THE ASSOCIATION FOR CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
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DECEMBER 31, 2022 AND 2021

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

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, 2022 and 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, 2022 and 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 Auditors' 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.

Warren Averett, LLC

Atlanta, Georgia
May 10, 2023

THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	$ 1,644,906	$ 2,119,694
Investments	5,557,195	6,286,508
Accounts receivable, net	506,778	482,417
Unconditional promise to give	5,988	5,988
Prepaid expenses and other current assets	115,369	118,771
Total current assets	7,830,236	9,013,378
OTHER ASSETS		
Property and equipment, net	109,956	233,452
Investments – restricted in perpetuity	1,069,094	1,069,094
Lease right-of-use asset – operating	324,512	-
Other assets	23,242	20,057
Total other assets	1,526,804	1,322,603
TOTAL ASSETS	$ 9,357,040	$ 10,335,981

See notes to the consolidated financial statements.

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 534,823	$ 462,985
Deferred revenue	292,200	404,570
Current portion of lease liability – operating	72,712	-
Total current liabilities	899,735	867,555
LONG-TERM LIABILITY		
Noncurrent portion of lease liability – operating	284,354	-
Total long-term liability	284,354	-
NET ASSETS		
Without donor restrictions		
Undesignated	3,146,977	4,092,947
Board designated – endowment	3,049,741	2,916,767
Total net assets without donor restrictions	6,196,718	7,009,714
With donor restrictions		
Restricted by purpose or time	907,139	1,389,618
Restricted in perpetuity	1,069,094	1,069,094
Total net assets with donor restrictions	1,976,233	2,458,712
Total net assets	8,172,951	9,468,426
TOTAL LIABILITIES AND NET ASSETS	$ 9,357,040	$ 10,335,981

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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021
	Without donor Restrictions	With donor Restrictions	Total	Total
REVENUES, GAINS AND PUBLIC SUPPORT				
Contributions	$ 81,471	$ -	$ 81,471	$ 102,906
Accredited center fees	2,261,188	-	2,261,188	2,262,833
Membership fees	516,115	-	516,115	532,644
Conferences	75,753	-	75,753	113,835
Federal CARES Act – PPP grant	-	-	-	267,700
Interest and dividend income	94,173	34,182	128,355	281,005
Net (loss) gain on investments	(1,100,272)	(501,661)	(1,601,933)	651,775
Other	209,545	-	209,545	197,957
Net assets released from restrictions	15,000	(15,000)	-	-
Total revenues, gains and public support	2,152,973	(482,479)	1,670,494	4,410,655
EXPENSES				
Program services	1,565,629	-	1,565,629	1,484,954
Supporting services				
Management and general	1,247,122	-	1,247,122	1,039,276
Fundraising	153,218	-	153,218	132,395
Total expenses	2,965,969	-	2,965,969	2,656,625
CHANGES IN NET ASSETS	(812,996)	(482,479)	(1,295,475)	1,754,030
NET ASSETS AT:				
BEGINNING OF YEAR	7,009,714	2,458,712	9,468,426	7,714,396
END OF YEAR	$ 6,196,718	$ 1,976,233	$ 8,172,951	$ 9,468,426

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

	Without donor Restrictions	With donor Restrictions	Total
REVENUES, GAINS AND PUBLIC SUPPORT			
Contributions	$ 102,906	$ -	$ 102,906
Accredited center fees	2,262,833	-	2,262,833
Membership fees	532,644	-	532,644
Conferences	113,835	-	113,835
Federal CARES Act – PPP grant	267,700	-	267,700
Interest and dividend income	185,937	95,068	281,005
Net (loss) gain on investments	447,492	204,283	651,775
Other	197,957	-	197,957
Net assets released from restrictions	13,251	(13,251)	-
Total revenues, gains and public support	4,124,555	286,100	4,410,655
EXPENSES			
Program services	1,484,954	-	1,484,954
Supporting services			
Management and general	1,039,276	-	1,039,276
Fundraising	132,395	-	132,395
Total expenses	2,656,625	-	2,656,625
CHANGES IN NET ASSETS	1,467,930	286,100	1,754,030
NET ASSETS AT:			
BEGINNING OF YEAR	5,541,784	2,172,612	7,714,396
END OF YEAR	$ 7,009,714	$ 2,458,712	$ 9,468,426

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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022								
	Program								
	Accreditation	Certification	Psychotherapy	General Education	Total Program	General and Administrative	Fundraising	Total	2021 Total
Salaries and wages	$ 226,956	$ 184,774	$ 25,499	$ 452,459	$ 889,688	$ 411,453	$ 120,413	$ 1,421,554	$ 1,522,157
Grants to organizations	-	-	-	15,000	15,000	-	-	15,000	45,000
Conferences, conventions and meetings	-	-	1,500	110,572	112,072	723	3,035	115,830	99,408
Travel	62,504	26,085	3,149	89,933	181,671	44,869	-	226,540	2,447
Occupancy	8,833	7,110	1,760	18,762	36,465	29,217	1,438	67,120	120,952
Office expenses	4	-	11,014	1,520	12,538	113,300	-	125,838	75,228
Technology	18,102	14,571	3,607	38,451	74,731	59,879	2,947	137,557	114,704
Insurance	-	-	-	-	-	39,743	-	39,743	37,432
Professional fees	30,996	47,204	18,510	54,692	151,402	376,665	6,895	534,962	357,892
Training	-	-	3,050	529	3,579	8,339	-	11,918	11,683
Credit card fees	-	-	-	-	-	54,224	-	54,224	54,967
Bad debt	-	-	-	-	-	2,613	-	2,613	24,961
Depreciation and amortization	21,433	17,252	4,271	45,527	88,483	70,899	3,490	162,872	129,069
Other	-	-	-	-	-	35,198	15,000	50,198	60,725
Total expenses	$ 368,828	$ 296,996	$ 72,360	$ 827,445	$ 1,565,629	$ 1,247,122	$ 153,218	$ 2,965,969	$ 2,656,625

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

	Program							
	Accreditation	Certification	Psychotherapy	General Education	Total Program	General and Administrative	Fundraising	Total
Salaries and wages	$ 208,869	$ 170,639	$ 54,158	$ 545,597	$ 979,263	$ 432,692	$ 110,202	$ 1,522,157
Grants to organizations	-	-	-	45,000	45,000	-	-	45,000
Conferences, conventions and meetings	-	-	200	95,213	95,413	1,700	2,295	99,408
Travel	865	-	-	-	865	1,582	-	2,447
Occupancy	13,315	12,528	5,035	38,898	69,776	48,384	2,792	120,952
Office expenses	-	-	1,165	5,436	6,601	68,627	-	75,228
Technology	12,627	11,881	4,775	36,889	66,172	45,884	2,648	114,704
Insurance	-	-	-	-	-	37,432	-	37,432
Professional fees	24,092	49,380	32,896	40,780	147,148	208,166	2,578	357,892
Training	-	-	-	257	257	11,426	-	11,683
Credit card fees	-	-	-	-	-	54,967	-	54,967
Bad debt	-	-		-	-	24,961	-	24,961
Depreciation and amortization	14,209	13,370	5,373	41,507	74,459	51,630	2,980	129,069
Other	-	-	-	-	-	51,825	8,900	60,725
Total expenses	$ 273,977	$ 257,798	$ 103,602	$ 849,577	$ 1,484,954	$ 1,039,276	$ 132,395	$ 2,656,625

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (1,295,475)	$ 1,754,030
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	95,182	129,069
Amortization of right-of-use asset	67,689	-
Net realized and unrealized loss (gain) on investments	1,601,933	(651,775)
Loss on disposal of property	-	1,569
Changes in assets and liabilities:		
Accounts receivable	(24,361)	167,167
Unconditional promise to give	-	(768)
Prepaid expenses and other assets	217	(49,880)
Accounts payable and accrued expenses	133,357	(2,952)
Payments on operating lease liability	(68,340)	-
Deferred revenue	(112,370)	263,690
Deferred revenue – PPP grant	-	(267,700)
Net cash provided by operating activities	397,832	1,342,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of dividends and interest, net of expenses	(87,618)	(280,545)
Net (investment) distributions from investments	(785,002)	46,112
Net cash used in investing activities	(872,620)	(234,433)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(474,788)	1,108,017
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	2,119,694	1,011,677
END OF YEAR	$ 1,644,906	$ 2,119,694
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Noncash activity:		
Additions to right-of-use asset and lease liability from adoption of new standard (See Note 2)	$ -	

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

Adoption of New Accounting Standards

On January 1, 2022, the Association adopted ASU No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Association elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Association recognized a right-to-use lease asset and lease liability of $392,201 and $425,406, respectively, and a reduction of previously recorded deferred rent of $61,519 and leasehold improvement allowance of $28,314. The adoption did not result in a significant effect on amounts reported in the consolidated statement of activities for the year ended December 31, 2022.

Reclassifications

Certain 2021 amounts have been reclassified to conform to the 2022 presentation. These reclassifications had no effect on net assets as previously reported.

Principles of Consolidation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation
The consolidated 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 are 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.

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 consolidated 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents
For the purpose of the consolidated statements 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recognition of Revenue – Continued

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 dues are earned by the Association.

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, 2022 and 2021, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, 2022 and May 10, 2023, 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, 2022 and 2021, are summarized below:

	2022	2021
Money market funds	$ 383,000	$ 261,124
Stocks	1,790,423	2,116,207
Mutual funds	4,452,866	4,978,271
	6,626,289	7,355,602
Less current portion	5,557,195	6,286,508
Investments – restricted in perpetuity	$ 1,069,094	$ 1,069,094

4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2022 and 2021, are as follows:

	2022	2021
Furniture and fixtures	$ 179,025	$ 179,025
Software	299,909	299,909
Leasehold improvements	68,143	107,373
	547,077	586,307
Less accumulated depreciation and amortization	(437,121)	(352,855)
	$ 109,956	$ 233,452

For 2022 and 2021, depreciation and amortization expense was $95,182 and $129,069, respectively.

5. NET ASSET RESTRICTIONS

At December 31, 2022 and 2021, respectively, $3,049,741 and $2,916,767 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, 2022 and 2021:

	2022	2021
Subject to expenditures for specific purpose:		
Earnings from endowment – general operations	$ 463,894	$ 802,232
Earnings from endowment – continuing education programs	72,240	112,907
Education	500	500
Scholarships and other	92,114	113,862
Psychotherapy program	278,391	360,117
	907,139	1,389,618
Subject to restriction in perpetuity:		
Endowment	1,069,094	1,069,094
	$ 1,976,233	$ 2,458,712

Net assets with donor restrictions released from restrictions during the years ended December 31, 2022 and 2021, were as follows:

	2022	2021
Psychotherapy program	$ 15,000	$ -
Education	-	4,351
Scholarships and other	-	8,900
	$ 15,000	$ 13,251

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.

5. NET ASSET RESTRICTIONS – CONTINUED

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.

Endowment Investment and Spending Policies

The Association has adopted investment and spending polices, 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, 2022, is as follows:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains and Other	Total with Donor Restrictions	Total Funds
Donor-restricted					
General operations	$ -	$ 969,094	$ 463,894	$ 1,432,988	$ 1,432,988
Continuing education	-	100,000	72,240	172,240	172,240
Total donor-restricted	-	1,069,094	536,134	1,605,228	1,605,228
Board designated	3,049,741	-	-	-	3,049,741
Total funds	$ 3,049,741	$ 1,069,094	$ 536,134	$ 1,605,228	$ 4,654,969

5. NET ASSET RESTRICTIONS – CONTINUED

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

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift Amount	Accumulated Gains and Other	Total with Donor Restrictions	Total Funds
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	$ 2,916,767	$ 1,069,094	$ 915,139	$ 1,984,233	$ 4,901,000

Changes in endowment net assets for the year ended December 31, 2022, 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, 2022	$ 2,916,767	$ 1,069,094	$ 915,139	$ 1,984,233	$ 4,901,000
Investment return income	52,295	-	27,765	27,765	80,060
Net depreciation (realized and				-	
unrealized)	(719,323)	-	(406,770)	(406,770)	(1,126,093)
Additions	800,002	-	-	-	800,002
Appropriation of endowment assets for expenditure	-	-	-	-	-
Endowment net assets December 31, 2022	$ 3,049,741	$ 1,069,094	$ 536,134	$ 1,605,228	$ 4,654,969

Changes in endowment net assets for the year ended December 31, 2021, 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, 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	$ 2,916,767	$ 1,069,094	$ 915,139	$ 1,984,233	$ 4,901,000

6. LEASE COMMITMENTS

The Association evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents the Association's right to use the underlying asset for the lease term, and the lease liability represents the Association's obligation to make lease payments arising from the lease. The ROU asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of future lease payments over the lease terms. The Association has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022, was 2.82%.

For the year ended December 31, 2022, total operating lease cost was $78,623. As of December 31, 2022, the weighted-average remaining lease term for the Association's operating lease was approximately four years.

Cash paid for the operating lease for the year ended December 31, 2022, was approximately $79,000. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2.

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

2023	$ 81,657
2024	84,102
2025	86,625
2026	89,224
2027	38,196
	379,804
Less PV discount	(22,738)
Lease Liability	$ 357,066

In July 2022, the Association entered into a sublease agreement with an unrelated party for 58 months commencing on August 1, 2022. The Association recognized lease income of $40,000 which is included in other revenue, gains and public support of the consolidated statement of activity for the year ended December 31, 2022.

Future minimum lease revenue payments are as follows:

2023	$ 97,200
2024	100,115
2025	103,119
2026	106,214
2027	45,020

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, 2022 and 2021, the Association paid Emory approximately $307,000 and $325,000 (27% of the total payroll cost), respectively, for fringe benefits including retirement benefits.

8. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Association's financial assets as of December 31, 2022 and 2021, 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.

	2022	2021
Financial assets		
Cash and cash equivalents	$ 1,644,906	$ 2,119,694
Investments	6,626,289	7,355,602
Accounts receivable	506,778	482,417
Unconditional promise to give	5,988	5,988
Financial assets, at year end	8,783,961	9,963,701
Less: Assets unavailable for general expenditures within one year:		
Donor-imposed purpose restrictions	907,139	1,389,618
Donor restricted in perpetuity	1,069,094	1,069,094
Board designated endowment	3,049,741	2,916,767
Total financial assets unavailable for general expenditure within one year	5,025,974	5,375,479
Financial assets available to meet cash needs for general expenditures within one year	$ 3,757,987	$ 4,588,222

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.

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

Warren Averett
CPAs AND ADVISORS

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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, 2022, and our report thereon dated May 10, 2023, 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 10, 2023

THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	The Association for Clinical Pastoral Education, Inc.	The Foundation for Clinical Pastoral Education, Inc.	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 1,335,150	$ 309,756	$ -	$ 1,644,906
Investments	2,284,931	3,272,264	-	5,557,195
Accounts receivable, net	506,778	-	-	506,778
Unconditional promise to give	5,988	-	-	5,988
Prepaid expenses and other current assets	115,369	-	-	115,369
Total current assets	4,248,216	3,582,020	-	7,830,236
OTHER ASSETS				
Property and equipment, net	109,956	-	-	109,956
Investments – restricted in perpetuity	-	1,069,094	-	1,069,094
Due from FCPE	1,416,594	-	(1,416,594)	-
Lease right-of-use asset – operating	324,512			324,512
Other assets	23,242	-	-	23,242
Total other assets	1,874,304	1,069,094	(1,416,594)	1,526,804
TOTAL ASSETS	$ 6,122,520	$ 4,651,114	$ (1,416,594)	$ 9,357,040

See independent auditors' report on supplementary information.

THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – CONTINUED
DECEMBER 31, 2022

	The Association for Clinical Pastoral Education, Inc.	The Foundation for Clinical Pastoral Education, Inc.	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 527,224	$ 7,599	$ -	$ 534,823
Due to ACPE	-	224,967	(224,967)	-
Deferred revenue	292,200	-	-	292,200
Current portion of lease liability – operating	72,712	-	-	72,712
Total current liabilities	892,136	232,566	(224,967)	899,735
LONG-TERM LIABILITY				
Noncurrent portion of lease liability – operating	284,354	-	-	284,354
Total long-term liability	284,354	-	-	284,354
NET ASSETS				
Without donor restrictions	2,969,797	2,906,708	320,213	6,196,718
With donor restrictions	1,976,233	1,511,840	(1,511,840)	1,976,233
Total net assets	4,946,030	4,418,548	(1,191,627)	8,172,951
TOTAL LIABILITIES AND NET ASSETS	$ 6,122,520	$ 4,651,114	$ (1,416,594)	$ 9,357,040

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, 2022

	The Association for Clinical Pastoral Education, Inc.	The Foundation for Clinical Pastoral Education, Inc.	Eliminations	Total
REVENUES, GAINS AND PUBLIC SUPPORT				
Contributions	$ 31,950	$ 49,521	$ -	$ 81,471
Accredited CPE centers and clusters	2,261,188	-	-	2,261,188
Membership and other fees	516,115	-	-	516,115
Conferences	75,753	-	-	75,753
Interest and dividend income	44,458	83,897	-	128,355
Net loss on investments	(517,197)	(1,084,736)	-	(1,601,933)
Other	209,545	-	-	209,545
Total revenues, gains and public support	2,621,812	(951,318)	-	1,670,494
EXPENSES				
Program services	1,518,919	46,710	-	1,565,629
Supporting services				
Management and general	1,199,426	47,696	-	1,247,122
Fundraising	60,798	92,420	-	153,218
Total expenses	2,779,143	186,826	-	2,965,969
CHANGES IN NET ASSETS	(157,331)	(1,138,144)	-	(1,295,475)
NET ASSETS AT:				
BEGINNING OF YEAR	5,103,361	5,556,692	(1,191,627)	9,468,426
END OF YEAR	$ 4,946,030	$ 4,418,548	$ (1,191,627)	$ 8,172,951

See independent auditors' report on supplementary information.