REPORT ON EXAMINATION
OF THE

CENTER FOR PRACTICAL BIOETHICS, INC.
KANSAS CITY, MISSOURI

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY

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McBRIDE, LOCK & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Center for Practical Bioethics, Inc.

We have audited the accompanying financial statements of the Center for Practical Bioethics, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Center for Practical Bioethics, Inc. as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Center for Practical Bioethics, Inc. 2018 financial statements, and our report dated June 10, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McBride, Lock & Associates, LLC

McBride, Lock & Associates, LLC
Kansas City, Missouri
July 9, 2020

Center For Practical Bioethics, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2019

Assets	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2019	Total 2018
CURRENT ASSETS				
Cash and Cash Equivalents	$ 51,389	$ 183,337	$ 234,726	$ 178,677
Investments (NOTE 4)	90,994	773,393	864,387	-
Accounts Receivable	38,143	-	38,143	51,320
Grants Receivable	1,500	103,660	105,160	210,520
Pledge Receivable (NOTE 3)	29,699	-	29,699	41,736
Prepaid Expenses	43,435	-	43,435	78,623
Inventory	14,609	-	14,609	3,632
Total Current Assets	$ 269,769	$ 1,060,390	$ 1,330,159	$ 564,508
PROPERTY AND EQUIPMENT				
Furniture, Computers and Equipment	$ 65,279	$ -	$ 65,279	$ 68,727
Leasehold Improvements	1,965	-	1,965	1,965
Accumulated Depreciation and Amortization	(64,855)	-	(64,855)	(63,149)
Total Property and Equipment	$ 2,389	$ -	$ 2,389	$ 7,543
OTHER ASSETS				
Investments - Endowment (NOTE 4)	$ -	$ 2,222,379	$ 2,222,379	$ 2,812,563
Pledges Receivable (NOTE 3)	30,231	-	30,231	37,884
Deferred Compensation	267,633	-	267,633	312,917
Beneficial Interest in Perpetual Trust (NOTE 7)	-	3,179,453	3,179,453	2,818,901
Total Other Assets	$ 297,864	$ 5,401,832	$ 5,699,696	$ 5,982,265
TOTAL ASSETS	$ 570,022	$ 6,462,222	$ 7,032,244	$ 6,554,316
Liabilities				
CURRENT LIABILITIES				
Accounts Payable	$ 31,326	$ -	$ 31,326	$ 44,962
Accrued Expenses	74,078	-	74,078	118,328
Deferred Revenue	69,648	-	69,648	42,250
Line of Credit	195,000	-	195,000	260,825
Total Current Liabilities	$ 370,052	$ -	$ 370,052	$ 466,365
LONG-TERM LIABILITIES				
457(b) Deferred Compensation Liability	$ 267,633	$ -	$ 267,633	$ 312,917
Total Liabilities	$ 637,685	$ -	$ 637,685	$ 779,282
Net Assets				
Net Assets Without Donor Restrictions:				
Undesignated	$ (155,501)	$ -	$ (155,501)	$ (216,053)
Board-Designated (NOTE 8)	87,838	-	87,838	87,838
Total Net Assets Without Donor Restrictions	$ (67,663)	$ -	$ (67,663)	$ (128,215)
Net Assets With Donor Restrictions: (NOTE 7)				
Net assets with temporary restrictions	$ -	$ 1,256,092	$ 1,256,092	$ 1,057,671
Net assets with perpetual restrictions	-	5,206,130	5,206,130	4,845,578
Total Net Assets With Donor Restrictions	$ -	$ 6,462,222	$ 6,462,222	$ 5,903,249
Total Net Assets	$ (67,663)	$ 6,462,222	$ 6,394,559	$ 5,775,034
TOTAL LIABILITIES & NET ASSETS	$ 570,022	$ 6,462,222	$ 7,032,244	$ 6,554,316

The accompanying notes to the financial statements are an integral part of this statement.

Center For Practical Bioethics, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Revenue	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2019	Total 2018
Contributions, grants, and other support	$ 317,891	$ 197,083	$ 514,974	$ 1,063,659
Fundraising	299,883	-	299,883	220,502
Earned Income	270,619	-	270,619	335,721
Membership Dues	79,700	-	79,700	91,700
Communications	21,267	-	21,267	23,088
Other Income	8,135	-	8,135	18,404
Net assets released from restrictions	534,810	(534,810)	-	-
Total Revenue	$ 1,532,305	$ (337,727)	$ 1,194,578	$ 1,753,074
Expenses				
Program expenses				
Education and Consulting	$ 1,075,018	$ -	$ 1,075,018	$ 1,393,246
Support services expenses				
Management and general	$ 192,881	$ -	$ 192,881	$ 254,672
Fundraising	238,818	-	238,818	265,083
Total support services expenses	$ 431,699	$ -	$ 431,699	$ 519,755
Total Expenses	$ 1,506,717	$ -	$ 1,506,717	$ 1,913,001
Change in Net Assets from Operations	$ 25,588	$ (337,727)	$ (312,139)	$ (159,927)
Other Revenue (Expense):				
Investment Return, net	$ 34,964	$ 536,148	$ 571,112	$ (137,057)
Change in Value of Beneficial Interest	-	360,552	360,552	(286,357)
Total Other Revenue (Expenses)	$ 34,964	$ 896,700	$ 931,664	$ (423,414)
Change in Net Assets	$ 60,552	$ 558,973	$ 619,525	$ (583,341)
Net Assets, beginning of the year	(128,215)	5,903,249	5,775,034	6,358,375
Net Assets, end of year	$ (67,663)	$ 6,462,222	$ 6,394,559	$ 5,775,034

The accompanying notes to the financial statements are an integral part of this statement.

Center For Practical Bioethics, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services	Support Services		Total	
Personnel Expenses	Education and Consulting	Management and General	Fundraising	2019	2018
Salaries & Wages - Management	$ 173,795	$ 31,195	$ 65,491	$ 270,481	$ 263,484
Salaries & Wages - Other	338,522	65,949	16,808	421,279	763,506
Health Insurance	79,648	13,309	11,076	104,033	119,096
Payroll Taxes	44,185	7,383	6,145	57,713	78,728
Retirement Expense	11,375	1,901	1,582	14,858	63,340
Deferred Compensation Plan Expense	37,094	6,288	6,349	49,731	17,690
Health Reimbursement	1,493	249	208	1,950	2,350
Workers Compensation	3,249	616	522	4,387	4,455
Key-man Insurance	3,586	-	-	3,586	3,586
Payroll Processing Fees	1,225	232	197	1,654	1,812
Employee Development	-	-	-	-	315
Search Expense	420	-	-	420	-
Leave Benefit Expense	14,856	2,817	2,387	20,060	-
Other Employee Expense	-	-	-	-	11,500
Total Personnel Expenses	$ 709,448	$ 129,939	$ 110,765	$ 950,152	$ 1,329,862
Occupancy Expenses					
Rent	$ 40,367	$ 7,654	$ 6,485	$ 54,506	$ 55,181
Parking	225	41	43	309	401
Other Occupancy Expense	791	150	127	1,068	240
Insurance-Property & Casualty	3,268	620	525	4,413	4,122
Repairs & Maintenance	196	37	32	265	70
Total Occupancy Expenses	$ 44,847	$ 8,502	$ 7,212	$ 60,561	$ 60,014
Operating Expenses					
Consulting Fees	$ 144,225	$ 41,314	$ 20,004	$ 205,543	$ 267,029
Audit Fees	7,939	1,506	1,275	10,720	10,720
Professional/Filing Fees	7,002	1,001	848	8,851	35,758
Community Relations	1,500	-	-	1,500	645
Bank/Credit Card Charges	1,755	755	2,775	5,285	2,550
Office Expense & Supplies	1,963	228	327	2,518	3,501
Printing Expense	29,281	307	15,525	45,113	58,475
Books & Subscriptions	12,908	2,377	16,017	31,302	16,252
Dues & Memberships	973	156	76	1,205	1,382
Postage & Shipping Expense	3,167	160	1,703	5,030	6,171
Telephone Expense	5,395	1,011	857	7,263	7,334
Equipment Lease Expense	7,532	1,428	1,210	10,170	10,273
Equipment Maintenance	1,490	282	239	2,011	1,492
Equipment-Computer Expense	83	12	23	118	953
Insurance - D&O Liability	1,152	219	185	1,556	1,556
Insurance - Professional Liability	2,856	542	459	3,857	3,857
Conference/Meeting Expense	56,797	400	56,765	113,962	65,691
Travel Expense	21,145	171	375	21,691	15,130
Depreciation Expense	3,817	723	613	5,153	7,948
Interest Expense	9,189	1,743	1,476	12,408	12,455
Other Operating Expense	554	105	89	748	(6,047)
Total Operating Expenses	$ 320,723	$ 54,440	$ 120,841	$ 496,004	$ 523,125
Total Program and Support Expenses	$ 1,075,018	$ 192,881	$ 238,818	$ 1,506,717	$ 1,913,001

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit D

Center For Practical Bioethics, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 619,525	$ (583,341)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and Amortization	5,153	7,948
Net realized/unrealized (gains) losses on investments	(480,898)	174,627
Change in Value of Beneficial Interest	(360,552)	286,357
Changes in operating assets and liabilities:		
Accounts Receivable	13,177	(23,240)
Grants Receivable	105,360	(201,681)
Pledges Receivable	19,690	19,505
Prepaid Expenses	35,188	(33,883)
Inventory	(10,977)	10,581
Deferred Compensation	45,284	(15,714)
Accounts Payable	(13,636)	(37,228)
Accrued Expenses	(44,250)	39,405
Deferred Revenue	27,398	4,750
Accrued Deferred Compensation	(45,284)	17,690
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (84,822)	$ (334,224)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Computer Hardware and Software	$ -	$ (2,822)
Net (Purchases)/Maturities of Investments	206,696	389,358
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	$ 206,696	$ 386,536
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from/(Payments to) Line of Credit	$ (65,825)	$ 20,375
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$ (65,825)	$ 20,375
NET INCREASE (DECREASE) IN CASH	$ 56,049	$ 72,687
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	178,677	105,990
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 234,726	$ 178,677
SUPPLEMENTAL DISCLOSURES:		
Cash Paid For Interest	$ 12,408	$ 12,455

The accompanying notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Center for Practical Bioethics, Inc., (the "Center") was incorporated in July 1984 as a Kansas not-for-profit corporation. The Center exists to raise and respond to ethical issues in health and healthcare to help patients, families, and health care providers find practical solutions to ethical problems. The guiding principles of the Center are as follows:

- To be unfettered by special interests
- To listen actively, think critically, and act wisely
- To lead and promote the leadership of others
- To collaborate with those who commit to civil discourse
- To work diligently toward our mission

Net Assets

The Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – The portion of expendable funds that is available for support of the Center's operations. Additionally, the Center's Board has designated certain funds that have been donated in honor or memory of an individual.

Net Assets With Donor Restrictions – Funds that are subject to donor restrictions. These funds require either that the principal be invested in perpetuity or the income only be used by the Center or are temporarily restricted by the donor's intent as to usage.

Revenue Recognition

Contributions – Contributions, grants and other support are recognized when cash, securities or other assets are received, when an unconditional promise to give is made, or when a notification of a beneficial interest is received. Conditional contributions are those that include a barrier to entitlement and a right of return and are recognized as the conditions are met. Contributions are recorded as Net Assets Without Donor Restrictions or Net Assets With Donor Restrictions when recognized depending on the presence or absence of donor imposed restrictions. At December 31, 2019, there are no contributions that have not been recognized in the Statement of Activities because the condition(s) on which they depend have not yet been met.

Fundraising – Sponsorships and attendance fees received in connection with the Center's Annual Dinner are considered to be exchange transactions to the extent of the fair market value of benefits received by attendees and are recognized when the event is held. The amount received in excess of the value of the benefits received is treated as a contribution.

Earned Income – Revenues from the performance of professional educational and consulting services are recognized when the performance obligation of providing the services are met. These contracts are typically paid in advance or on a monthly basis.

Memberships revenue – Annual dues are assessed yearly based on the organizational or individual member's anniversary date. The dues are considered to be exchange transactions to the extent of the fair market value of benefits received by members and are recognized over the membership period. The amount received in excess of the value of benefits received is treated as a contribution. Amounts received in advance are deferred to the applicable period.

Communications – Revenue from sales of Caring Conversations materials is recognized when the performance obligation of transferring the product to the customer is met. Payments are typically received prior to shipping the materials to the customer.

Accounts, Grants, and Pledges Receivable

The majority of the Center's receivables are due from revenues earned from consulting agreements and from contributions. Receivables are due at the donor's discretion. Accounts outstanding beyond the donor agreement are considered past due. The Center writes off receivables when they become uncollectible. An allowance for uncollectible pledges of $3,221 was recognized as of December 31, 2019 based on the present value of the long-term pledges receivable.

Inventories

Inventories, representing booklets and forms, are stated at the lower of cost or market value determined by the first-in, first-out method.

Investments

Investments are stated at fair value based on quoted market prices, with unrealized gains and losses included in the accompanying statements of activities. Investment return is reported in the Statement of Activities and consists of interest and dividend income, and realized and unrealized gains and losses, net of external and direct internal investment expenses.

Property and Equipment

The Center capitalizes all acquisitions of property and equipment in excess of $1,000, which are recorded at cost, or fair value if donated. Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets. Depreciation expense was $5,153 for the year ended December 31, 2019.

Income Taxes

The Center is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

As required by FASB ASC No. 740, *Income Taxes,* the Center evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Center's continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; no disclosures of uncertain tax positions are required. The Center is no longer subject to United States federal or state examinations by tax authorities for the years before 2016. During 2019, the Center did not recognize any interest or penalties associated with any positions.

Cash Equivalents

The Center considers unrestricted cash, money market accounts, and highly liquid investments purchased with maturities of less than three months to be a cash equivalent.

Expense Allocation

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. The costs of supporting the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Certain costs have been allocated among the program, management and general, and fundraising categories based on the percentage of salaries and wages expenses charged to each function.

The Center incurs costs related to the Annual Dinner and newsletters and other mailings that are considered to be both programmatic and fundraising in nature. Costs related to the Annual Dinner entertainment, including audio/visual costs, were split between program and fundraising because the talks are recorded and posted on the Center’s website for educational purposes. During 2019, the Center incurred $110,061 of joint costs, of which $49,510 was allocated to program and $60,551 was allocated to fundraising.

Advertising

Advertising costs are expensed as incurred.

Donated Services and In-Kind Contributions

The Center’s policy is to recognize contributed professional services at the fair value of the services received if the services create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills. Services provided by volunteers are not recognized in the financial statements because they do not meet the criteria for recognition under generally accepted accounting principles. Contributed goods are recorded at fair value on the date of donation. The Center received $28,301 of in-kind contributions during 2019 that were recognized in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Change in Net Assets from Operations

The Center's change in net assets from operations includes revenues and expenses directly related to carrying out the organization's mission. Income, gains, and losses from investments are considered non-operating.

New Accounting Pronouncements

The Center has adopted the requirements of ASU 2014-09 and ASU 2018-08 for the year ended December 31, 2019 as required. ASU 2014-09 provides a revenue recognition framework for contracts with customers in exchange transactions and requires additional disclosures about revenue. ASU 2018-08 clarifies the standards of revenue recognition for grants and contributions. The adoption of these standards had no effect on the Center's beginning net asset balances.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Center for Practical Bioethics' permanent endowment fund consists of a donor-restricted endowment and funds appropriated subject to Center spending policy. Income from donor-restricted funds are restricted for specific purposes, and therefore, not immediately available for general expenditure. The Center appropriates for distribution each year for programs and administration from the endowment fund for which a spending policy has been adopted (Rosemary Flanigan Chair in Bioethics) in accordance with the Investment and Spending Policy a targeted amount of 5% with the option of up to 7% with Board approval. For other funds (i.e. Foley, Biblo and Memorial) spending levels are approved through the budgeting and Board review process. The organization considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures.

As part of the Center's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, cash in excess of its daily needs over $35,000 is swept into an investment account. The Center has a committed line of credit up to $300,000, which could be drawn upon, and had been drawn to $195,000 at December 31.

The following reflects the Center's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date. Amounts not available include amounts set aside for board-designated reserves as needed for providing future programs and services.

Total Current Assets	$1,330,159
Less:	
Prepaid Expenses	(43,435)
Inventory	(14,609)
Current Financial Assets	$1,272,115
Less Those Unavailable for General Expenditures Within One Year:	
Restricted by donor with time or purpose restrictions	(1,060,390)
Board-designated funds	(87,838)
Financial assets available to meet cash needs for general expenditures within one year	$ 123,887

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable represent donors' promises to pay contributions to the Center and are measured at the present value of estimated future cash flows. Cash flows are discounted using the Treasury Bond yield rate on the date of the pledge that corresponds to the length of the pledge (i.e. rate on 3-year bond is used for a 3-year pledge). Collection of receivables at December 31, 2019 is expected as follows:

Due in less than one year	$ 29,699
Due in one to five years	33,452
Total Pledges Receivable	63,151
Less Discount to Present Value	(3,221)
Net Pledges Receivable	$ 59,930

NOTE 4 – INVESTMENTS

Investments consisted of the following as of December 31, 2019:

Money Market Funds	$ 90,162
Equities	2,096,496
Fixed Income Funds	900,108
Total Investments	$3,086,766
Investments	$ 864,387
Investments - Endowment	2,222,379
Total Investments	$3,086,766

NOTE 5 – FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are categorized into one of three different levels depending on the observability of the inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are market-observable inputs for measuring the asset or liability other than quoted prices included within Level 1. Level 3 inputs are unobservable inputs for measuring the asset or liability reflecting significant modifications to observable related market data or the Center's assumptions about pricing by market participants.

Equities and fixed income funds comprise mutual funds with readily determinable fair values based on daily redemption values. Money market funds are measured at cost, which approximates fair value. The beneficial interest is measured at fair value based on the fair value of fund investments reported by the community foundation.

The following table presents the assets and liabilities recognized in the accompanying statement of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at December 31, 2019:

	Fair Value December 31	Level 1	Level 2	Level 3
Assets:				
Investments				
Money Market Funds	$ 90,162	$ -	$ 90,162	$ -
Equities	2,096,496	2,096,496	-	-
Fixed Income Funds	900,108	900,108	-	-
Total Investments	$ 3,086,766	$ 2,996,604	$ 90,162	$ -
Beneficial Interest in Trust	$ 3,179,453	$ -	$ -	$ 3,179,453
Deferred Compensation				
Money Market Funds	$ 55,505	$ -	$ 55,505	$ -
Equities	189,761	189,761	-	-
Fixed Income Funds	7,367	7,367	-	-
Total Deferred Compensation	$ 252,633	$ 197,128	$ 55,505	$ -
Liabilities:				
Deferred Compensation				
Money Market Funds	$ 55,505	$ -	$ 55,505	$ -
Equities	189,761	189,761	-	-
Fixed Income Funds	7,367	7,367	-	-
Total Deferred Compensation	$ 252,633	$ 197,128	$ 55,505	$ -

The asset and liability for Deferred Compensation on the Statement of Financial Position of $267,633 includes $15,000 of accrued contributions which have not yet been made and are not measured at fair value.

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2019:

	Beneficial Interest in Perpetual Trust
Balance at December 31, 2018	$ 2,818,901
Investment return, net	508,950
Distributions	(148,398)
Balance at December 31, 2019	$ 3,179,453

NOTE 6 – RETIREMENT PLANS

The Center sponsors a 403(b) defined contribution pension plan that covers all full-time employees. The Center matches 25% of employee contributions up to 5% of the employee's annual salary, for a total potential contribution from the Center of 1.25%. Employer contributions are vested over five years of service. In addition, management may authorize a discretionary matching contribution in the amount of 1.75% of gross salaries. Total expense under this plan for the year ended December 31, 2019 was $14,858.

During the year ended December 31, 2006, the Center adopted a 457(b) deferred compensation plan for a key employee. The employee and the employer can make discretionary contributions. Total deferred compensation expense for the year ended December 31, 2019 was $49,731.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were restricted for the following purposes as of December 31, 2019:

Subject to expenditure for specified purpose:	
Francis Family Foundation - Operating Reserve	$ 50,000
Advanced Care Planning for African Americans	233,497
Arts and Bioethics	3,500
Endowments:	
Subject to appropriation and expenditure when a specified event occurs:	
Kathleen M. Foley Chair in Pain and Palliative Care	773,393
Subject to Center spending policy and appropriation:	
Rosemary Flanigan Chair in Clinical Ethics	2,222,379
Not subject to spending policy or appropriation:	
Beneficial Interest in John B. Francis Fund	3,179,453
Total Net Assets With Donor Restrictions	$ 6,462,222

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by donors as follows for the year ended December 31, 2019:

Satisfaction of purpose restrictions:		
PAINS	$	2,641
Aging in Community		9,000
Advanced Care Planning for African Americans		75,647
Transportable Physician Orders for Patient's Preferences (TPOPP)		6,500
Consortium		10,000
Arts and Bioethics		1,500
Ethical.AI		28,185
Restricted-purpose spending rate distributions and appropriations:		
Kathleen M. Foley Chair in Pain and Palliative Care		107,094
Rosemary Flanigan Chair in Clinical Ethics		145,845
John B. Francis Fund		148,398
Total Net Assets Released From Restrictions	$	534,810

Kathleen M. Foley Fund in Pain and Palliative Care

During the year ended December 31, 2008, the Center entered into an agreement with Purdue Pharma L.P. whereby $1,500,000 was awarded in a grant to provide funding for the Kathleen M. Foley Chair in Pain and Palliative Care. The grant was funded in the amount of $500,000 at the time of contractual signing by the Center, which occurred during the year ended December 31, 2008 and another payment was made in Fiscal Year 2009. The remaining balance of $500,000 was paid during Fiscal Year 2011. The grant was provided to support the work of the Center in the area of Pain and Palliative Care. An investment account was established by the Center's Board of Directors, pursuant to a grant for the purposes of establishing the Chair. The funds remain under the management and control of the organization and its Board of Directors. During 2019, the Center decided to no longer consider this Fund as a quasi-endowment.

Rosemary Flanigan Chair in Clinical Ethics

In 2006, the Center for Practical Bioethics began fundraising to establish an endowed chair in honor of Sister Rosemary Flanigan, PhD., philosopher, teacher, bioethicist and Center staff member from 1992 until her retirement in 2010. Prior to becoming a staff member, Dr. Flanigan served on the Center Board of Directors and chaired the board in 1990/91. Between 2006 and 2013, more than $2 million was raised from over 200 donors with gifts ranging from $5 to $1.3 million. The annual proceeds of this endowed fund support a staff member of the Center with expertise in philosophy and clinical ethics who is named the holder of the Rosemary Flanigan Chair.

John B. Francis Chair in Bioethics

During the year ended December 31, 2005, the John B. Francis Chair in Bioethics Fund was established with the Greater Kansas City Community Foundation by the Francis Family

Foundation for the benefit of the Center. The principal amount pledged to the Fund was $3,000,000, with the Center receiving annual distributions outlined by the terms of the agreement. The original agreement called for the Francis Family Foundation to have oversight responsibility of the fund for a period of 10 years after its inception. The transfer to the Center was scheduled to take place in June 2015. However, on the tenth anniversary date of the Fund, the Francis Family Foundation decided to retain control for at least an additional five years through December 31, 2020. At that time, the Foundation will consider transferring control to the Center.

A beneficial interest in the trust has been recognized in the Statement of Financial Position at the fair value of the underlying trust assets. Distributions and changes in fair value are recognized in the Statement of Activities.

NOTE 8 – BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

Board-designated funds include the Robert L. Biblo Fund and Memorial Fund. Robert L. Biblo was on the Center's Board of Directors until his death in 1994, and this fund was established at the Center in his honor. The Memorial Fund is funded by undesignated donations made in honor or memory of someone. Net assets were voluntarily segregated by the Center's Board for the following purposes as of December 31, 2019:

Robert L. Biblo Fund	$ 80,000
Memorial Fund	7,838
Total Board-Designated Net Assets	$ 87,838

NOTE 9 – LINE OF CREDIT

On September 17, 2016, the Center renewed a one year promissory note with Country Club Bank for a line of credit up to $300,000. The note has a variable interest rate based on the Wall Street Journal U.S. Prime Rate, with a minimum rate of 5%. The Center must make interest payments on any outstanding principal balance on a monthly basis. At December 31, 2019, the Center had borrowings of $195,000 on this line of credit, which has a maturity date of September 17, 2020. For the year ended December 31, 2019, the Center incurred interest expenses of $12,408 on the line of credit borrowings.

NOTE 10 – OPERATING LEASES

The Center leases its office space under operating leases. The Center's office lease expired January 31, 2017 and a new lease was signed extending the term through January 31, 2021. Rent expense related to this operating lease was $54,506 for the year ended December 31, 2019. Future minimum lease payments under the office lease are as follows:

Year Ending December 31,	Amount
2020	56,142
2021	4,690

NOTE 11 – MAJOR CONCENTRATIONS

The Center maintains its cash balances within two accounts at a financial institution in Kansas City, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. The Center has a repurchase agreement for balances in excess of insurance coverage. At December 31, 2019, the Center's cash balances were adequately secured.

The Center invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes could materially affect the amounts reported in the accompanying statements of financial position. The Board of Directors and management of the Center have established policies to provide prudent oversight of the investments.

NOTE 12 – ENDOWMENT

The Center's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by the accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has determined that, absent explicit donor stipulations to the contrary, the Uniform Prudent Management of Institutional Funds Act (2006) (UPMIFA) statutes as adopted in Kansas and Missouri allow the Center to appropriate for expenditure or to accumulate so much of an endowment fund as the Center determines is prudent for the uses, benefits, purposes and duration for which the endowment funds were established, and to make such determinations to appropriate or accumulate fund assets in good faith pursuant to investment and spending policies implemented in the context of the perpetual nature of an endowment which are designed to maintain the value of the fund over time and to permit annual expenditure amounts that are prudent, after considering the following factors: (1) the duration and preservation of the endowment fund; (2) the purposes of the Center and the fund; (3) general economic conditions; (4) the possible effect of inflation or deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Center; and (7) the investment and spending policy of the Center.

The Center considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Investment Return Objectives, Risk Parameters and Strategies

The Center has adopted investment and spending policies for the purpose of attempting to provide a reasonably predictable stream of funding to programs supported by endowment funds while also attempting to maintain the purchasing power of the Center's endowment assets over the long term. The Center shall seek an achievable return of 7% (net of investment fees) taking into account both capital appreciation (realized and unrealized) and current yield (interest and dividends) calculated as a moving three (3) year average of the fair market value of the funds.

Spending Policy

The Center has a policy of appropriating for distribution each year for programs and administration an amount up to but not to exceed 7% of a moving three (3) year average of the fair market value of the endowment funds determined quarterly. This is consistent with the Center's objectives to appropriate for expenditure or to accumulate so much of an endowment fund for the uses, benefits, purposes and duration for which the endowment funds were established.

Endowment net assets consist of $2,222,379 in Net Assets With Donor Restrictions, including $195,702 which is temporarily restricted and $2,026,677 which is perpetually restricted. During 2019, the Center decided to no longer consider the Kathleen M. Foley Fund in Pain in Palliative as a quasi-endowment. The "Endowment net assets, beginning of year" in the table below have been restated to remove $100,000 from Net Assets Without Donor Restrictions and $731,456 from Net Assets With Donor Restrictions – Temporary that were reflected in this Note in the prior year.

Changes in endowment net assets as of December 31, 2019 are as follows:

	Net Assets With Donor Restrictions		
	Temporary	Perpetual	Total
Endowment net assets, beginning of year	$ (45,570)	$ 2,026,677	$ 1,981,107
Contributions	-	-	-
Investment Income	46,331	-	46,331
Net Appreciation	340,786	-	340,786
Amounts appropriated for expenditure	(145,845)	-	(145,845)
Endowment net assets, end of year	$ 195,702	$ 2,026,677	$ 2,222,379

NOTE 13 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table reflects changes in receivables and deferred revenue (contract liabilities) arising from contracts with customers:

	Beginning Balance	Increases	Decreases	Ending Balance
Receivables	$ 5,136	$ 4,330	$ (5,136)	$ 4,330
Deferred Revenue	32,500	37,748	(32,500)	37,748

NOTE 14 – PRIOR YEAR SUMMARIZED 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated and noted no subsequent events through July 9, 2020, the date which the financial statements were available for issue.

In March 2020, the Center began to be impacted by the COVID-19 pandemic in the United States. The Center relies mainly on grants and contributions from the general public, and the adverse economic impact of the pandemic could lead to a decrease in giving to the Center. The Center's Annual Dinner fundraiser, which was scheduled for April 21, 2020, was canceled, however, the Center has not had to issue any refunds to individuals or organizations who had already paid to attend. The Center applied for and received funds under the Paycheck Protection Program of the CARES Act, which it does not expect to have to pay back. The organization's investments, endowments, and beneficial interest in perpetual trusts are invested in various equity and fixed income securities which are subject to market fluctuations. The initial nationwide concern regarding the pandemic caused a decline in the value of these investments which has since been recovered.