



The
Chalmers
Center

CHALMERS CENTER FOR ECONOMIC
DEVELOPMENT AT COVENANT COLLEGE,
INC.

Financial Statements
With Independent Auditor's Report

June 30, 2025 and 2024

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

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chalmers Center for Economic Development
at Covenant College, Inc.
Chattanooga, Tennessee

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, 2025 and 2024, 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, 2025 and 2024, 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 audits 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 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 audits. 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.
Chattanooga, Tennessee

Auditor's 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 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 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 LLC

Lawrenceville, Georgia
February 3, 2026

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

Statements of Financial Position

	June 30,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 1,454,218	\$ 861,335
Other assets	57,931	65,607
Property and equipment—net	-	2,724
Operating leases right-of-use assets	299,838	-
	<u>1,811,987</u>	<u>929,666</u>
Total Assets	\$ 1,811,987	\$ 929,666
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 207,406	\$ 186,191
Line of credit payable	-	102,452
Operating leases right-of-use obligations	316,202	-
Total liabilities	<u>523,608</u>	<u>288,643</u>
Net assets (deficit):		
Without donor restrictions	(61,365)	(84,379)
With donor restrictions	1,349,744	725,402
Total net assets	<u>1,288,379</u>	<u>641,023</u>
Total Liabilities and Net Assets	\$ 1,811,987	\$ 929,666

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,017,008	\$ 1,380,376	\$ 3,397,384	\$ 2,333,327	\$ 1,006,313	\$ 3,339,640
Contributions of non-financial assets	121,398	-	121,398	231,400	-	231,400
Fees	273,010	-	273,010	399,100	-	399,100
Government grants	393,086	-	393,086	-	-	-
Royalties	33,531	-	33,531	35,226	-	35,226
Total Support and Revenue	2,838,033	1,380,376	4,218,409	2,999,053	1,006,313	4,005,366
RECLASSIFICATIONS:						
Net assets released from restrictions due to satisfaction of purpose and/or time restrictions	756,034	(756,034)	-	495,288	(495,288)	-
EXPENSES:						
Program services	2,392,369	-	2,392,369	2,415,192	-	2,415,192
Supporting activities:						
General and administrative	543,340	-	543,340	441,840	-	441,840
Fundraising	635,344	-	635,344	638,876	-	638,876
	1,178,684	-	1,178,684	1,080,716	-	1,080,716
Total Expenses	3,571,053	-	3,571,053	3,495,908	-	3,495,908
Change in Net Assets	23,014	624,342	647,356	(1,567)	511,025	509,458
Net Assets (Deficit), Beginning of Year	(84,379)	725,402	641,023	(82,812)	214,377	131,565
Net Assets (Deficit), End of Year	\$ (61,365)	\$ 1,349,744	\$ 1,288,379	\$ (84,379)	\$ 725,402	\$ 641,023

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 647,356	\$ 509,458
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,724	5,908
Non-cash lease activity	16,364	-
Accrued interest payable	-	2,452
Changes in operating assets and liabilities:		
Other assets	7,676	(17,441)
Accounts payable and accrued expenses	21,215	59,121
Deferred revenue	-	(28,714)
Net Cash Provided by Operating Activities	695,335	530,784
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings on line of credit	-	100,000
Payments on line of credit	(102,452)	-
Net Cash Provided (Used) by Financing Activities	(102,452)	100,000
Net Change in Cash and Cash Equivalents	592,883	630,784
Cash and Cash Equivalents, Beginning of Period	861,335	230,551
Cash and Cash Equivalents, End of Period	\$ 1,454,218	\$ 861,335
SUPPLEMENTAL CASH FLOW INFORMATION:		
Assets obtained through operating right-of-use lease	\$ 405,720	\$ -

See notes to financial statements

CHALMERS CENTER FOR ECONOMIC DEVELOPMENT AT COVENANT COLLEGE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

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. The primary source of support and revenue for Chalmers is contributions from donors.

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 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 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, 2025 and 2024

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, 2025 and 2024, Chalmers' cash balances exceeded federally insured limits by approximately \$1,168,000 and \$606,000, respectively.

OTHER ASSETS

Other assets consist of royalty receivables, prepaid expenses and other assets. The royalty receivable is expected to be collected within one year. For both years ended June 30, 2025 and 2024, no allowance has been recorded, 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, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Contributions are recognized 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.

Contributions of non-financial assets consist of donated rent and services, and are recorded at fair value at the date of donation. For both years ended June 30, 2025 and 2024, donated rent totaled \$36,000. Donated services are reported as contributions of non-financial assets 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, 2025 and 2024, donated services (which consist of donated salaries and related payroll benefits) meeting the criteria for recognition in the financial statements, totaled \$85,398 and \$195,400, respectively.

Fee revenue consists of registration fees for trainings as well as curriculum sales, and is recognized when the performance obligation is met, which is when the goods or services are transferred to the customer. Amounts received in advance are reported as performance obligation liabilities in the accompanying statements of financial position. For both years ended June 2025 and 2024, no contract assets or liabilities exist under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 606. All other exchange revenue is recognized when the performance obligation is met.

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 long-lived assets are placed in service.

CHALMERS CENTER FOR ECONOMIC DEVELOPMENT AT COVENANT COLLEGE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

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.

GOVERNMENT GRANTS

For the year ended June 30, 2025, government grants includes \$393,086 claimed under the Employee Retention Credit (ERC) which was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge Chalmers' claim to the ERC, and it is not possible to determine the impact (if any) this would have upon Chalmers.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Chalmers' financial assets as of June 30, 2025 and 2024, 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,	
	2025	2024
Financial assets, at year-end and available to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	\$ 1,454,218	\$ 861,335
Other assets:		
Royalty receivable	26,487	65,607
	\$ 1,480,705	\$ 926,942

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, 2025, Chalmers has \$1,349,744 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, 2025 and 2024

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2025	2024
Office furniture and equipment	\$ 142,167	\$ 142,167
Leasehold improvements	186,543	186,543
	328,710	328,710
Less accumulated depreciation	(328,710)	(325,986)
	\$ -	\$ 2,724

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 second available line of credit remained unused as of June 30, 2024. During the year ended June 30, 2025, both lines of credit expired, and there was no remaining amount due on either of the Agreements as of June 30, 2025.

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

Notes to Financial Statements

June 30, 2025 and 2024

6. NET ASSETS (DEFICIT):

Net assets (deficit) consist of:

	June 30,	
	2025	2024
Without donor restrictions:		
Deficit	\$ (61,365)	\$ (87,103)
Net investment in property and equipment	-	2,724
	(61,365)	(84,379)
With donor restrictions (both purpose/time):		
Business innovation	20,000	377,370
Social innovation	245,859	254,855
International training	34,990	93,177
Applied listening and learning	10,045	-
Business expansion	978,850	-
Partnership engagement	60,000	-
	1,349,744	725,402
	\$ 1,288,379	\$ 641,023

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

Notes to Financial Statements

June 30, 2025 and 2024

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, occupancy, and salaries and benefits are allocated on employee time and effort.

Functional expenses by natural classification for the year ended June 30, 2025:

	Program Services	Supporting Activities			Total Expenses
		General and Administrative	Fundraising	Subtotal	
Salaries and benefits	1,368,751	\$ 224,420	\$ 358,672	\$ 583,092	\$ 1,951,843
Contract services	483,408	170,816	30,174	200,990	684,398
Awards and scholarships	193,242	-	-	-	193,242
Travel and meetings	82,294	40,478	69,750	110,228	192,522
Office and occupancy	170,066	50,619	49,340	99,959	270,025
Other	94,608	57,007	127,408	184,415	279,023
	<u>\$ 2,392,369</u>	<u>\$ 543,340</u>	<u>\$ 635,344</u>	<u>\$ 1,178,684</u>	<u>\$ 3,571,053</u>

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>

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

Notes to Financial Statements

June 30, 2025 and 2024

8. OPERATING LEASES RIGHT-OF-USE ASSETS AND OBLIGATIONS:

Chalmers leases office space under a noncancelable operating lease agreement expiring in March 2028. The lease requires monthly payments ranging from \$8,838 to \$10,605. Additionally, Chalmers leases certain office equipment under a noncancelable operating lease agreement expiring in March 2027. The lease requires monthly payments ranging from \$395 to \$437. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease.

	June 30,	
	2025	2024
Operating leases right-of-use assets	\$ 299,838	\$ -
Operating leases right-of-use obligations	\$ 316,202	\$ -
Operating lease costs	\$ 87,476	\$ -
Weighted-average discount rate	5%	0%
Weighted-average remaining lease term	2.72 years	0 years

Future minimum lease payments under the noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2025, are as follows:

Years Ending June 30,	Amounts
2026	\$ 189,130
2027	139,159
2028	95,445
	423,734
Less imputed interest	(107,532)
	\$ 316,202

9. DONOR CONCENTRATIONS:

For the years ended June 30, 2025 and 2024, 6% of total contributions were given by one donor, and 19% of total contributions were given by three donors, respectively. Chalmers' 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.

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

Notes to Financial Statements

June 30, 2025 and 2024

10. 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 \$33,983 and \$32,261 to the plan as the employer provided match for the years ended June 30, 2025 and 2024, respectively.

11. SUBSEQUENT EVENTS:

During January 2026, Chalmers signed a new noncancelable operating lease for office space. This lease agreement replaces the office space lease agreement discussed in Note 8. The lease commences January 2026 and expires on December 2029. The lease requires monthly payments ranging from \$9,816 to \$10,416. Subsequent events have been evaluated through February 3, 2026, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.