



The  
Chalmers  
Center

CHALMERS CENTER  
for ECONOMIC DEVELOPMENT  
at COVENANT COLLEGE, INC.

Financial Statements  
With Independent Auditors' Report

December 31, 2014 and 2013

**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., which comprise the statements of financial position as of December 31, 2014 and 2013, 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, 2014 and 2013, 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  
May 14, 2015

**Chalmers Center for Economic Development  
at Covenant College, Inc.**

**Statements of Financial Position**

	December 31,	
	2014	2013
<b>ASSETS:</b>		
Cash	\$ 1,232,415	\$ 1,116,143
Accounts receivable	35,615	26,979
Other assets	2,994	4,577
Property and equipment–net	90,661	133,338
<b>Total Assets</b>	<b>\$ 1,361,685</b>	<b>\$ 1,281,037</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 30,741	\$ 49,601
Deferred revenue	-	2,250
<b>Total liabilities</b>	<b>30,741</b>	<b>51,851</b>
<b>Net assets:</b>		
Unrestricted	1,240,944	1,146,958
Temporarily restricted	90,000	82,228
<b>Total net assets</b>	<b>1,330,944</b>	<b>1,229,186</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,361,685</b>	<b>\$ 1,281,037</b>

See notes to financial statements

**Chalmers Center for Economic Development  
at Covenant College, Inc.**

**Statements of Activities**

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 738,849	\$ 25,990	\$ 764,839	\$ 508,065	\$ 91,000	\$ 599,065
Grant income	210,000	793,500	1,003,500	199,500	565,000	764,500
Gift-in-kind	195,003	-	195,003	172,779	-	172,779
Royalty income	109,043	-	109,043	103,645	-	103,645
Fee income	119,875	-	119,875	110,750	-	110,750
Other income	504	-	504	453	-	453
<b>Total support and revenue</b>	<b>1,373,274</b>	<b>819,490</b>	<b>2,192,764</b>	<b>1,095,192</b>	<b>656,000</b>	<b>1,751,192</b>
<b>RECLASSIFICATIONS:</b>						
Net assets released from restriction by satisfaction of program restrictions	811,718	(811,718)	-	825,863	(825,863)	-
<b>EXPENSES:</b>						
Program services	1,605,317	-	1,605,317	1,417,269	-	1,417,269
General and Administrative	220,647	-	220,647	182,795	-	182,795
Fund-raising	265,042	-	265,042	177,306	-	177,306
<b>Total Expenses</b>	<b>2,091,006</b>	<b>-</b>	<b>2,091,006</b>	<b>1,777,370</b>	<b>-</b>	<b>1,777,370</b>
Change in Net Assets	93,986	7,772	101,758	143,685	(169,863)	(26,178)
Net Assets, Beginning of Year	1,146,958	82,228	1,229,186	1,003,273	252,091	1,255,364
<b>Net Assets, End of Year</b>	<b>\$ 1,240,944</b>	<b>\$ 90,000</b>	<b>\$ 1,330,944</b>	<b>\$ 1,146,958</b>	<b>\$ 82,228</b>	<b>\$ 1,229,186</b>

See notes to financial statements

**Chalmers Center for Economic Development  
at Covenant College, Inc.**

**Statements of Cash Flows**

	Year Ended December 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 101,758	\$ (26,178)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	47,968	37,098
Changes in operating assets and liabilities:		
Grants receivable	-	168,400
Accounts receivable	(8,636)	(26,679)
Other assets	1,583	(670)
Accounts payable	(18,860)	(4,567)
Deferred revenue	(2,250)	-
	121,563	147,404
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(5,291)	(40,438)
	(5,291)	(40,438)
Net Cash Used by Investing Activities	(5,291)	(40,438)
Net Change in Cash and Cash Equivalents	116,272	106,966
Cash and Cash Equivalents, Beginning of Year	1,116,143	1,009,177
Cash and Cash Equivalents, End of Year	\$ 1,232,415	\$ 1,116,143

See notes to financial statements

# Chalmers Center for Economic Development at Covenant College, Inc.

## Notes to Financial Statements

December 31, 2014 and 2013

### 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 deductible for income tax purposes.

The Chalmers Center at Covenant College 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, the Chalmers Center 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 300,000 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 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 Mission*. These resources equip broader networks of churches and ministries to support effective poverty alleviation. In addition, Chalmers completed the manuscript for *From Dependence to Dignity: How to Alleviate Poverty through Church-Centered Microfinance*, which will be released in the spring of 2015.

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.



# Chalmers Center for Economic Development at Covenant College, Inc.

## Notes to Financial Statements

December 31, 2014 and 2013

### 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.

#### 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 2014 and 2013, 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.

# Chalmers Center for Economic Development at Covenant College, Inc.

## Notes to Financial Statements

December 31, 2014 and 2013

### 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, policies, guidelines, and other documents necessary for Chalmers' continuing program of development. Donated rent is recorded at fair market value. Chalmers had donated services of \$174,003 and \$151,779, respectively for the years ended December 31, 2014 and 2013. Chalmers had donated rent of \$21,000 for the years ended December 31, 2014 and 2013.

#### 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.

**Chalmers Center for Economic Development  
at Covenant College, Inc.**

**Notes to Financial Statements**

December 31, 2014 and 2013

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, 2014 and 2013, 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 2009.

3. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	December 31,	
	2014	2013
Office furniture, equipment, and leasehold improvements	\$ 222,800	\$ 217,509
Less accumulated depreciation	(132,139)	(84,171)
	\$ 90,661	\$ 133,338

4. NET ASSETS:

Net assets consist of:

	December 31,	
	2014	2013
Unrestricted:		
Undesignated—available for general activities	\$ 1,150,283	\$ 1,013,620
Net investment in property and equipment	90,661	133,338
	1,240,944	1,146,958
Temporarily restricted:		
U.S. training	15,000	-
International training	75,000	42,769
Other	-	39,459
	90,000	82,228
	\$ 1,330,944	\$ 1,229,186

**Chalmers Center for Economic Development  
at Covenant College, Inc.**

**Notes to Financial Statements**

December 31, 2014 and 2013

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, 2014 and 2013. The future minimum lease payments are as follows:

<u>December 31,</u>	<u>Total</u>
2015	\$ 21,000
2016	<u>15,750</u>
	<u><u>\$ 36,750</u></u>

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.