HEALTHCARE CHAPLAINCY INC. & AFFILIATES

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

HealthCare Chaplaincy Inc. & Affiliates
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Lear & Pannepacker, LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HealthCare Chaplaincy Inc. & Affiliates

Opinion

We have audited the accompanying combined financial statements of HealthCare Chaplaincy Inc. & Affiliates (a not-for-profit organization), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of HealthCare Chaplaincy Inc. & Affiliates as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HealthCare Chaplaincy Inc. & Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Reporting Entity

As explained in Note 2 to the combined financial statements, on June 24, 2022, Healthcare Chaplaincy Inc.'s combined affiliate obtained control of another not-for-profit entity. Accordingly, the combined statement of financial position as of June 30, 2022 includes the accounts of this entity. The changes in net assets for the period June 24, 2022 through June 30, 2022 were not significant and have not been included in the accompanying combined financial statements. This entity is not included in the accompanying combined financial statements of HealthCare Chaplaincy Inc. & Affiliates for the year ended June 30, 2021.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 combined 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 combined 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 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 HealthCare Chaplaincy Inc. & Affiliates' 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 conbined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HealthCare Chaplaincy Inc. & Affiliates' 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.

Lear & Pannepacker, LLP

Princeton, New Jersey
March 27, 2023

HealthCare Chaplaincy Inc. & Affiliates
Combined Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash	$ 113,747	$ 72,711
Investments	4,501,276	6,632,748
Accounts receivable, net	191,207	194,001
Pledges receivable	10,000	--
Prepaid expenses and other assets	126,172	180,482
Beneficial interest in charitable remainder trusts	159,893	216,514
Property and equipment, net	422,850	444,564
Total assets	$ 5,525,145	$ 7,741,020
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	$ 246,108	$ 174,343
Deferred revenue	93,617	56,860
EIDL note payable	208,270	153,719
Total liabilities	547,995	384,922
Net assets		
Without donor restrictions	2,299,267	3,832,832
With donor restrictions	2,677,883	3,523,266
Total net assets	4,977,150	7,356,098
Total liabilities and net assets	$ 5,525,145	$ 7,741,020

See notes to combined financial statements

HealthCare Chaplaincy Inc. & Affiliates
Combined Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support			
Contributions of financial assets			
Foundations and trusts	$ 186,700	$ --	$ 186,700
Religious organizations	500	--	500
Individuals/estates	60,717	--	60,717
Special event loss net of expenses of $132,974	(73,817)	--	(73,817)
Service revenue	971,266	--	971,266
Educational fees	317,966	--	317,966
Annual conference income	66,605	--	66,605
Other income	244,489	--	244,489
	1,774,426	--	1,774,426
Net assets released from restrictions	112,671	(112,671)	--
Total revenue, gains and other support	1,887,097	(112,671)	1,774,426
Expenses			
Program services			
Clinical services	1,364,041	--	1,364,041
Education	276,774	--	276,774
Research	207,583	--	207,583
Spiritual Care Association	911,016	--	911,016
Total program services	2,759,414	--	2,759,414
Supporting services			
General and administrative	193,830	--	193,830
Advancement	276,070	--	276,070
Total supporting services	469,900	--	469,900
Total expenses	3,229,314	--	3,229,314
Change in net assets from operating activities	(1,342,217)	(112,671)	(1,454,888)
Non-operating expenses			
Investment loss	(781,472)	--	(781,472)
Change in value of charitable remainder trusts	(56,621)	--	(56,621)
Change in net assets before change in reporting entry	(2,180,310)	(112,671)	(2,292,981)
Change in reporting entity (Note 3)	(85,967)	--	(85,967)
Change in net assets	(2,266,277)	(112,671)	(2,378,948)
Transfers of net assets (Note 7)	732,712	(732,712)	--
Net assets – beginning of year	3,832,832	3,523,266	7,356,098
Net assets – end of year	$ 2,299,267	$ 2,677,883	$ 4,977,150

See notes to combined financial statements

HealthCare Chaplaincy Inc. & Affiliates
Combined Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support			
Contributions of financial assets			
Foundations and trusts	$ 208,086	$ 132,784	$ 340,870
Religious organizations	1,000	--	1,000
Individuals/estates	229,109	--	229,109
Service revenue	2,064,868	--	2,064,868
Educational fees	290,635	--	290,635
Annual conference income	78,167	--	78,167
Other income	214,724	--	214,724
	3,086,589	132,784	3,219,373
Net assets released from restrictions	35,000	(35,000)	--
Total revenue, gains and other support	3,121,589	97,784	3,219,373
Expenses			
Program services			
Clinical services	2,487,788	--	2,487,788
Education	393,455	--	393,455
Research	93,571	--	93,571
Spiritual Care Association	829,125	--	829,125
Total program services	3,803,939	--	3,803,939
Supporting services			
General and administrative	175,998	--	175,998
Advancement	311,787	--	311,787
Total supporting services	487,785	--	487,785
Total expenses	4,291,724	--	4,291,724
Change in net assets from operating activities	(1,170,135)	97,784	(1,072,351)
Non-operating income			
Investment income	1,505,262	--	1,505,262
Change in value of charitable remainder trusts	76,734	--	76,734
Change in net assets	411,861	97,784	509,645
Transfers of net assets (Note 7)	1,035,933	(1,035,933)	--
Net assets – beginning of year	2,385,038	4,461,415	6,846,453
Net assets – end of year	$ 3,832,832	$ 3,523,266	$ 7,356,098

See notes to combined financial statements

HealthCare Chaplaincy Inc. & Affiliates
Combined Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services					Supporting Services			
	Clinical Services	Education	Research	Spiritual Care Association	Total Program Services	General and Administrative	Advancement	Total Supporting Services	Total Expenses
Salary	$ 905,693	$ 169,584	$ 127,188	$ 252,617	$ 1,455,082	$ 94,214	$ 169,927	$ 264,141	$ 1,719,223
Professional fees	76,162	25,282	18,962	341,606	462,012	4,887	21,362	26,249	488,261
Medical insurance	137,929	25,826	19,370	38,471	221,596	14,347	25,878	40,225	261,821
Rent	70,112	--	--	14,436	84,548	57,760	14,436	72,196	156,744
Conferences and other events	--	--	--	113,908	113,908	--	--	--	113,908
Payroll taxes	47,475	8,889	6,667	13,241	76,272	4,939	8,908	13,847	90,119
Insurance	29,505	16,860	12,645	12,645	71,655	4,215	8,430	12,645	84,300
Information systems	16,144	9,225	6,919	42,228	74,516	--	4,613	4,613	79,129
Pension expense	23,126	4,330	3,248	6,450	37,154	2,405	4,339	6,744	43,898
Other printed materials	1,300	228	171	25,183	26,882	2,501	3,444	5,945	32,827
Recruiting and moving expenses	9,646	5,512	4,134	6,809	26,101	823	2,756	3,579	29,680
Travel	9,193	3,961	2,971	2,811	18,936	1,150	1,982	3,132	22,068
Dues	14,031	163	122	3,763	18,079	--	2,409	2,409	20,488
Depreciation and amortization	1,623	928	696	15,880	19,127	--	463	463	19,590
Mailing costs	3,036	1,735	1,301	3,977	10,049	245	3,445	3,690	13,739
Other office expenses	4,997	--	--	2,668	7,665	3,866	969	4,835	12,500
Library and subscriptions	387	221	166	9,378	10,152	544	111	655	10,807
Other staff support and development	5,074	738	554	1,063	7,429	--	370	370	7,799
Telephone	1,906	1,089	817	1,089	4,901	--	545	545	5,446
Loss on disposal of fixed assets	1,900	1,086	814	1,086	4,886	--	543	543	5,429
Utilities	2,347	--	--	483	2,830	1,934	483	2,417	5,247
Office supplies	1,248	713	535	820	3,316	--	455	455	3,771
Public/board meetings patient family	707	404	303	404	1,818	--	202	202	2,020
Grant awards	500	--	--	--	500	--	--	--	500
Total expenses	$ 1,364,041	$ 276,774	$ 207,583	$ 911,016	$ 2,759,414	$ 193,830	$ 276,070	$ 469,900	$ 3,229,314

See notes to combined financial statements

HealthCare Chaplaincy Inc. & Affiliates
Combined Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services					Supporting Services			
	Clinical Services	Education	Research	Spiritual Care Association	Total Program Services	General and Administrative	Advancement	Total Supporting Services	Total Expenses
Salary	$ 1,759,665	$ 223,202	$ 44,640	$ 145,148	$ 2,172,655	$ 89,281	$ 175,472	$ 264,753	$ 2,437,408
Professional fees	84,875	31,017	21,083	469,559	606,534	571	12,966	13,537	620,071
Medical insurance	308,691	39,155	7,831	15,662	371,339	15,662	30,782	46,444	417,783
Rent	60,168	37,605	7,521	15,042	120,336	15,042	15,042	30,084	150,420
Conferences and other events	--	--	--	74,716	74,716	--	36,458	36,458	111,174
Payroll taxes	107,358	13,618	2,724	5,447	129,147	5,447	10,706	16,153	145,300
Insurance	27,356	17,097	3,419	6,839	54,711	6,839	6,839	13,678	68,389
Information systems	20,146	6,707	1,341	28,975	57,169	--	4,047	4,047	61,216
Pension expense	52,590	6,671	1,334	2,668	63,263	2,668	5,244	7,912	71,175
Other printed materials	1,819	--	--	16,757	18,576	944	4,195	5,139	23,715
Recruiting and moving expenses	6,572	4,108	822	2,093	13,595	1,643	1,643	3,286	16,881
Travel	15,347	2,875	575	1,150	19,947	1,150	1,150	2,300	22,247
Dues	14,088	--	--	1,428	15,516	--	1,164	1,164	16,680
Depreciation and amortization	1,760	1,100	220	440	3,520	440	440	880	4,400
Mailing costs	4,395	2,747	549	2,654	10,345	1,099	1,099	2,198	12,543
Other office expenses	5,686	--	--	2,161	7,847	29,491	--	29,491	37,338
Library and subscriptions	--	--	--	6,910	6,910	2,700	1,469	4,169	11,079
Other staff support and development	5,570	240	48	96	5,954	96	96	192	6,146
Telephone	6,098	3,811	762	1,524	12,195	1,524	1,524	3,048	15,243
Utilities	3,898	2,436	487	974	7,795	974	974	1,948	9,743
Office supplies	1,104	689	140	1,226	3,159	276	327	603	3,762
Bad debt expense	--	--	--	27,505	27,505	--	--	--	27,505
Building maintenance and repairs	602	377	75	151	1,205	151	150	301	1,506
Total expenses	$ 2,487,788	$ 393,455	$ 93,571	$ 829,125	$ 3,803,939	$ 175,998	$ 311,787	$ 487,785	$ 4,291,724

See notes to combined financial statements

HealthCare Chaplaincy Inc. & Affiliates
Combined Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$(2,378,948)	$ 509,645
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	19,590	4,400
Change in value of charitable remainder trusts	56,621	(76,734)
Realized and unrealized losses (gains) on investments	840,003	(1,432,502)
Loss on disposal of fixed assets	5,429	--
Net assets acquired from UTC (Note 3)	85,967	--
Changes in operating assets and liabilities:		
Accounts receivable, net	(33,716)	131,518
Pledges receivable	(10,000)	--
Prepaid expenses and other assets	57,366	(45,789)
Accounts payable and accrued expenses	42,130	(74,668)
Deferred revenue	(2,238)	5,488
Accrued interest on EIDL note payable	4,551	3,719
Net cash used in operating activities	(1,313,245)	(974,923)
Cash flows from investing activities		
Purchase of investments	(671,384)	(3,483,895)
Acquisition of property and equipment	(3,305)	(44,870)
Proceeds from sale of investments	1,962,853	4,361,135
Cash received from change in reporting entity	16,117	--
Net cash provided by investing activities	1,304,281	832,370
Cash flows from financing activities		
Proceeds from EIDL note payable	50,000	150,000
Net cash provided by financing activities	50,000	150,000
Change in cash	41,036	7,447
Cash at beginning of year	72,711	65,264
Cash at end of year	$ 113,747	$ 72,711
Non-cash investing activities		
Non-cash net assets deficit acquired in merger with UTS	$(85,967)	$ --

See notes to combined financial statements

Note 1 – Nature of operations and summary of significant accounting policies
Significant accounting policies followed by HealthCare Chaplaincy Inc. & Affiliates ("the Organization") in the preparation of the accompanying combined financial statements are summarized below:

Nature of operations
HealthCare Chaplaincy, Inc., (the "Chaplaincy") is a center for health-related spiritual care, education and research in the field of professional chaplaincy care. Spiritual Care Association (SCA) is a multidisciplinary international professional membership association for spiritual care providers. SCA University of Theology and Spirituality (UTS) is a center for higher learning that educates and assists in the development of forward-thinking leaders and practitioners of spiritual care. These entities have common management and common board members and are referred to collectively as the "Organization."

The Chaplaincy's certified chaplains and student chaplains collaborate on a multi-faith and multi-cultural basis as integral members of healthcare teams in a variety of clinical and community settings. In active partnership with health-promoting institutions, it provides leadership in making spiritual support a quality component of care in a changing healthcare milieu.

The accompanying combined financial statements include the accounts of the Chaplaincy, SCA and UTS.

Basis of presentation
The combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All intercompany accounts have been eliminated.

Net assets
The net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions
Net assets without donor restrictions include all net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Contributions with donor-imposed restrictions that are met during the same year as the contribution is received are included in net assets without donor restrictions.

Net assets with donor restrictions
Net assets with donor restrictions include donor-restricted contributions which are required to be held in perpetuity, with all or part of the income earned to be used for general or specific purposes. Other contributions are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Note 1 – Nature of operations and summary of significant accounting policies (continued)

Revenue recognition

Income from fees and services are recognized when services are performed. Memberships are non-refundable and are recognized ratably over the membership period because the benefits to SCA's members are consistent throughout the year. Payments are required at the time of CPE registration or start of the membership period; amounts received in advance are deferred to the applicable period. The Organization records annual fundraising dinner revenue when the event occurs. With the exception of goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

Beginning and ending contract balances for the years ended June 30, were as follows:

	2022	2021	2020
Accounts receivable, net	$ 191,207	$ 194,001	$ 325,519
Deferred revenue	$ 93,617	$ 56,860	$ --

Contributions, which include unconditional promises to give, are recognized in the period in which they are received or promised. Contributions are considered to be unrestricted unless specifically restricted by the donor. The Organization recognizes grant revenues when awarded, and to the extent that expenses have been incurred for the purposes specified by the grantor for reimbursable grants.

Nonfinancial contributions

The Organization recognizes contributions of donated nonfinancial assets at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets, or services that require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided through donation, are recorded at fair value in the period received. For the years ended June 30, 2022 and 2021, the Organization received no nonfinancial contributions.

Cash and cash equivalents

The Organization considers all highly liquid investments with an original maturity of 90 days or less on the date of purchase to be cash equivalents, except amounts held by investment managers which are classified as investments. The Organization includes cash equivalents related to its permanent endowment in investments in the accompanying combined financial statements.

Investments

Investments in equity securities and mutual funds with readily determinable fair values and all investments in debt securities are recorded at fair values. Investments subject to the provisions of Accounting Standards Update 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share*, with no readily determinable fair values are recorded at net asset value per share as a practical expedient to estimating fair value.

Note 1 – Nature of operations and summary of significant accounting policies (continued)

Investments (continued)

Gains and losses on investments and related investment income and fees have been reflected in the combined statements of activities within investment income as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law.

Fair value

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts. The Organization must determine whether its assets and liabilities recorded at fair value were based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs), or Level 3 (valued based on significant unobservable inputs) measurements within the fair value hierarchy.

Pledges and grants receivable

Unconditional promises to give are recorded at net realizable value. All unconditional promises, whether with donor restrictions or without donor restrictions, are recognized and accrued as contribution revenue in the period the unconditional promise was received.

Pledges and grants to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Accounts receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. The Organization generally requires no collateral from its clients. Balances are reviewed and evaluated as to their collectability which is based upon management's judgment, including factors such as prior collection history and type of receivable. An allowance is then established based on these evaluations. A receivable balance is considered past due once it has not been received by its scheduled due date. For the years ended June 30, 2022 and 2021, the Organization had an allowance for doubtful accounts of $26,920 and $54,425, respectively.

Property and equipment

Equipment is stated at cost except for donated assets, which are recorded at fair value at the time of donation. The Organization's capitalization policy is to capitalize all fixed asset purchases in excess of $2,500. Depreciation is provided using the straight-line method calculated over the estimated useful lives of the related assets and is calculated commencing with the month the asset is placed in service. The useful lives of the Organization's equipment range from 5 to 10 years. Leasehold improvements are amortized over the life of the lease.

Works of art and antique furniture is stated at cost and is not being depreciated as they have cultural and aesthetic value that is worth preserving perpetually.

Note 1 – Nature of operations and summary of significant accounting policies (continued)

Income taxes

The Chaplaincy and UTS have been classified by the Internal Revenue Service as organizations described under Section 501(c)(3) and Spiritual Care Association has been classified by the Internal Revenue Service as an organization described under Section 501(c)(6) of the Internal Revenue Code ("the Code"). As such, the Organization is exempt from federal and state income taxes under section 501(a) of the Code.

ASC Topic 740 *Accounting for Uncertainty in Income Taxes* clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The guidance also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure.

The Organization's policy is to account for interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Use of estimates

Management uses estimates and assumptions in preparing its combined financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional allocation of expenses

The costs of providing programs and other activities are summarized in the combined statements of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management. Accordingly, certain costs have been allocated among the program and supporting services. Costs are allocated as follows:

- Personnel costs are allocated based on estimated time and effort.
- Rent and occupancy costs are allocated based on the percentage of space used.
- Other expenses, including programming and development are based on identification of specific costs, as well as a percentage of occupancy costs.

Note 2 – Change in reporting entity

The Organization determined that due to changes in the bylaws of SCA University of Theology & Spirituality (UTS) regarding how board members are selected, SCA obtained control of UTS effective June 24, 2022 (Note 3). Accordingly, the combined statement of financial position as of June 30, 2022 includes the accounts of this entity. The changes in net assets for the period June 24, 2022 through June 30, 2022 were not significant and have not been included in the accompanying combined financial statements. The accounts of UTS are not included in the accompanying combined financial statements of HealthCare Chaplaincy Inc. & Affiliates for the year ended June 30, 2021.

Note 2 – Change in reporting entity (continued)
Net assets deficit acquired from UTS were recorded at their fair value as of June 24, 2022, as follows:

Cash	$	16,117
Accounts receivable, net		(36,510)
Prepaid expenses		3,056
Accounts payable and accrued expenses		(29,635)
Deferred revenue		(38,995)
Net assets acquired	$	(85,967)

Note 3 – SCA University of Theology and Spirituality
SCA entered into an agreement with the SCA University of Theology & Spirituality (UTS) in April 2019 to provide curriculum for its courses. Under the agreement, SCA received 15% of the first $250,000 and 25% of the remaining gross revenues attributable to UTS's operations for the first 3 years of operations and 25% of all revenues thereafter. In March 2020, UTS amended its by-laws to grant SCA the ability to appoint half the voting members to the UTS board. On June 24, 2022, UTS amended its by-laws again to grant SCA the ability to appoint a majority of voting members to the UTS board, at which time the accounts of UTS became consolidated into SCA and are included in the combined financial statements of Organization.

Accounts receivable, net included $55,010 due from UTS at June 30, 2021, net of an allowance for doubtful accounts of $27,505. Education fees revenue includes $48,902 and $31,210 earned under this agreement in the years ended June 30, 2022 and 2021, respectively.

Note 4 – Investments and fair value measurements
Investment composition and classification of investments within the fair value hierarchy was as follows:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Equities	$ 3,110,968	$ --	$ --	$ 3,110,968
Fixed income	1,192,944	--	--	1,192,944
Subtotal	$ 4,303,912	$ --	$ --	4,303,912
Cash and cash equivalents				197,364
Total investments				$ 4,501,276

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Equities	$ 4,319,406	$ --	$ --	$ 4,319,406
Fixed income	1,628,272	--	--	1,628,272
Subtotal	$ 5,947,678	$ --	$ --	5,947,678
Cash and cash equivalents				685,070
Total investments				$ 6,632,748

Note 4 – Investments and fair value measurements (continued)
Investment income (loss) consists of the following for the years ended June 30:

	2022	2021
Interest and dividend income	$ 111,676	$ 128,017
Realized and unrealized gain (loss)	(840,003)	1,432,502
Investment fees	(53,145)	(55,257)
	$(781,472)	$ 1,505,262

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that changes in market conditions in the near term would materially affect the amounts reported in the accompanying combined financial statements.

Note 5 – Beneficial interest in charitable remainder trusts
The Organization has been named as the beneficiary in several irrevocable charitable remainder trusts which have been recorded at estimated net present value in the accompany combined statements of financial position.

Note 6 – Property and equipment
Property and equipment, net consists of the following at June 30:

	2022	2021
Works of art and antique furniture	$ 384,675	$ 384,675
Furniture, fixtures and equipment	13,046	19,970
Software development costs	44,870	44,870
Leasehold improvements	4,200	4,200
	446,791	453,715
Less: accumulated depreciation and amortization	(23,941)	(9,151)
	$ 422,850	$ 444,564

Depreciation and amortization expenses were $19,590 and $4,400 for the years ended June 30, 2022 and 2021, respectively.

Note 7 – Net assets with donor restrictions
Net assets with donor restrictions are available for the following purposes or periods at June 30:

	2022	2021
Permanent endowments with income to be used for the following purposes:		
Education	$ 1,255,241	$ 1,618,291
Research	21,900	21,900
Pastoral care	--	369,662
General support	1,240,849	1,240,849
Restricted for future periods:		
Development of training materials	--	56,050
Beneficiary value of charitable remainder trusts	159,893	216,514
	$ 2,677,883	$ 3,523,266

Note 7 – Net assets with donor restrictions (continued)
Net assets were released from restrictions by incurring expenses satisfying the restricted purposes as stipulated by the donors or release of time restrictions, as follows:

	2022	2021
Development of training materials	$ 56,050	$ --

In accordance with New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Organization requested that certain donors who had made contributions with permanent restrictions agree to allow these funds to be used for unrestricted purposes. Contributions received from those who agreed to the transfer of such assets, as well as those who did not respond to the Organization's request totaled $1,768,645. The Organization's board of directors decided to transfer $732,712 and $1,035,933 from net assets with donor restrictions to net assets without donor restrictions in the years ended June 30, 2022 and 2021, respectively.

Note 8 – Donor-restricted endowments
The Organization has donor-restricted endowment funds, the corpus of which is permanently restricted. The following applies to the donor-restricted endowments:

Interpretation of relevant law
The spending of endowment funds by a not-for-profit corporation in the State of New York is governed by the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Organization has interpreted NYPMIFA as allowing the Organization to appropriate for expenditure or accumulate earnings as the Organization determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund are classified as donor restricted and are recorded at historical value.

Investment and spending policies
The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are donor restricted funds that the Organization must hold in perpetuity.

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

- The duration and preservation of the endowment funds.
- The purposes of the Organization and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Other resources of the Organization.
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on the Organization.
- The investment policy of the Organization.

Note 8 – Donor-restricted endowments (continued)
Endowment net assets are all permanently restricted, with income expended annually for the intended purposes. There were no changes in the composition of endowments for the years ended June 30, 2022 and 2021.

To the extent that the fair value of donor-restricted endowment assets decrease below the value of the corpus, the Organization makes a transfer to restore the donor endowment asset value to the corpus.

Note 9 – Lease commitments
The Organization has a non-cancelable operating lease for office space in New York, NY which expires in April 2029. Rental expense under this lease was $148,995 and $149,184 for the years ended June 30, 2022 and 2021, respectively. Future minimum lease payments under this lease are as follows:

Year ending June 30:	
2023	$ 143,872
2024	151,819
2025	159,964
2026	163,963
2027	168,062
Thereafter	319,043
	$ 1,106,723

In July 2022, the Organization entered into a sublease for this facility, which the Organization is no longer using (Note 15).

Note 10 – Retirement plan
The Organization has adopted a contributory, defined contribution retirement plan. The Organization has the discretion to contribute 4% of eligible employee compensation, and match employee contributions up to an additional 2% of eligible employee compensation.

The Organization made discretionary contributions of 4% of eligible employee compensation during each of the years ended June 30, 2022 and 2021, resulting in total employer contributions of $43,898 and $71,175, respectively. There was no match of employee contributions during the years ended June 30, 2022 and 2021.

Note 11 – EIDL Note payable
In August 2020, the Organization received a $150,000 Economic Injury Disaster Loan (the "EIDL Loan") from the Small Business Administration ("SBA"). In March 2022, the Organization received an increase in the EIDL loan of $50,000. The EIDL Loan has a term of 30 years, interest of 2.75% per annum and monthly payments of principal and interest beginning 30 months from the original date of the EIDL Loan at $889 per month.

Note 11 – EIDL Note payable (continued)
The balance of this loan, with accrued interest was $208,270 at June 30, 2022. Future maturities of this loan at June 30, 2022 are as follows.

Year ending June 30:		
2023	$	4,445
2024		10,668
2025		10,668
2026		10,668
2027		10,668
Thereafter		161,153
	$	208,270

Note 12 – Concentrations
Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. From time to time, the cash balances exceed the Federal Depository Insurance Coverage limit. The Organization places its temporary cash investments with various financial institutions. The Organization has not experienced any losses and believes it is not exposed to any significant credit risk on such funds.

Service revenue is concentrated to a limited number of participating facilities. The Organization had contracts with three facilities in the years ended June 30, 2022 and 2021 that represented approximately 88% of service revenues in each of those years. One of these contracts was terminated in the year ended June 30, 2022. Accounts receivable from these facilities represented approximately 90% and 63% of accounts receivable for services at June 30, 2022 and 2021, respectively.

Note 13 – Liquidity and availability of financial assets
The Organization manages its liquid resources by focusing on investing excess cash in investments that maximize earnings potential balanced with the amount of risk the Organization's Investment Committee has decided can be tolerated. This policy is designed to ensure adequate financial assets are available to meet general expenditures, liabilities, and other obligations as they become due.

The Organization prepares a detailed budget to ensure adequate resources to cover programs. The Organization focuses on monitoring collections of receivables and timing vendor payments to maximize the time they have access to the cash.

Note 13 – Liquidity and availability of financial assets (continued)
The following reflects the Organization's financial assets available to be used for the fulfillment of payments within one year of June 30:

	2022	2021
Cash	$ 113,747	$ 72,711
Investments	4,501,276	6,632,748
Accounts receivable, net	191,207	194,001
Pledges receivable	10,000	--
Total financial assets	4,816,230	6,899,460
Less those unavailable for general expenditures within one year, due to:		
Restricted endowment	(2,517,990)	(3,250,702)
Accounts receivable, net not due within one year	(74,300)	(121,382)
Total financial assets	$ 2,223,940	$ 3,527,376

SCA entered into an agreement with its continuing education provider for repayment of their share of initial set-up costs. Initial payments under this arrangement are $500 a month. Accordingly, the Organization has recorded the balance owed at its net present value of approximately $96,500 and $116,077 at June 30, 2022 and 2021, respectively, less an allowance for doubtful accounts of $22,200 at both June 30, 2022 and 2021.

Note 14 – COVID 19
In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic. This pandemic event has resulted in significant business disruption and uncertainty in both global and U.S. markets. While management believes the Organization is in an appropriate position to weather the potential short-term effects of these world-wide events, the direct and long-term impact to the Organization and its combined financial statements is undetermined at this time.

In December 2022, the Organization amended federal payroll tax returns for certain quarters in 2020 and 2021 to receive refunds totaling $384,411 plus interest under the Employee Retention Tax Credit program. These refunds will be reported as income in the year ending June 30, 2023.

Note 15 – Subsequent events
Sublease
In July 2022, the Organization entered into a sublease agreement through March 2029 for its office space (Note 9). The sublease requires monthly rental payments of $8,458 with 3% annual increases.

Subsequent events were evaluated through March 27, 2023, which is the date the financial statements were available to be issued.