THE ASSOCIATION FOR CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Warren Averett
CPAs AND ADVISORS

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Warren Averett
CPAs AND ADVISORS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statement of financial position of The Association for Clinical Pastoral Education, Inc. and Subsidiary (the Association) as of December 31, 2018, 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.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Association as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Association's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Warren Averett, LLC

Atlanta, Georgia
May 14, 2019

THE ASSOCIATION FOR CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	$ 1,614,044	$ 1,112,982
Investments	2,910,810	1,904,222
Accounts receivable, net	46,530	338,669
Unconditional promise to give	-	100,000
Investment in real estate	-	1,488,500
Prepaid expenses and other current assets	52,601	78,462
Total current assets	4,623,985	5,022,835
OTHER ASSETS		
Property and equipment, net	210,384	234,933
Investments – restricted in perpetuity	1,069,094	949,094
Other assets	13,009	13,009
Total other assets	1,292,487	1,197,036
TOTAL ASSETS	$ 5,916,472	$ 6,219,871

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 443,743	$ 459,610
Deferred revenue	816,403	525,923
Total current liabilities	1,260,146	985,533
NET ASSETS		
Without donor restrictions		
Undesignated	1,940,392	3,512,447
Board designated – endowment	1,214,845	-
Total net assets without donor restrictions	3,155,237	3,512,447
With donor restrictions		
Restricted by purpose or time	431,995	652,797
Restricted in perpetuity	1,069,094	1,069,094
Total net assets with donor restrictions	1,501,089	1,721,891
Total net assets	4,656,326	5,234,338
TOTAL LIABILITIES AND NET ASSETS	$ 5,916,472	$ 6,219,871

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, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018			2017
	Without donor Restrictions	**With donor Restricted**	**Total**	**Total**
REVENUES, GAINS AND PUBLIC SUPPORT				
Contributions	$ 283,644	$ 45,000	$ 328,644	$ 139,195
Membership and accredited center fees	2,459,050	-	2,459,050	2,578,528
Conferences	337,161	-	337,161	402,627
Interest and dividend income	114,966	55,819	170,785	54,635
Net (loss) gain on investments	(272,353)	(159,427)	(431,780)	382,740
Gain of value on investment property	-	-	-	70,100
Loss on disposal of investment property	(63,500)	-	(63,500)	-
Other	60,027	-	60,027	45,833
Net assets released from restrictions	162,194	(162,194)	-	-
Total revenue, gains and public support	3,081,189	(220,802)	2,860,387	3,673,658
EXPENSES				
Program services	2,010,477	-	2,010,477	1,988,727
Supporting services				
Management and general	1,245,990	-	1,245,990	1,649,794
Fundraising	181,932	-	181,932	107,685
Total expenses	3,438,399	-	3,438,399	3,746,206
CHANGES IN NET ASSETS	(357,210)	(220,802)	(578,012)	(72,548)
NET ASSETS				
BEGINNING OF YEAR	3,512,447	1,721,891	5,234,338	5,306,886
END OF YEAR	$ 3,155,237	$ 1,501,089	$ 4,656,326	$ 5,234,338

See notes to the consolidated financial statements.

THE ASSOCIATION FOR CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program						
	Accreditation	**Certification**	**General Education**	**Total Program**	**General and Administrative**	**Fundraising**	**Total**
Salaries and wages	$ 222,384	$ 132,373	$ 381,655	$ 736,412	$ 629,872	$ 106,807	$ 1,473,091
Grants to organizations	-	-	56,600	56,600	-	-	56,600
Conferences, conventions and meetings	-	18,874	385,203	404,077	33,225	11,900	449,202
Travel	108,808	136,739	202,155	447,702	137,165	396	585,263
Occupancy	31,997	21,884	56,083	109,964	58,143	14,113	182,220
Office expenses	1,293	504	5,584	7,381	81,262	-	88,643
Technology	26,224	26,323	3,893	56,440	45,441	11,974	113,855
Insurance	-	-	-	-	28,712	-	28,712
Professional fees	27,035	25,253	14,720	67,008	141,640	19,145	227,793
Training	-	-	-	-	24,735	1,308	26,043
Research	-	-	64,875	64,875	2,500	-	67,375
Credit card fees	-	-	-	-	37,725	2,025	39,750
Depreciation and amortization	20,006	20,006	20,006	60,018	11,654	2,959	74,631
Other	-	-	-	-	13,916	11,305	25,221
Total expenses	$ 437,747	$ 381,956	$ 1,190,774	$ 2,010,477	$ 1,245,990	$ 181,932	$ 3,438,399

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, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (578,012)	$ (72,548)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	74,631	68,959
Net loss (gain) on investments	431,780	(382,740)
Gain of value on investment property	-	(70,100)
Loss on disposal of investment property	63,500	-
Changes in assets and liabilities:		
Accounts receivable	292,139	(171,657)
Unconditional promise to give	100,000	175,000
Prepaid expenses and other assets	25,861	5,974
Accounts payable and accrued expenses	(15,867)	130,174
Deferred revenue	290,480	381,880
Net cash provided by operating activities	684,512	64,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment (purchases) proceeds	(1,558,368)	112,400
Proceeds on sale of property	1,425,000	-
Purchases of property and equipment	(50,082)	(51,831)
Net cash (used in) provided by investing activities	(183,450)	60,569
NET INCREASE IN CASH AND CASH EQUIVALENTS	501,062	125,511
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF YEAR	1,112,982	987,471
AT END OF YEAR	$ 1,614,044	$ 1,112,982

See notes to the consolidated financial statements.

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.

Adoption of New Accounting Pronouncements

In August 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which made several improvements to current financial reporting for not-for-profits. The guidance was effective for the Association's annual financial statements for the year ending December 31, 2018. The most significant provisions of this standard required two classes of net assets, rather than the previously required three classes. The changes in the ASU were applied on a retrospective basis, which means that all financial statements presented reflected the changes and the effect was disclosed for each period presented.

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 to for specific purposes.

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 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 financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Estimates

The preparation of 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.

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 statement 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.

Investment in Real Estate

At December 31, 2017 the Association owned a piece of real property located in Dekalb County, Georgia. The Association accounts for the property at the lower of cost or fair value and evaluates the carrying value when events and circumstances warrant such a review. As of December 31, 2015 management determined that the value of the property (which had an original cost of $1,488,500) had declined and recorded a loss of $111,500. During 2016 the Association entered into a contract to sell the property for $1,418,400. Therefore the Association recaptured $41,400 of the previously recorded loss.

During 2017 the contract price increased to $1,500,000 related to delays in closing. Therefore the Association recaptured the remaining $70,100 of the previously recorded loss. The sale of the property closed on February 20, 2018. The Association recorded a loss on the disposal of the property for $63,500.

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, 2018 and 2017 an allowance of $123,960 and $85,000, respectively, was recorded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recognition of Revenue

Centers are assessed a fee as of January 1st each year to be a member of the Association. Centers are assessed an accreditation fee as of January 1st each year based on a fixed rate and the number of units begun by the students at the center for the one-year period ended August 31st of the previous year.

Supervisors are assessed a fee 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.

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

Property and Equipment

All acquisitions of property and equipment in excess of $750 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 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 financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Association. Accordingly, technology and personnel costs have been allocated among the program 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 Internal Revenue Code (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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 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.

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.

Events Occurring After Report Date
The Association has evaluated events and transactions that occurred between December 31, 2018 and May 14, 2019, which is the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

Recently Issued Accounting Standards
In May 2014 the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* superseding the guidance in former Accounting Standards Codification (ASC) 605, *Revenue Recognition*. It requires entities to recognize revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance will be effective for fiscal year ending December 31, 2019 for the Association. The Association does not expect the adoption to have a material impact on the financial statements.

In June 2018 the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958-605)* clarifying the accounting guidance for contributions received and contributions made to further improve the scope and the accounting guidance for revenue recognition, to assist entities distinguishing between contributions (non-reciprocal) and exchange (reciprocal) transactions and to determine whether a contribution is conditional. The effective date of the amendment is fiscal year ending December 31, 2019. The Association does not expect the adoption to have a material impact on the 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, 2018 and 2017 are summarized below:

	2018	2017
Money market funds	$ 264,266	$ 221,139
Stocks	456,893	869,117
Mutual funds	3,258,745	1,763,060
	3,979,904	2,853,316
Less current portion	2,910,810	1,904,222
Investments – restricted in perpetuity	$ 1,069,094	$ 949,094

In 2010 the Board of Directors approved a $150,000 noninterest bearing loan from the endowment investment for use in the Foundation's operations. In 2012, $30,000 of the loan was repaid. The Board repaid the remaining balance of the loan in February 2018.

4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2018 and 2017 are as follows:

	2018	2017
Furniture and fixtures	$ 187,004	$ 185,940
Equipment	82,261	75,537
Software	220,402	178,108
	489,667	439,585
Less accumulated depreciation and amortization	(279,283)	(204,652)
	$ 210,384	$ 234,933

For 2018 and 2017 depreciation and amortization expense was $74,631 and $68,959, respectively.

5. NET ASSET RESTRICTIONS

At December 31, 2018, $1,214,845 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, 2018 and 2017:

	2018	2017
Subject to expenditures for specific purpose:		
Earnings from endowment – general operations	$ 226,248	$ 312,849
Earnings from endowment – continuing education programs	56,459	77,799
Education	72,450	179,744
Scholarships and other	76,838	82,405
	431,995	652,797
Subject to restriction in perpetuity:		
Endowment	1,069,094	1,069,094
	$ 1,501,089	$ 1,721,891

Net assets with donor restrictions released from restrictions during the years ended December 31, 2018 and 2017, were as follows:

	2018	2017
Education	$ 154,294	$ 96,535
Capital campaign	-	53,693
Scholarships and other	7,900	44,993
	$ 162,194	$ 195,221

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.

5. NET ASSET RESTRICTIONS – CONTINUED

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.

Endowment Investment and Spending Policies
The Association has adopted investment and spending polices, approved by the Board of Directors, 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, 2018 is as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total Funds
Donor restricted					
General operations	$ -	$ 969,094	$ 226,248	$ 1,195,342	$ 1,195,342
Continuing education	-	100,000	56,459	156,459	156,459
Total donor restricted	-	1,069,094	282,707	1,351,801	1,351,801
Board designated	1,214,845	-	-	-	1,214,845
Total funds	$ 1,214,845	$ 1,069,094	$ 282,707	$ 1,351,801	$ 2,566,646

5. NET ASSET RESTRICTIONS – CONTINUED

Endowment net asset composition by type of fund as of December 31, 2017 is as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total Funds
General operations	$ -	$ 969,094	$ 312,849	$ 1,281,943	$ 1,281,943
Continuing education	-	100,000	77,799	177,799	177,799
Total funds	$ -	$ 1,069,094	$ 390,648	$ 1,459,742	$ 1,459,742

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total Funds
Endowment net assets January 1, 2018	$ -	$ 1,069,094	$ 390,648	$ 1,459,742	$ 1,459,742
Investment return income	(88,014)	-	50,491	50,491	(37,523)
Net depreciation (realized and unrealized)	-	-	(150,532)	(150,532)	(150,532)
Additions	1,302,859	-	-	-	1,302,859
Appropriation of endowment assets for expenditure	-	-	(7,900)	(7,900)	(7,900)
Endowment net assets December 31, 2018	$ 1,214,845	$ 1,069,094	$ 282,707	$ 1,351,801	$ 2,566,646

5. NET ASSET RESTRICTIONS – CONTINUED

Changes in endowment net assets for the year ended December 31, 2017 are as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains (Losses) and Other	Total with Donor Restrictions	Total Funds
Endowment net assets January 1, 2017	$ -	$ 1,069,094	$ 206,662	$ 1,275,756	$ 1,275,756
Investment return income	-	-	43,773	43,773	43,773
Net appreciation (realized and unrealized)	-	-	144,213	144,213	144,213
Additions	-	-	1,000	1,000	2,000
Appropriation of endowment assets for expenditure	-	-	(5,000)	(5,000)	(5,000)
Endowment net assets December 31, 2017	$ -	$ 1,069,094	$ 390,648	$ 1,459,742	$ 1,459,742

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 Association also has non-cancelable operating leases for certain office equipment. Rent expense of approximately $170,000 and $173,000 was recognized for 2018 and 2017, respectively.

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

	Office	Equipment
2019	$ 177,457	$ 10,668
2020	-	10,668
2021	-	2,667
	$ 177,457	$ 24,003

7. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Association's financial assets as of December 31, 2018, 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.

Financial assets	
Cash and cash equivalents	$ 1,614,044
Investments	3,979,904
Accounts receivable	46,530
Financial assets, at year end	5,640,478
Less: Assets unavailable for general expenditures within one year:	
Assets unavailable due to donor-imposed purpose restrictions	431,995
Perpetual endowment	1,069,094
Board designated endowment	1,214,845
Total financial assets unavailable for general expenditure within one year	2,715,934
Financial assets available to meet cash needs for general expenditures within one year	$ 2,924,544

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.

8. 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, 2018 and 2017 the Association paid Emory approximately $312,000 and $241,000 (27% of the total payroll cost), respectively, for fringe benefits including retirement benefits.

9. SUBSEQUENT EVENT

In January 2019 American Association of Pastoral Counselors (AAPC), a 501(c)3 organization voted to dissolve the organization, contribute its remaining assets and transition its members to ACPE no later than June 30, 2019. In March 2019 AAPC legally dissolved.

SUPPLEMENTARY INFORMATION

Warren Averett
CPAs AND ADVISORS

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Atlanta, GA 30328-5351
770.396.1100
warrenaverett.com

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, 2018, and our report thereon dated May 14, 2019, 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 14, 2019

THE ASSOCIATION FOR CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

	The Association for Clinical Pastoral Education, Inc.	The Foundation for Clinical Pastoral Education, Inc.	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 1,396,297	$ 217,747	$ -	$ 1,614,044
Investments	1,330,016	1,580,794	-	2,910,810
Accounts receivable, net	24,655	21,875	-	46,530
Prepaid expenses and other current assets	52,601	-	-	52,601
Total current assets	2,803,569	1,820,416	-	4,623,985
OTHER ASSETS				
Property and equipment, net	210,384	-	-	210,384
Investments – restricted in perpetuity	-	1,069,094	-	1,069,094
Due from FCPE	1,795,488	-	(1,795,488)	-
Other assets	13,009	-	-	13,009
Total other assets	2,018,881	1,069,094	(1,795,488)	1,292,487
TOTAL ASSETS	$ 4,822,450	$ 2,889,510	$ (1,795,488)	$ 5,916,472
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 436,716	$ 7,027	$ -	$ 443,743
Due to ACPE	-	603,861	(603,861)	-
Deferred revenue	816,403	-	-	816,403
Total current liabilities	1,253,119	610,888	(603,861)	1,260,146
NET ASSETS				
Without donor restrictions	2,068,242	1,075,231	11,764	3,155,237
With donor restrictions	1,501,089	1,203,391	(1,203,391)	1,501,089
Total net assets	3,569,331	2,278,622	(1,191,627)	4,656,326
TOTAL LIABILITIES AND NET ASSETS	$ 4,822,450	$ 2,889,510	$ (1,795,488)	$ 5,916,472

THE ASSOCIATION FOR CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	The Association for Clinical Pastoral Education, Inc.	The Foundation for Clinical Pastoral Education, Inc.	Eliminations	Total
REVENUES, GAINS AND PUBLIC SUPPORT				
Contributions	$ 357,456	$ 151,188	$ (180,000)	$ 328,644
Accredited CPE centers and clusters	557,185	-	-	557,185
Membership and other fees	1,901,864	-	-	1,901,864
Conferences	337,161	-	-	337,161
Interest and dividend income	61,717	109,068	-	170,785
Net loss on investments	(145,243)	(286,537)	-	(431,780)
Loss on disposal of investment property	-	(63,500)	-	(63,500)
Other	60,027	-	-	60,027
Total revenues, gains and public support	3,130,167	(89,781)	(180,000)	2,860,386
EXPENSES				
Program services	1,953,877	236,600	(180,000)	2,010,477
Supporting services				
Management and general	1,223,912	22,078	-	1,245,990
Fundraising	80,572	101,360	-	181,932
Total expenses	3,258,361	360,038	(180,000)	3,438,399
CHANGES IN NET ASSETS	(128,194)	(449,819)	-	(578,013)
NET ASSETS				
BEGINNING OF YEAR	3,697,524	2,728,441	(1,191,627)	5,234,338
END OF YEAR	$ 3,569,330	$ 2,278,622	$ (1,191,627)	$ 4,656,325