



The
Chalmers
Center

CHALMERS CENTER
FOR ECONOMIC DEVELOPMENT
AT COVENANT COLLEGE, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

**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

Opinion

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 June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Chalmers Center for Economic Development at Covenant College, Inc. 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 Chalmers Center for Economic Development at Covenant College, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 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 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 Chalmers Center for Economic Development at Covenant College, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chalmers Center for Economic Development at Covenant College, Inc.'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.

Capin Crouse LLP

Lawrenceville, Georgia
December 13, 2024

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

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 861,335	\$ 230,551
Other assets	65,607	48,166
Property and equipment—net	2,724	8,632
Total Assets	\$ 929,666	\$ 287,349
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 186,191	\$ 127,070
Deferred revenue	-	28,714
Line of credit payable	102,452	-
Total liabilities	288,643	155,784
Net assets (deficit):		
Without donor restrictions	(84,379)	(82,812)
With donor restrictions	725,402	214,377
Total net assets	641,023	131,565
Total Liabilities and Net Assets	\$ 929,666	\$ 287,349

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,333,327	\$ 1,006,313	\$ 3,339,640	\$ 2,010,015	\$ 300,751	\$ 2,310,766
Gifts-in-kind	231,400	-	231,400	208,560	-	208,560
Fees	399,100	-	399,100	318,425	-	318,425
Royalties	35,226	-	35,226	29,772	-	29,772
Total Support and Revenue	<u>2,999,053</u>	<u>1,006,313</u>	<u>4,005,366</u>	<u>2,566,772</u>	<u>300,751</u>	<u>2,867,523</u>
RECLASSIFICATIONS:						
Net assets released from restrictions due to satisfaction of purpose and/or time restrictions	495,288	(495,288)	-	550,676	(550,676)	-
EXPENSES:						
Program services	2,415,192	-	2,415,192	2,374,437	-	2,374,437
Supporting activities:						
General and administrative	441,840	-	441,840	367,619	-	367,619
Fundraising	638,876	-	638,876	567,780	-	567,780
	<u>1,080,716</u>	<u>-</u>	<u>1,080,716</u>	<u>935,399</u>	<u>-</u>	<u>935,399</u>
Total Expenses	<u>3,495,908</u>	<u>-</u>	<u>3,495,908</u>	<u>3,309,836</u>	<u>-</u>	<u>3,309,836</u>
Change in Net Assets	(1,567)	511,025	509,458	(192,388)	(249,925)	(442,313)
Net Assets (Deficit), Beginning of Year	<u>(82,812)</u>	<u>214,377</u>	<u>131,565</u>	<u>109,576</u>	<u>464,302</u>	<u>573,878</u>
Net Assets (Deficit), End of Year	<u>\$ (84,379)</u>	<u>\$ 725,402</u>	<u>\$ 641,023</u>	<u>\$ (82,812)</u>	<u>\$ 214,377</u>	<u>\$ 131,565</u>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 509,458	\$ (442,313)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,908	6,476
Accrued interest payable	2,452	-
Changes in operating assets and liabilities:		
Other assets	(17,441)	(12,813)
Grants receivable	-	150,000
Accounts payable and accrued expenses	59,121	2,807
Deferred revenue	(28,714)	28,714
Net Cash Provided (Used) by Operating Activities	530,784	(267,129)
CASH FLOWS FROM FINCANCING ACTIVITIES:		
Proceeds from borrowings on line of credit	100,000	-
Net Change in Cash and Cash Equivalents	630,784	(267,129)
Cash and Cash Equivalents, Beginning of Period	230,551	497,680
Cash and Cash Equivalents, End of Period	\$ 861,335	\$ 230,551

See notes to financial statements

CHALMERS CENTER FOR ECONOMIC DEVELOPMENT AT COVENANT COLLEGE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting in conformity 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 the 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, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking accounts. Chalmers maintains its cash and cash equivalents with high credit, quality financial institutions which, at times, may exceed federally insured limits. Chalmers has not experienced any losses in such accounts. At June 30, 2024 and 2023, Chalmers' cash balances exceeded federally insured limits by \$606,173 and \$0, respectively.

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 revenue when earned. No allowance has been recorded for the years ended June 30, 2024 and 2023, 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 \$2,500. 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 separately by class of net assets:

- *Net assets without donor restrictions* are currently available at the discretion of the board for use in operations, designated by the board for other specific projects determined by the board, or 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.

CHALMERS CENTER FOR ECONOMIC DEVELOPMENT AT COVENANT COLLEGE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 contributions 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.

Gifts-in-kind include contributions of noncash items. Gifts-in-kind that can be used or sold are measured at fair value at the date of donation. During the years ended June 30, 2024 and 2023, the donations received consist of donated rent and services totaling \$231,400 and \$208,560, respectively.

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, 2024 and 2023, donated services, in the form of donated salaries meeting the criteria for recognition in the financial statements, totaled \$195,400 and \$172,560, 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 supporting activities benefited.

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

Notes to Financial Statements

June 30, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Chalmers' financial assets as of June 30, 2024 and 2023, 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,	
	2024	2023
Financial assets, at year-end:		
Cash and cash equivalents	\$ 861,335	\$ 230,551
Other assets:		
Accounts receivable	65,607	33,253
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 926,942	 \$ 263,804

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, 2024, Chalmers has \$725,402 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.

In addition to the financial assets noted above, as of June 30, 2024, Chalmers has two \$100,000 lines of credit (see Note 5) which are available for drawing upon for general expenditures.

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2024	2023
Office furniture and equipment	\$ 142,167	\$ 142,167
Leasehold improvements	186,543	186,543
	328,710	328,710
Less accumulated depreciation	(325,986)	(320,078)
	\$ 2,724	\$ 8,632

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

Notes to Financial Statements

June 30, 2024 and 2023

5. LINE OF CREDIT PAYABLE AND RELATED PARTY TRANSACTIONS:

Effective July 1, 2023, Chalmers entered into two separate but identical revolving line of credit agreements (the Agreements) with a member of the board and a member of management. The Agreements are in the amount of \$100,000 each, bear interest at a rate of 5%, and mature one year from the date of the Agreements.

Chalmers borrowed the full extent (\$100,000) of one line of credit during the year ended June 30, 2024. The full amount is due within one year. Subsequent to year end, this line of credit was extended to June 30, 2025. The second available line of credit remained unused as of June 30, 2024.

6. NET ASSETS (DEFICIT):

Net assets (deficit) consist of:

	June 30,	
	2024	2023
Without donor restrictions:		
Deficit	\$ (87,103)	\$ (91,444)
Net investment in property and equipment	2,724	8,632
	(84,379)	(82,812)
With donor restrictions (both purpose/time):		
Business innovation	377,370	116,098
Social innovation	254,855	88,539
International training	93,177	9,740
	725,402	214,377
	\$ 641,023	\$ 131,565

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

Notes to Financial Statements

June 30, 2024 and 2023

7. 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 for the year ended June 30, 2024:

	Program Services	Supporting Activities			Total Expenses
		General and Administrative	Fundraising	Subtotal	
Salaries and benefits	\$ 1,356,822	\$ 173,382	\$ 493,911	\$ 667,293	\$ 2,024,115
Contract services	557,372	190,827	19,119	209,946	767,318
Awards and scholarships	198,535	-	-	-	198,535
Travel and meetings	136,933	28,198	52,412	80,610	217,543
Office and occupancy	98,398	24,146	40,324	64,470	162,868
Other	67,132	25,287	33,110	58,397	125,529
	<u>\$ 2,415,192</u>	<u>\$ 441,840</u>	<u>\$ 638,876</u>	<u>\$ 1,080,716</u>	<u>\$ 3,495,908</u>

Functional expenses by natural classification for the year ended June 30, 2023:

	Program Services	Supporting Activities			Total Expenses
		General and Administrative	Fundraising	Subtotal	
Salaries and benefits	\$ 1,353,695	\$ 226,381	\$ 393,910	\$ 620,291	\$ 1,973,986
Contract services	552,914	86,497	87,490	173,987	726,901
Awards and scholarships	183,353	-	-	-	183,353
Travel and meetings	83,950	11,996	36,730	48,726	132,676
Office and occupancy	92,902	11,667	11,640	23,307	116,209
Other	107,623	31,078	38,010	69,088	176,711
	<u>\$ 2,374,437</u>	<u>\$ 367,619</u>	<u>\$ 567,780</u>	<u>\$ 935,399</u>	<u>\$ 3,309,836</u>

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

Notes to Financial Statements

June 30, 2024 and 2023

8. DONOR CONCENTRATIONS:

For the years ended June 30, 2024 and 2023, 19% of total contributions were given by three donors, and 12% of total contributions were given by two donors, respectively. Chalmer's operations and program activities could be impacted if these donor relationships were to be terminated and could not be replaced by new donors with comparable donations.

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 \$32,261 and \$30,765 to the plan as the employer provided match for the years ended June 30, 2024 and 2023, respectively.

10. SUBSEQUENT EVENTS:

Effective July 2024, Chalmers entered in a noncancelable operating lease agreement (the Lease) for certain office space, expiring in 2028. The Lease requires monthly payments ranging from \$8,838 to \$10,605.

Subsequent events have been evaluated through December 13, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.