Notes to Financial Statements**

June 30, 2021 and 2020

4. OTHER CURRENT ASSETS:

Other current assets consist of:

	June 30,	
	2021	2020
Accounts receivable	\$ 22,871	\$ 34,084
Other	-	1,655
	\$ 22,871	\$ 35,739

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2021	2020
Office furniture and equipment	\$ 129,702	\$ 126,398
Leasehold improvements	186,543	186,543
	316,245	312,941
Less accumulated depreciation	(305,682)	(298,179)
	\$ 10,563	\$ 14,762

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

**Notes to Financial Statements**

June 30, 2021 and 2020

6. NET ASSETS:

Net assets consist of:

	June 30,	
	2021	2020
Without donor restrictions:		
Undesignated (deficit)—available for general activities	\$ 99,670	\$ (9,210)
Net investment in property and equipment	10,563	14,762
	110,233	5,552
With donor restrictions (both purpose/time):		
Business innovation	437,868	537,755
Social innovation	335,625	505,764
Online learning	37,339	198,424
International training	43,631	128,918
Other programs	12,718	9,946
	867,181	1,380,807
	\$ 977,414	\$ 1,386,359

7. LEASE COMMITMENTS:

Chalmers leases office space in Lookout Mountain, Georgia. The terms of the operating lease, which expired June 30, 2021, included annual rent payments of \$1 per year. Chalmers was required to make leasehold improvements to the premises and has done so. Donated rent totaled \$34,260 and \$33,000 for years ended June 30, 2021 and 2020, respectively. Chalmers renewed the lease in July of 2021. The terms of the operating lease, which expire June 30, 2024, include monthly rental payments in the amount of \$1,500. Chalmers also leases certain office equipment under non-cancelable operating lease agreements. Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2021, are as follows:

Years Ending June 30,	Amount
2022	\$ 21,456
2023	21,456
2024	20,016
	\$ 62,928

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

**Notes to Financial Statements**

June 30, 2021 and 2020

8. EXPENSES BY BOTH NATURE AND FUNCTION:

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of Chalmers. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depreciation, and occupancy are allocated on a square-footage basis. Salaries and benefits are allocated on employee time and effort.

Functional expenses by natural classification as of June 30, 2021:

	Program Services	Supporting Activities			Total Expenses
		General and Administrative	Fundraising	Subtotal	
Salaries and benefits	\$ 1,435,578	\$ 168,198	\$ 255,865	\$ 424,063	\$ 1,859,641
Contract services	526,256	26,635	74,035	100,670	626,926
Awards and scholarships	248,780	-	-	-	248,780
Travel and meetings	14,023	4,616	5,640	10,256	24,279
Office and occupancy	46,828	4,340	4,107	8,447	55,275
Other operating expenses	70,183	19,772	9,455	29,227	99,410
	<u>\$ 2,341,648</u>	<u>\$ 223,561</u>	<u>\$ 349,102</u>	<u>\$ 572,663</u>	<u>\$ 2,914,311</u>

Functional expenses by natural classification as of June 30, 2020:

	Program Services	Supporting Activities			Total Expenses
		General and Administrative	Fundraising	Subtotal	
Salaries and benefits	\$ 1,377,491	\$ 190,270	\$ 170,856	\$ 361,126	\$ 1,738,617
Contract services	433,970	16,657	87,170	103,827	537,797
Awards and scholarships	287,365	-	-	-	287,365
Travel and meetings	105,450	4,611	42,419	47,030	152,480
Office and occupancy	58,227	7,404	8,116	15,520	73,747
Other operating expenses	95,488	23,608	12,002	35,610	131,098
	<u>\$ 2,357,991</u>	<u>\$ 242,550</u>	<u>\$ 320,563</u>	<u>\$ 563,113</u>	<u>\$ 2,921,104</u>

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

## Notes to Financial Statements

June 30, 2021 and 2020

9. TAX DEFERRED RETIREMENT PLAN:

Chalmers operates a 401(k) tax deferred retirement plan for employees who have completed 90 days of service. Employee elective deferrals are matched by Chalmers 100% up to 3% of eligible earnings per year. Chalmers contributed \$28,586 and \$29,683 to the plan as the employer provided match for the years ended June 30, 2021 and 2020, respectively.

10. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Chalmers for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve. As part of the response to the impact of COVID-19, Chalmers applied for a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. For the year ended June 30, 2020, Chalmers was approved for and received the proceeds of a loan in the amount of \$270,766. The loan bore interest at a fixed rate of 1.00% and was due May 2022. For the year ended June 30, 2020, in accordance with FASB ASC 958-605, Chalmers recognized in the accompanying statement of activities, a contribution without donor restrictions for the full amount of the proceeds received. Based on the provisions included in the CARES Act, the loan agreement provided for loan forgiveness up to the full amount of the loan, including accrued interest, provided Chalmers overcomes (meets) certain loan stipulations. Effective July 2021, Chalmers received notification of forgiveness from the SBA for the full PPP loan amount.

As part of the further response to the impact of COVID-19, Chalmers applied for and received a Second Draw PPP Loan in the amount of \$279,558. The loan bears interest at a fixed rate of 1.00% and is due February 2026. For the year ended June 30, 2021, in accordance with FASB ASC 958-605, Chalmers has recognized in the accompanying statement of activities, a contribution without donor restrictions for the full amount of the proceeds received. Based on the provisions included in the CARES Act, the loan agreement provides for loan forgiveness up to the full amount of the loan, including accrued interest, provided Chalmers overcomes (meets) certain loan stipulations.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 21, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.