THE ASSOCIATION FOR CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Warren Averett
CPAs AND ADVISORS

THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
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DECEMBER 31, 2020 AND 2019

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, 2020, 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, 2020, 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 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Warren Averett, LLC

Atlanta, Georgia
April 13, 2021

THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 1,011,677	$ 1,185,971
Investments	5,400,300	4,858,724
Accounts receivable, net	649,584	286,119
Unconditional promise to give	5,220	15,660
Prepaid expenses and other current assets	68,891	82,478
Total current assets	7,135,672	6,428,952
OTHER ASSETS		
Property and equipment, net	364,090	243,136
Investments – restricted in perpetuity	1,069,094	1,069,094
Other assets	20,057	32,931
Total other assets	1,453,241	1,345,161
TOTAL ASSETS	$ 8,588,913	$ 7,774,113

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 465,937	$ 525,416
Deferred revenue	140,880	417,997
Deferred revenue – PPP grant	267,700	-
Total current liabilities	874,517	943,413
NET ASSETS		
Without donor restrictions		
Undesignated	2,979,424	2,428,538
Board designated – endowment	2,562,360	2,342,620
Total net assets without donor restrictions	5,541,784	4,771,158
With donor restrictions		
Restricted by purpose or time	1,103,518	990,448
Restricted in perpetuity	1,069,094	1,069,094
Total net assets with donor restrictions	2,172,612	2,059,542
Total net assets	7,714,396	6,830,700
TOTAL LIABILITIES AND NET ASSETS	$ 8,588,913	$ 7,774,113

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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without donor Restrictions	With donor Restrictions	Total	Total
REVENUES, GAINS AND PUBLIC SUPPORT				
Contributions	$ 75,548	$ 2,500	$ 78,048	$ 109,871
Contribution of AAPC	-	-	-	1,418,546
Membership fees	2,062,427	-	2,062,427	2,206,563
Accredited center fees	650,362	-	650,362	629,953
Conferences	34,530	-	34,530	317,614
Interest and dividend income	93,757	48,798	142,555	159,253
Net gain on investments	306,383	138,625	445,008	715,949
Other	93,594	-	93,594	126,674
Net assets released from restrictions	76,853	(76,853)	-	-
Total revenues, gains and public support	3,393,454	113,070	3,506,524	5,684,423
EXPENSES				
Program services	1,593,514	-	1,593,514	2,022,295
Supporting services				
Management and general	892,542	-	892,542	1,310,359
Fundraising	136,772	-	136,772	177,395
Total expenses	2,622,828	-	2,622,828	3,510,049
CHANGES IN NET ASSETS	770,626	113,070	883,696	2,174,374
NET ASSETS AT:				
BEGINNING OF YEAR	4,771,158	2,059,542	6,830,700	4,656,326
END OF YEAR	$ 5,541,784	$ 2,172,612	$ 7,714,396	$ 6,830,700

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
(WITH COMPARATIVE TOTALS FOR 2019)

	2020								
	Program								
	Accreditation	Certification	Psychotherapy	General Education	Total Program	General and Administrative	Fundraising	Total	2019 Total
Salaries and wages	$ 208,166	$ 174,423	$ 53,718	$ 548,386	$ 984,693	$ 405,748	$ 109,933	$ 1,500,374	$ 1,565,481
Grants to organizations	-	-	-	114,620	114,620	-	-	114,620	33,800
Conferences, conventions and meetings	-	75	2,700	74,549	77,324	2,404	30	79,758	447,996
Travel	6,304	1,246	796	72,519	80,865	16,563	-	97,428	509,181
Occupancy	11,906	10,729	4,413	36,713	63,760	40,134	2,464	106,358	200,200
Office expenses	-	7	3,028	1,754	4,789	71,239	1,410	77,438	149,467
Technology	15,323	13,807	5,679	47,249	82,058	51,653	3,170	136,881	106,443
Insurance	-	-	-	-	-	35,537	-	35,537	37,133
Professional fees	18,199	33,903	25,992	38,900	116,994	142,987	1,682	261,663	273,752
Training	-	-	-	150	150	5,982	-	6,132	17,273
Research	-	-	-	4,000	4,000	-	-	4,000	8,506
Credit card fees	-	-	-	-	-	43,471	-	43,471	48,805
Depreciation and amortization	12,000	10,812	4,447	37,001	64,261	40,451	2,483	107,195	82,365
Other	-	-	-	-	-	36,373	15,600	51,973	29,647
Total expenses	$ 271,898	$ 245,002	$ 100,773	$ 975,841	$ 1,593,514	$ 892,542	$ 136,772	$ 2,622,828	$ 3,510,049

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, 2019

	Program							
	Accreditation	Certification	Psychotherapy	General Education	Total Program	General and Administrative	Fundraising	Total
Salaries and wages	$ 233,182	$ 132,794	$ 46,676	$ 389,047	$ 801,699	$ 654,875	$ 108,907	$ 1,565,481
Grants to organizations	-	-	-	18,800	18,800	-	15,000	33,800
Conferences, conventions and meetings	11,742	41,675	8,010	350,794	412,221	17,866	17,909	447,996
Travel	115,781	75,996	17,166	168,474	377,417	131,764	-	509,181
Occupancy	32,379	22,193	11,108	58,897	124,577	61,333	14,290	200,200
Office expenses	344	750	2,895	29,181	33,170	113,178	3,119	149,467
Technology	13,452	29,425	5,182	9,162	57,221	40,336	8,886	106,443
Insurance	-	-	-	-	-	37,133	-	37,133
Professional fees	30,825	38,305	28,733	20,328	118,191	149,571	5,990	273,752
Training	-	-	-	1,860	1,860	15,413	-	17,273
Research	-	-	-	8,506	8,506	-	-	8,506
Credit card fees	-	-	67	-	67	48,738	-	48,805
Depreciation and amortization	21,415	21,415	2,471	21,415	66,716	12,355	3,294	82,365
Other	-	-	1,850	-	1,850	27,797	-	29,647
Total expenses	$ 459,120	$ 362,553	$ 124,158	$ 1,076,464	$ 2,022,295	$ 1,310,359	$ 177,395	$ 3,510,049

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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 883,696	$ 2,174,374
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	107,195	82,365
Net realized and unrealized gain on investments	(445,008)	(715,949)
Loss on disposal of property	-	17,958
Contributed investments from AAPC	-	(870,654)
Changes in assets and liabilities:		
Accounts receivable	(363,465)	(239,589)
Unconditional promise to give	10,440	(15,660)
Prepaid expenses and other assets	26,461	(49,799)
Accounts payable and accrued expenses	(59,479)	81,673
Deferred revenue	(277,117)	(398,406)
Deferred revenue – PPP grant	267,700	-
Net cash provided by operating activities	150,423	66,313
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of dividends and interest, net of expenses	(111,027)	(128,721)
Net distributrions from (purchases of) investments	14,459	(232,590)
Purchases of property and equipment	(228,149)	(133,075)
Net cash used in investing activities	(324,717)	(494,386)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(174,294)	(428,073)
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	1,185,971	1,614,044
END OF YEAR	$ 1,011,677	$ 1,185,971

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."

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. In March 2019 AAPC legally dissolved. Cash of $547,892 and investments at fair value of $870,654 for a total of $1,418,546 were transferred to the Association. The Association transferred $577,599 into the board designated endowment and $293,055 into donor-restricted net assets for the psychotherapy program.

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.

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, 2019, 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.

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 satelites, 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.

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, 2020 and 2019 an allowance of $17,485 and $8,564, respectively, 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.

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 Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, to increase transparency and improve comparability by requiring entities to recognize assets and liabilities on the balance sheets for all leases, with certain exceptions. In addition, through improved disclosure requirements, the standard update will enable users of financial statements to further understand the amount, timing, and uncertainty of cash flows arising from leases. This standard update allows for a modified retrospective application. The new guidance will be effective for the Association's year ending December 31, 2022; however, early adoption is permitted. Management is currently evaluating the impact of adopting ASU 2016-02 on the Association's financial position, results of activities, cash flows and related disclosures.

Events Occurring After Report Date
The Association has evaluated events and transactions that occurred between December 31, 2020 and April 13, 2021, 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, 2020 and 2019 are summarized below:

	2020	2019
Money market funds	$ 643,058	$ 603,452
Stocks	1,671,691	1,440,460
Mutual funds	4,154,645	3,883,906
	6,469,394	5,927,818
Less current portion	5,400,300	4,858,724
Investments – restricted in perpetuity	$ 1,069,094	$ 1,069,094

4. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2020 and 2019 are as follows:

	2020	2019
Furniture and fixtures	$ 179,025	$ 179,025
Equipment	42,184	56,302
Software	322,546	230,131
Leasehold improvements	107,373	107,373
	651,128	572,831
Less accumulated depreciation and amortization	(287,038)	(329,695)
	$ 364,090	$ 243,136

For 2020 and 2019 depreciation and amortization expense was $107,195 and $82,365, respectively.

5. NET ASSET RESTRICTIONS

At December 31, 2020 and 2019, respectively, $2,562,360 and $2,342,620 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, 2020 and 2019:

	2020	2019
Subject to expenditures for specific purpose:		
Earnings from endowment – general operations	$ 586,899	$ 453,462
Earnings from endowment – continuing education programs	95,298	78,096
Education	5,050	64,604
Scholarships and other	100,021	91,443
Psychotherapy program	316,250	302,843
	1,103,518	990,448
Subject to restriction in perpetuity:		
Endowment	1,069,094	1,069,094
	$ 2,172,612	$ 2,059,542

5. NET ASSET RESTRICTIONS – CONTINUED

Net assets with donor restrictions released from restrictions during the years ended December 31, 2020 and 2019, were as follows:

	2020	2019
Education	$ 61,253	$ 38,507
Scholarships and other	600	8,000
Psychotherapy program	15,000	15,000
	$ 76,853	$ 61,507

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.

5. NET ASSET RESTRICTIONS – CONTINUED

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, 2020 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	$ 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	$ 2,562,360	$ 1,069,094	$ 682,197	$ 1,751,291	$ 4,313,651

Endowment net asset composition by type of fund as of December 31, 2019 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	$ 453,462	$ 1,422,556	$ 1,422,556
Continuing education	-	100,000	78,096	178,096	178,096
Total donor-restricted	-	1,069,094	531,558	1,600,652	1,600,652
Board designated	2,342,620	-	-	-	2,342,620
Total funds	$ 2,342,620	$ 1,069,094	$ 531,558	$ 1,600,652	$ 3,943,272

5. NET ASSET RESTRICTIONS – CONTINUED

Changes in endowment net assets for the year ended December 31, 2020 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, 2019	$ 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 appreciation (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, 2019	$ 2,562,360	$ 1,069,094	$ 682,197	$ 1,751,291	$ 4,313,651

Changes in endowment net assets for the year ended December 31, 2019 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, 2019	$ 1,214,845	$ 1,069,094	$ 282,707	$ 1,351,801	$ 2,566,646
Investment return income	294,585	-	36,802	36,802	331,387
Net depreciation (realized and unrealized)	-	-	220,049	220,049	220,049
Additions	833,190	-	-	-	833,190
Appropriation of endowment assets for expenditure	-	-	(8,000)	(8,000)	(8,000)
Endowment net assets December 31, 2019	$ 2,342,620	$ 1,069,094	$ 531,558	$ 1,600,652	$ 3,943,272

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. During the year ended 2019, the Association terminated the office space lease and entered into a new office space lease. The new lease allows 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 and $176,000 was recognized for 2020 and 2019, respectively.

6. LEASE COMMITMENTS – CONTINUED

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

	Office	Equipment
2021	$ 76,965	$ 8,135
2022	79,274	8,135
2023	81,657	8,135
2023	84,102	7,457
2024	86,625	-
Thereafter	127,420	-
	$ 536,043	$ 31,862

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, 2020 and 2019 the Association paid Emory approximately $316,000 and $328,000 (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, 2020 and 2019, 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.

	2020	2019
Financial assets		
Cash and cash equivalents	$ 1,011,677	$ 1,185,971
Investments	6,469,394	5,927,818
Accounts receivable	649,584	286,119
Unconditional promise to give	5,220	15,660
Financial assets, at year end	8,135,875	7,415,568
Less: Assets unavailable for general expenditures within one year:		
Donor-imposed purpose restrictions	1,103,518	990,448
Donor restricted in perpetuity	1,069,094	1,069,094
Board designated endowment	2,562,360	2,342,620
Total financial assets unavailable for general expenditure within one year	4,734,972	4,402,162
Financial assets available to meet cash needs for general expenditures within one year	$ 3,400,903	$ 3,013,406

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 believes it will meet the conditions of the grant and that substantially all of the loan will be ultimately forgiven. However, if a portion of the loan must be repaid, the terms (1% per annum, repayable over a maximum of five years with a six-month deferral period) are such that the Association has sufficient liquidity to repay the unforgiven portion.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, the Association is uncertain as to the full magnitude that the pandemic will have on its financial condition, liquidity, and future results of operations. The Association cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, however, the Association is actively monitoring the impact of the global situation.

SUPPLEMENTARY INFORMATION

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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, 2020, and our report thereon dated April 13, 2021, 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
April 13, 2021

THE ASSOCIATION FOR
CLINICAL PASTORAL EDUCATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	The Association for Clinical Pastoral Education, Inc.	The Foundation for Clinical Pastoral Education, Inc.	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 774,043	$ 237,634	$ -	$ 1,011,677
Investments	1,730,941	3,669,359	-	5,400,300
Accounts receivable, net	645,539	4,045	-	649,584
Unconditional promise to give	5,220	-	-	5,220
Prepaid expenses and other current assets	68,891	-	-	68,891
Total current assets	3,224,634	3,911,038	-	7,135,672
OTHER ASSETS				
Property and equipment, net	364,090	-	-	364,090
Investments – restricted in perpetuity	-	1,069,094	-	1,069,094
Due from FCPE	1,781,429	-	(1,781,429)	-
Other assets	20,057	-	-	20,057
Total other assets	2,165,576	1,069,094	(1,781,429)	1,453,241
TOTAL ASSETS	$ 5,390,210	$ 4,980,132	$ (1,781,429)	$ 8,588,913
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 456,105	$ 9,832	$ -	$ 465,937
Due to ACPE	-	589,802	(589,802)	-
Deferred revenue	140,880	-	-	140,880
Deferred revenue – PPP grant	267,700	-	-	267,700
Total current liabilities	864,685	599,634	(589,802)	874,517
NET ASSETS				
Without donor restrictions	2,352,913	2,799,633	389,238	5,541,784
With donor restrictions	2,172,612	1,580,865	(1,580,865)	2,172,612
Total net assets	4,525,525	4,380,498	(1,191,627)	7,714,396
TOTAL LIABILITIES AND NET ASSETS	$ 5,390,210	$ 4,980,132	$ (1,781,429)	$ 8,588,913

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, 2020

	The Association for Clinical Pastoral Education, Inc.	The Foundation for Clinical Pastoral Education, Inc.	Eliminations	Total
REVENUES, GAINS AND PUBLIC SUPPORT				
Contributions	$ 2,500	$ 75,548	$ -	$ 78,048
Accredited CPE centers and clusters	650,362	-	-	650,362
Membership and other fees	2,062,427	-	-	2,062,427
Conferences	34,530	-	-	34,530
Interest and dividend income	38,357	104,198	-	142,555
Net gain on investments	118,772	326,236	-	445,008
Other	93,594	-	-	93,594
Total revenues, gains and public support	3,000,542	505,982	-	3,506,524
EXPENSES				
Program services	1,456,075	137,439	-	1,593,514
Supporting services				
Management and general	843,664	48,878	-	892,542
Fundraising	56,256	80,516	-	136,772
Total expenses	2,355,995	266,833	-	2,622,828
CHANGES IN NET ASSETS	644,547	239,149	-	883,696
NET ASSETS AT:				
BEGINNING OF YEAR	3,880,978	4,141,349	(1,191,627)	6,830,700
END OF YEAR	$ 4,525,525	$ 4,380,498	$ (1,191,627)	$ 7,714,396

See independent auditors' report on supplementary information.