

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
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DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Association for Clinical Pastoral Education, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated statements of The Association for Clinical Pastoral Education, Inc. and Subsidiary (the Association), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Association for Clinical Pastoral Education, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Association for Clinical Pastoral Education, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, 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 consolidated 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 consolidated 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 the Association'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

Report on Summarized Comparative Information

We have previously audited the Association's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Warren Averett, LLC

Atlanta, Georgia
May 2, 2022

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS		
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,119,694	\$ 1,011,677
Investments	6,286,508	5,400,300
Accounts receivable, net	482,417	649,584
Unconditional promise to give	5,988	5,220
Prepaid expenses and other current assets	118,771	68,891
Total current assets	9,013,378	7,135,672
OTHER ASSETS		
Property and equipment, net	233,452	364,090
Investments – restricted in perpetuity	1,069,094	1,069,094
Other assets	20,057	20,057
Total other assets	1,322,603	1,453,241
TOTAL ASSETS	\$ 10,335,981	\$ 8,588,913
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 462,985	\$ 465,937
Deferred revenue	404,570	140,880
Deferred revenue – PPP grant	-	267,700
Total current liabilities	867,555	874,517
NET ASSETS		
Without donor restrictions		
Undesignated	4,092,947	2,979,424
Board designated – endowment	2,916,767	2,562,360
Total net assets without donor restrictions	7,009,714	5,541,784
With donor restrictions		
Restricted by purpose or time	1,389,618	1,103,518
Restricted in perpetuity	1,069,094	1,069,094
Total net assets with donor restrictions	2,458,712	2,172,612
Total net assets	9,468,426	7,714,396
TOTAL LIABILITIES AND NET ASSETS	\$ 10,335,981	\$ 8,588,913

See notes to the consolidated financial statements.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	Without donor Restrictions	With donor Restrictions	Total	Total
REVENUES, GAINS AND PUBLIC SUPPORT				
Contributions	\$ 102,906	\$ -	\$ 102,906	\$ 78,048
Accredited center fees	2,262,833	-	2,262,833	2,167,954
Membership fees	532,644	-	532,644	521,165
Conferences	113,835	-	113,835	34,530
Federal CARES Act – PPP grant	267,700	-	267,700	-
Interest and dividend income	185,937	95,068	281,005	142,555
Net gain on investments	447,492	204,283	651,775	445,008
Other	197,957	-	197,957	117,264
Net assets released from restrictions	13,251	(13,251)	-	-
Total revenues, gains and public support	<u>4,124,555</u>	<u>286,100</u>	<u>4,410,655</u>	<u>3,506,524</u>
EXPENSES				
Program services	1,484,954	-	1,484,954	1,593,514
Supporting services				
Management and general	1,039,276	-	1,039,276	892,542
Fundraising	132,395	-	132,395	136,772
Total expenses	<u>2,656,625</u>	<u>-</u>	<u>2,656,625</u>	<u>2,622,828</u>
CHANGES IN NET ASSETS	1,467,930	286,100	1,754,030	883,696
NET ASSETS AT:				
BEGINNING OF YEAR	<u>5,541,784</u>	<u>2,172,612</u>	<u>7,714,396</u>	<u>6,830,700</u>
END OF YEAR	<u>\$ 7,009,714</u>	<u>\$ 2,458,712</u>	<u>\$ 9,468,426</u>	<u>\$ 7,714,396</u>

See notes to the consolidated financial statements.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021								2020 Total
	Program				Total Program	General and Administrative	Fundraising	Total	
	Accreditation	Certification	Psychotherapy	General Education					
Salaries and wages	\$ 208,869	\$ 170,639	\$ 54,158	\$ 545,597	\$ 979,263	\$ 432,692	\$ 110,202	\$ 1,522,157	\$ 1,500,374
Grants to organizations	-	-	-	45,000	45,000	-	-	45,000	114,620
Conferences, conventions and meetings	-	-	200	95,213	95,413	1,700	2,295	99,408	79,758
Travel	865	-	-	-	865	1,582	-	2,447	97,428
Occupancy	13,315	12,528	5,035	38,898	69,777	48,384	2,792	120,953	106,358
Office expenses	-	-	1,165	5,436	6,601	68,627	-	75,228	77,438
Technology	12,627	11,881	4,775	36,889	66,172	45,884	2,648	114,704	136,881
Insurance	-	-	-	-	-	37,432	-	37,432	35,537
Professional fees	24,092	49,380	32,896	40,780	147,148	208,166	2,578	357,892	261,663
Training	-	-	-	256	256	11,423	-	11,679	6,132
Research	-	-	-	-	-	-	-	-	4,000
Credit card fees	-	-	-	-	-	54,967	-	54,967	43,471
Bad debt	-	-	-	-	-	24,964	-	24,964	-
Depreciation and amortization	14,209	13,370	5,373	41,508	74,459	51,630	2,980	129,069	107,195
Other	-	-	-	-	-	51,825	8,900	60,725	51,973
Total expenses	\$ 273,977	\$ 257,798	\$ 103,602	\$ 849,577	\$ 1,484,954	\$ 1,039,276	\$ 132,395	\$ 2,656,625	\$ 2,622,828

See notes to the consolidated financial statements.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program				Total Program	General and Administrative	Fundraising	Total
	Accreditation	Certification	Psychotherapy	General Education				
Salaries and wages	\$ 208,166	\$ 174,423	\$ 53,718	\$ 548,386	\$ 984,693	\$ 405,748	\$ 109,933	\$ 1,500,374
Grants to organizations	-	-	-	114,620	114,620	-	-	114,620
Conferences, conventions and meetings	-	75	2,700	74,549	77,324	2,404	30	79,758
Travel	6,304	1,246	796	72,519	80,865	16,563	-	97,428
Occupancy	11,906	10,729	4,413	36,712	63,760	40,134	2,464	106,358
Office expenses	-	7	3,028	1,754	4,789	71,239	1,410	77,438
Technology	15,323	13,807	5,679	47,249	82,058	51,653	3,170	136,881
Insurance	-	-	-	-	-	35,537	-	35,537
Professional fees	18,199	33,903	25,992	38,900	116,994	142,987	1,682	261,663
Training	-	-	-	150	150	5,982	-	6,132
Research	-	-	-	4,000	4,000	-	-	4,000
Credit card fees	-	-	-	-	-	43,471	-	43,471
Depreciation and amortization	12,000	10,812	4,447	37,002	64,261	40,451	2,483	107,195
Other	-	-	-	-	-	36,373	15,600	51,973
Total expenses	\$ 271,898	\$ 245,002	\$ 100,773	\$ 975,841	\$ 1,593,514	\$ 892,542	\$ 136,772	\$ 2,622,828

See notes to the consolidated financial statements.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,754,030	\$ 883,696
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	129,069	107,195
Net realized and unrealized gain on investments	(651,775)	(445,008)
Loss on disposal of property	1,569	-
Changes in assets and liabilities:		
Accounts receivable	167,167	(363,465)
Unconditional promise to give	(768)	10,440
Prepaid expenses and other assets	(49,880)	26,461
Accounts payable and accrued expenses	(2,952)	(59,479)
Deferred revenue	263,690	(277,117)
Deferred revenue – PPP grant	(267,700)	267,700
Net cash provided by operating activities	<u>1,342,450</u>	<u>150,423</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of dividends and interest, net of expenses	(280,545)	(111,027)
Net distributions from investments	46,112	14,459
Purchases of property and equipment	-	(228,149)
Net cash used in investing activities	<u>(234,433)</u>	<u>(324,717)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,108,017	(174,294)
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	<u>1,011,677</u>	<u>1,185,971</u>
END OF YEAR	<u>\$ 2,119,694</u>	<u>\$ 1,011,677</u>

See notes to the consolidated financial statements.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

1. ORGANIZATION

The Association for Clinical Pastoral Education, Inc. was organized to promote clinical pastoral education as part of theological education and continuing education for the ministry. The Foundation for Clinical Pastoral Education, Inc. (Foundation) was created to fund the work of The Association for Clinical Pastoral Education, Inc. Effective January 1, 2014 the Foundation is considered a supporting organization and is consolidated with The Association for Clinical Pastoral Education, Inc.

Both organizations are tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) and are collectively referred to herein as the "Association."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying financial statements reflect the consolidated financial position of the Association. All inter-organization transactions have been eliminated in consolidation.

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities at year-end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

Board Designated – Net assets without donor restrictions designated by the Board to be held for endowment or other specified purposes. The Board can elect to remove these designations in the future.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or passage of time. Additionally, net assets subject to donor-imposed stipulations that the Association maintain them permanently. Earnings from the Association's net assets held in perpetuity are restricted by donors to be distributed for specific purposes.

Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 presentation. These reclassifications had no effect on net assets as previously reported.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounting for Contributions

The Association records contributions at the date of the gift. Donated investments are recorded at their fair value on the date donated. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated by the donor for specific purposes or for use in a future period are reported as an increase to net assets with donor restrictions.

Restrictions on contributions expire when a purpose or time restriction is accomplished. Upon satisfaction, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statements of activities as net assets released from restrictions. Net assets with donor restrictions include the principal amount of contributions accepted with the stipulation from the donors that the principal be maintained in perpetuity.

Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions upon satisfaction of the donor restriction.

Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with auditing standards generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Association's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Association considers all highly liquid investments purchased with an initial maturity of three months or less, not held in the investment account, to be cash equivalents.

Fair Value of Financial Instruments

Financial instruments, primarily cash, receivables, payables and investments are reported at values which the Association believes are not significantly different from fair value.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenues in the period when the promise is received. Promises to give due in more than one year are discounted using a risk adjusted discount rate to the present value of estimated future cash flows. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

Investments are carried at fair value. Fair value is determined from quoted market prices or market prices of similar instruments. Realized and unrealized gains and losses are included in the consolidated statements of activities.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All of the Association's investments are Level 1 investments.

Recognition of Revenue

Accredited centers and systems are assessed annual membership dues (including satellites, component sites, and educator candidate fees) as of January 1st each year to be a member of the Association.

Certified educators and associate certified educators are assessed annual membership dues as of January 1st each year to be a member of the Association.

All other membership types (psychotherapists, practitioners, spiritual care professionals, student members, faith groups and seminaries) are assessed annual membership dues as of January 1st each year to be a member of the Association.

Membership revenue is recognized in the periods applicable to individual membership terms. Annual membership terms are based on the calendar year for all membership types.

Conference revenue is recognized in the period the conference is held.

Deferred revenue represents dues received in the period prior to the period in which the fees are earned by the Association.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

The Association uses the allowance method to account for uncollectible accounts receivable. The allowance is based on historical experience and management's analysis of possible bad debt. Receivables are considered impaired if payments are not received in accordance with contractual terms. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collectible. At December 31, 2021 and 2020 an allowance of \$17,485 was recorded.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,500 and all renewals and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are charged to expense as incurred. Property, equipment and improvements are stated at cost or, if donated, at the approximate fair value at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from two to seven years.

Endowment

The Board of Directors (the Board) determined that the majority of the Association's net assets donor restricted in perpetuity met the definition of endowment funds under Georgia's adoption of the Uniform Prudent Management of Institutional Funds Act (GPMIFA). See Note 5.

Functional Allocation

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Association. Accordingly, technology and personnel costs have been allocated among the programs and supporting services benefited based on estimates of time and effort. Depreciation and occupancy costs have been allocated based on square footage.

Income Taxes

The Association is exempt from income taxes under Section 501 (c)(3) of the IRC and therefore has made no provision for federal income taxes in the accompanying consolidated financial statements. In addition, the Association has been determined not to be a "private foundation" by the Internal Revenue Service (IRS) within the meaning of Section 509 (a) of the IRC and qualifies for the charitable contribution deduction.

Donated Services

A substantial number of volunteer hours have been donated by individuals in the Association's program services and, to a lesser extent, its administrative activities. No amounts have been recorded in the accompanying consolidated statements of activities for these donated services inasmuch as only donations of services that create or enhance nonfinancial assets, or require specialized skills that would otherwise typically be purchased, are recorded as support and expense.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. From time to time throughout the year, the Association's cash balances on deposit exceed the federally insured limits. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. As a result of liquidity issues experienced in the global credit and capital markets, it is at least reasonably possible that changes in risks in the near term could occur which in turn could materially affect the amounts reported in the accompanying consolidated financial statements.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*, increasing transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. The amendments in this update are effective for fiscal years beginning after December 15, 2021. The Association is currently evaluating the effects that the provisions of ASU No. 2016-02 will have on the Association's consolidated financial statements.

Events Occurring After Report Date

The Association has evaluated events and transactions that occurred between December 31, 2021 and May 2, 2022, which is the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

3. INVESTMENTS

The Association invests in money markets, stocks, and mutual funds. The fair value of these investments is measured using the market approach by using the quoted price on the national exchanges on the last day of the year. These investments are all in US markets and are classified as Level 1 investments. The fair values and mutual fund types at December 31, 2021 and 2020 are summarized below:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 261,124	\$ 643,058
Stocks	2,116,207	1,671,691
Mutual funds	<u>4,978,271</u>	<u>4,154,645</u>
	7,355,602	6,469,394
Less current portion	<u>6,286,508</u>	<u>5,400,300</u>
Investments – restricted in perpetuity	<u>\$ 1,069,094</u>	<u>\$ 1,069,094</u>

**THE ASSOCIATION FOR
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 179,025	\$ 179,025
Equipment	-	42,184
Software	299,909	322,546
Leasehold improvements	<u>107,373</u>	<u>107,373</u>
	586,307	651,128
Less accumulated depreciation and amortization	<u>(352,855)</u>	<u>(287,038)</u>
	<u>\$ 233,452</u>	<u>\$ 364,090</u>

For 2021 and 2020 depreciation and amortization expense was \$129,069 and \$107,195, respectively.

5. NET ASSET RESTRICTIONS

At December 31, 2021 and 2020 respectively, \$2,916,767 and \$2,562,360 of net assets without donor restrictions were designated by the Board for endowment.

Net assets with donor restrictions were available for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditures for specific purpose:		
Earnings from endowment – general operations	\$ 802,232	\$ 586,899
Earnings from endowment – continuing education programs	112,907	95,298
Education	500	5,050
Scholarships and other	113,862	100,021
Psychotherapy program	<u>360,117</u>	<u>316,250</u>
	1,389,618	1,103,518
Subject to restriction in perpetuity:		
Endowment	<u>1,069,094</u>	<u>1,069,094</u>
	<u>\$ 2,458,712</u>	<u>\$ 2,172,612</u>

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

5. NET ASSET RESTRICTIONS – CONTINUED

Net assets with donor restrictions released from restrictions during the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Education	\$ 4,351	\$ 61,253
Scholarships and other	8,900	600
Psychotherapy program	-	15,000
	<u>\$ 13,251</u>	<u>\$ 76,853</u>

Endowments

The Association understands GPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Association classifies as net assets with donor restrictions:

- 1) The original value of gifts donated to the endowment,
- 2) The original value of subsequent gifts to the endowment, and
- 3) Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In addition, the portion of the endowment fund in excess of the original fair value is classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by GPMIFA.

In accordance with GPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate such donor-restricted endowment funds:

- 1) The duration and preservation of the fund,
- 2) The purposes of the Association and the donor-restricted endowment fund,
- 3) General economic conditions,
- 4) The possible effects of inflation and deflation,
- 5) The expected total return from income and the appreciation of investments,
- 6) Other resources of the Association, and
- 7) The investment policies of the Association.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

5. NET ASSET RESTRICTIONS – CONTINUED

Endowment Investment and Spending Policies

The Association has adopted investment and spending policies, approved by the Board, for endowment funds that will be invested on a total return concept. Income is reinvested and realized appreciation and income are available for spending subject to restrictions imposed by individual donors, Georgia law and the investment policy. Under the spending policy, appropriation of funds may be made annually by the Board of an amount up to 5% per annum of the average fair value of the endowment determined as a 12-quarter rolling average. The policy includes a cap of 10% growth over the prior year's spending and a -5% floor, adjusted by the annual inflation rate as measured by the Consumer Price Index. The Board of Directors require that the securities held in the fund represent a cross section of the economy and as such have set asset allocation targets within the investment policy.

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains and Other	Total with Donor Restrictions	
Donor-restricted					
General operations	\$ -	\$ 969,094	\$ 802,232	\$ 1,771,326	\$ 1,771,326
Continuing education	-	100,000	112,907	212,907	212,907
Total donor-restricted	-	1,069,094	915,139	1,984,233	1,984,233
Board designated	2,916,767	-	-	-	2,916,767
Total funds	<u>\$ 2,916,767</u>	<u>\$ 1,069,094</u>	<u>\$ 915,139</u>	<u>\$ 1,984,233</u>	<u>\$ 4,901,000</u>

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	With Donor Restrictions				Total Funds
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains and Other	Total with Donor Restrictions	
General operations	\$ -	\$ 969,094	\$ 586,899	\$ 1,555,993	\$ 1,555,993
Continuing education	-	100,000	95,298	195,298	195,298
Total donor-restricted	-	1,069,094	682,197	1,751,291	1,751,291
Board designated	2,562,360	-	-	-	2,562,360
Total funds	<u>\$ 2,562,360</u>	<u>\$ 1,069,094</u>	<u>\$ 682,197</u>	<u>\$ 1,751,291</u>	<u>\$ 4,313,651</u>

**THE ASSOCIATION FOR
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DECEMBER 31, 2021 AND 2020**

5. NET ASSET RESTRICTIONS – CONTINUED

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions			Total Funds
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	
Endowment net assets					
January 1, 2021	\$ 2,562,360	\$ 1,069,094	\$ 682,197	\$ 1,751,291	\$ 4,313,651
Investment return income	96,309	-	65,538	65,538	161,847
Net appreciation (realized and unrealized)	258,098	-	176,304	176,304	434,402
Additions	-	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	(8,900)	(8,900)	(8,900)
Endowment net assets December 31, 2021	<u>\$ 2,916,767</u>	<u>\$ 1,069,094</u>	<u>\$ 915,139</u>	<u>\$ 1,984,233</u>	<u>\$ 4,901,000</u>

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions			Total Funds
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	
Endowment net assets					
January 1, 2020	\$ 2,342,620	\$ 1,069,094	\$ 531,558	\$ 1,600,652	\$ 3,943,272
Investment return income	43,877	-	29,999	29,999	73,876
Net depreciation (realized and unrealized)	175,863	-	121,240	121,240	297,103
Additions	-	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	(600)	(600)	(600)
Endowment net assets December 31, 2020	<u>\$ 2,562,360</u>	<u>\$ 1,069,094</u>	<u>\$ 682,197</u>	<u>\$ 1,751,291</u>	<u>\$ 4,313,651</u>

6. LEASE COMMITMENTS

The Association has an operating lease for its office space. The lease provides for annual rent escalations as further described in the lease. The lease allowed for deferral of rent payments for six months beginning December 1, 2019. Additionally, the lease provides for annual rent escalations as further described in the lease. The Association also has non-cancelable operating leases for certain office equipment. Rent expense of approximately \$80,000 was recognized for 2021 and 2020.

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6. LEASE COMMITMENTS – CONTINUED

Total future minimum lease payments are as follows for the years ending December 31:

	<u>Office</u>	<u>Equipment</u>
2022	\$ 79,274	\$ 8,135
2023	81,657	8,135
2024	84,102	7,457
2025	86,625	-
2026	89,224	-
Thereafter	38,196	-
	<u>\$ 459,078</u>	<u>\$ 23,727</u>

7. BENEFIT PLANS

In October 2002 the Association entered into an agreement with Emory University (Emory) whereby Emory would provide certain services to the Association. The services include coverage of Association employees under Emory's fringe benefit programs including retirement plans. For the years ended December 31, 2021 and 2020 the Association paid Emory approximately \$325,000 and \$316,000 (27% of the total payroll cost), respectively, for fringe benefits including retirement benefits.

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8. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Association's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one-year, perpetual endowments and accumulated earnings net of appropriations within one year or because the governing board has set aside the funds for specific contingency reserves and projects or a long-term investment as board designated endowments.

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 2,119,694	\$ 1,011,677
Investments	7,355,602	6,469,394
Accounts receivable	482,417	649,584
Unconditional promise to give	5,988	5,220
	<u>9,963,701</u>	<u>8,135,875</u>
Financial assets, at year end		
Less: Assets unavailable for general expenditures within one year:		
Donor-imposed purpose restrictions	1,389,618	1,103,518
Donor restricted in perpetuity	1,069,094	1,069,094
Board designated endowment	2,916,767	2,562,360
	<u>5,375,479</u>	<u>4,734,972</u>
Total financial assets unavailable for general expenditure within one year		
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,588,222</u>	<u>\$ 3,400,903</u>

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. Although the Association does not intend to spend from its board designated endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board designated endowment could be made available if necessary.

**THE ASSOCIATION FOR
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DECEMBER 31, 2021 AND 2020**

9. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)

On March 27, 2020 in response to the pandemic, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES). In the weeks that followed, The Association applied for and received a \$267,700 PPP loan granted by the Small Business Administration. The Association has elected to account for the PPP loan as a conditional contribution in accordance with the guidance provided by FASB ASU 2018-08 *Not-for-Profit Entities* (Topic 958). Under the guidance, a conditional contribution includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right-of-return of the asset if a barrier to entitlement is not met. The barriers for a PPP loan require that qualifying expenses must be incurred (compensation, mortgage interest, rent and utilities) and that the recipient maintains employee headcount and compensation levels at pre-established levels. If these barriers are not met, the recipient will be required to repay the loan over a specified period of time.

At December 31, 2020, the Association had not yet applied for or received loan forgiveness and, therefore, believed the barriers had not been overcome at that date. Therefore, the PPP funding received was recorded as deferred revenue on the statement of financial position at December 31, 2020. In August 2021 the Association was granted full forgiveness of the grant and recognized \$267,700 of grant revenue for the year ended December 31, 2021.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
The Association for Clinical Pastoral Education, Inc. and Subsidiary

We have audited the consolidated financial statements of The Association for Clinical Pastoral Education, Inc. and Subsidiary as of and for the year ended December 31, 2021, and our report thereon dated May 2, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information included in the accompanying consolidating financial statements is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Warren Averett, LLC

Atlanta, Georgia
May 2, 2022

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

	The Association for Clinical Pastoral Education, Inc.	The Foundation for Clinical Pastoral Education, Inc.	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,828,788	\$ 290,906	\$ -	\$ 2,119,694
Investments	1,971,315	4,315,193	-	6,286,508
Accounts receivable, net	482,417	-	-	482,417
Unconditional promise to give	5,988	-	-	5,988
Prepaid expenses and other current assets	118,771	-	-	118,771
Total current assets	<u>4,407,279</u>	<u>4,606,099</u>	<u>-</u>	<u>9,013,378</u>
OTHER ASSETS				
Property and equipment, net	233,452	-	-	233,452
Investments – restricted in perpetuity	-	1,069,094	-	1,069,094
Due from FCPE	1,308,128	-	(1,308,128)	-
Other assets	20,057	-	-	20,057
Total other assets	<u>1,561,637</u>	<u>1,069,094</u>	<u>(1,308,128)</u>	<u>1,322,603</u>
TOTAL ASSETS	<u><u>\$ 5,968,916</u></u>	<u><u>\$ 5,675,193</u></u>	<u><u>\$ (1,308,128)</u></u>	<u><u>\$ 10,335,981</u></u>
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 460,985	\$ 2,000	\$ -	\$ 462,985
Due to ACPE	-	116,501	(116,501)	-
Deferred revenue	404,570	-	-	404,570
Total current liabilities	<u>865,555</u>	<u>118,501</u>	<u>(116,501)</u>	<u>867,555</u>
NET ASSETS				
Without donor restrictions	2,644,649	3,900,711	464,354	7,009,714
With donor restrictions	2,458,712	1,655,981	(1,655,981)	2,458,712
Total net assets	<u>5,103,361</u>	<u>5,556,692</u>	<u>(1,191,627)</u>	<u>9,468,426</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,968,916</u></u>	<u><u>\$ 5,675,193</u></u>	<u><u>\$ (1,308,128)</u></u>	<u><u>\$ 10,335,981</u></u>

See independent auditors' report on supplementary information.

**THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	The Association for Clinical Pastoral Education, Inc.	The Foundation for Clinical Pastoral Education, Inc.	Eliminations	Total
REVENUES, GAINS AND PUBLIC SUPPORT				
Contributions	\$ 24,002	\$ 668,706	\$ (589,802)	\$ 102,906
Accredited CPE centers and clusters	2,262,833	-	-	2,262,833
Membership and other fees	532,644	-	-	532,644
Conferences	113,835	-	-	113,835
Federal CARES Act – PPP grant	267,700	-	-	267,700
Interest and dividend income	75,622	205,383	-	281,005
Net loss on investments	174,519	477,256	-	651,775
Other	197,957	-	-	197,957
Total revenues, gains and public support	<u>3,649,112</u>	<u>1,351,345</u>	<u>(589,802)</u>	<u>4,410,655</u>
EXPENSES				
Program services	2,025,572	49,184	(589,802)	1,484,954
Supporting services				
Management and general	988,249	51,027	-	1,039,276
Fundraising	57,455	74,940	-	132,395
Total expenses	<u>3,071,276</u>	<u>175,151</u>	<u>(589,802)</u>	<u>2,656,625</u>
CHANGES IN NET ASSETS	577,836	1,176,194	-	1,754,030
NET ASSETS AT:				
BEGINNING OF YEAR	<u>4,525,525</u>	<u>4,380,498</u>	<u>(1,191,627)</u>	<u>7,714,396</u>
END OF YEAR	<u>\$ 5,103,361</u>	<u>\$ 5,556,692</u>	<u>\$ (1,191,627)</u>	<u>\$ 9,468,426</u>

See independent auditors' report on supplementary information.