REPORT ON EXAMINATION
OF THE

CENTER FOR PRACTICAL BIOETHICS, INC.
KANSAS CITY, MISSOURI

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY

TABLE OF CONTENTS

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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, 2020, 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, 2020, 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. 2019 financial statements, and our report dated July 9, 2020, 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, 2019, 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 6, 2021

Exhibit A

Center For Practical Bioethics, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2020

Assets	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2020	Total 2019
CURRENT ASSETS				
Cash and Cash Equivalents	$ 435	$ 278,681	$ 279,116	$ 234,726
Investments (NOTE 4)	-	780,532	780,532	864,387
Accounts Receivable	145,280	-	145,280	38,143
Grants Receivable	4,500	500	5,000	105,160
Pledge Receivable (NOTE 3)	21,253	-	21,253	29,699
Prepaid Expenses	34,024	-	34,024	43,435
Inventory	8,699	-	8,699	14,609
Total Current Assets	$ 214,191	$ 1,059,713	$ 1,273,904	$ 1,330,159
PROPERTY AND EQUIPMENT				
Furniture, Computers and Equipment	$ 69,576	$ -	$ 69,576	$ 65,279
Leasehold Improvements	-	-	-	1,965
Accumulated Depreciation and Amortization	(64,770)	-	(64,770)	(64,855)
Total Property and Equipment	$ 4,806	$ -	$ 4,806	$ 2,389
OTHER ASSETS				
Investments - Endowment (NOTE 4)	$ -	$ 2,457,390	$ 2,457,390	$ 2,222,379
Pledges Receivable (NOTE 3)	1,475	-	1,475	30,231
Deferred Compensation	176,427	-	176,427	267,633
Beneficial Interest in Perpetual Trust (NOTE 7)	-	3,439,540	3,439,540	3,179,453
Total Other Assets	$ 177,902	$ 5,896,930	$ 6,074,832	$ 5,699,696
TOTAL ASSETS	$ 396,899	$ 6,956,643	$ 7,353,542	$ 7,032,244
Liabilities				
CURRENT LIABILITIES				
Accounts Payable	$ 25,913	$ -	$ 25,913	$ 31,326
Accrued Expenses	112,038	-	112,038	74,078
Deferred Revenue	43,701	-	43,701	69,648
Line of Credit	35,000	-	35,000	195,000
Total Current Liabilities	$ 216,652	$ -	$ 216,652	$ 370,052
LONG-TERM LIABILITIES				
457(b) Deferred Compensation Liability	$ 176,075	$ -	$ 176,075	$ 267,633
Total Liabilities	$ 392,727	$ -	$ 392,727	$ 637,685
Net Assets				
Net Assets Without Donor Restrictions:				
Undesignated	$ (83,666)	$ -	$ (83,666)	$ (155,501)
Board-Designated (NOTE 8)	87,838	-	87,838	87,838
Total Net Assets Without Donor Restrictions	$ 4,172	$ -	$ 4,172	$ (67,663)
Net Assets With Donor Restrictions: (NOTE 7)				
Net assets with temporary restrictions	$ -	$ 1,490,227	$ 1,490,227	$ 1,256,092
Net assets with perpetual restrictions	-	5,466,416	5,466,416	5,206,130
Total Net Assets With Donor Restrictions	$ -	$ 6,956,643	$ 6,956,643	$ 6,462,222
Total Net Assets	$ 4,172	$ 6,956,643	$ 6,960,815	$ 6,394,559
TOTAL LIABILITIES & NET ASSETS	$ 396,899	$ 6,956,643	$ 7,353,542	$ 7,032,244

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

Exhibit B

Center For Practical Bioethics, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Revenue	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2020	Total 2019
Contributions, grants, and other support	$ 459,797	$ 327,701	$ 787,498	$ 514,974
Fundraising	165,664	-	165,664	299,883
Earned Income	268,072	-	268,072	270,619
Membership Dues	40,000	-	40,000	79,700
Communications	18,886	-	18,886	21,267
Other Income	12,863	-	12,863	8,135
Net assets released from restrictions	463,529	(463,529)	-	-
Total Revenue	$ 1,428,811	$ (135,828)	$ 1,292,983	$ 1,194,578
Expenses				
Program expenses				
Education and Consulting	$ 1,049,488	$ -	$ 1,049,488	$ 1,075,018
Support services expenses				
Management and general	$ 140,781	$ -	$ 140,781	$ 192,881
Fundraising	196,886	-	196,886	238,818
Total support services expenses	$ 337,667	$ -	$ 337,667	$ 431,699
Total Expenses	$ 1,387,155	$ -	$ 1,387,155	$ 1,506,717
Change in Net Assets from Operations	$ 41,656	$ (135,828)	$ (94,172)	$ (312,139)
Other Revenue (Expense):				
Investment Return, net	$ 30,179	$ 370,162	$ 400,341	$ 571,112
Change in Value of Beneficial Interest	-	260,087	260,087	360,552
Total Other Revenue (Expenses)	$ 30,179	$ 630,249	$ 660,428	$ 931,664
Change in Net Assets	$ 71,835	$ 494,421	$ 566,256	$ 619,525
Net Assets, beginning of the year	(67,663)	6,462,222	6,394,559	5,775,034
Net Assets, end of year	$ 4,172	$ 6,956,643	$ 6,960,815	$ 6,394,559

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

Exhibit C

Center For Practical Bioethics, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services	Support Services		Total	
	Education and Consulting	Management and General	Fundraising	2020	2019
Personnel Expenses					
Salaries & Wages - Management	$ 148,874	$ 19,237	$ 57,422	$ 225,533	$ 270,481
Salaries & Wages - Other	381,490	60,412	41,734	483,636	421,279
Health Insurance	76,951	11,556	14,387	102,894	104,033
Payroll Taxes	44,815	6,730	8,379	59,924	57,713
Retirement Expense	12,491	2,451	2,937	17,879	14,858
Deferred Compensation Plan Expense	36,176	4,493	8,986	49,655	49,731
Health Reimbursement	1,458	219	273	1,950	1,950
Workers Compensation	1,625	244	304	2,173	4,387
Key-man Insurance	3,586	-	-	3,586	3,586
Payroll Processing Fees	1,084	163	203	1,450	1,654
Employee Development	395	-	-	395	-
Search Expense	-	-	-	-	420
Leave Benefit Expense	-	-	-	-	20,060
Other Employee Expense	5,000	-	-	5,000	-
Total Personnel Expenses	$ 713,945	$ 105,505	$ 134,625	$ 954,075	$ 950,152
Occupancy Expenses					
Rent	$ 41,986	$ 6,306	$ 7,850	$ 56,142	$ 54,506
Parking	51	8	9	68	309
Other Occupancy Expense	-	-	-	-	1,068
Insurance-Property & Casualty	3,706	556	693	4,955	4,413
Repairs & Maintenance	-	-	-	-	265
Total Occupancy Expenses	$ 45,743	$ 6,870	$ 8,552	$ 61,165	$ 60,561
Operating Expenses					
Consulting Fees	$ 197,176	$ 19,478	$ 23,590	$ 240,244	$ 205,543
Audit Fees	8,017	1,204	1,499	10,720	10,720
Professional/Filing Fees	4,574	679	846	6,099	8,851
Community Relations	1,500	-	-	1,500	1,500
Bank/Credit Card Charges	1,300	550	602	2,452	5,285
Office Expense & Supplies	1,617	179	431	2,227	2,518
Printing Expense	19,220	53	14,144	33,417	45,113
Books & Subscriptions	12,798	1,793	2,352	16,943	31,302
Dues & Memberships	844	160	80	1,084	1,205
Postage & Shipping Expense	1,942	136	2,577	4,655	5,030
Telephone Expense	3,835	568	708	5,111	7,263
Equipment Lease Expense	7,042	1,058	1,317	9,417	10,170
Equipment Maintenance	1,382	208	258	1,848	2,011
Equipment-Computer Expense	483	80	76	639	118
Insurance - D&O Liability	1,164	175	218	1,557	1,556
Insurance - Professional Liability	2,885	433	539	3,857	3,857
Conference/Meeting Expense	5,488	146	1,419	7,053	113,962
Travel Expense	2,191	13	213	2,417	21,691
Depreciation Expense	1,406	211	263	1,880	5,153
Interest Expense	5,999	901	1,121	8,021	12,408
Other Operating Expense	8,937	381	1,456	10,774	748
Total Operating Expenses	$ 289,800	$ 28,406	$ 53,709	$ 371,915	$ 496,004
Total Program and Support Expenses	$ 1,049,488	$ 140,781	$ 196,886	$ 1,387,155	$ 1,506,717

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, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 566,256	$ 619,525
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and Amortization	1,880	5,153
Net realized/unrealized (gains) losses on investments	(327,105)	(480,898)
Change in Value of Beneficial Interest	(260,087)	(360,552)
Changes in operating assets and liabilities:		
Accounts Receivable	(107,137)	13,177
Grants Receivable	100,160	105,360
Pledges Receivable	37,202	19,690
Prepaid Expenses	9,411	35,188
Inventory	5,910	(10,977)
Deferred Compensation	91,206	45,284
Accounts Payable	(5,413)	(13,636)
Accrued Expenses	37,960	(44,250)
Deferred Revenue	(25,947)	27,398
Accrued Deferred Compensation	(91,558)	(45,284)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 32,738	$ (84,822)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Computer Hardware and Software	$ (4,297)	$ -
Net (Purchases)/Maturities of Investments	175,949	206,696
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	$ 171,652	$ 206,696
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from/(Payments to) Line of Credit	$ (160,000)	$ (65,825)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$ (160,000)	$ (65,825)
NET INCREASE (DECREASE) IN CASH	$ 44,390	$ 56,049
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	234,726	178,677
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 279,116	$ 234,726
SUPPLEMENTAL DISCLOSURES:		
Cash Paid For Interest	$ 8,021	$ 12,408

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, 2020, 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 $1,525 was recognized as of December 31, 2020 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 $1,880 for the year ended December 31, 2020.

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 2017. During 2020, 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 2020, the Center incurred $9,739 of joint costs, of which $4,869 was allocated to program and $4,870 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 did not received any in-kind contributions during 2020.

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.

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 $35,000 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	$ 1,273,904
Less:	
Prepaid Expenses	(34,024)
Inventory	(8,699)
Current Financial Assets	$ 1,231,181
Less Those Unavailable for General Expenditures Within One Year:	
Restricted by donor with time or purpose restrictions	(1,059,713)
Board-designated funds	(87,838)
Financial assets available to meet cash needs for general expenditures within one year	$ 83,630

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, 2020 is expected as follows:

Due in less than one year	$21,253
Due in one to five years	3,000
Total Pledges Receivable	24,253
Less Discount to Present Value	(1,525)
Net Pledges Receivable	$22,728

NOTE 4 – INVESTMENTS

Investments consisted of the following as of December 31, 2020:

Money Market Funds	$ 92,694
Equities	2,248,348
Fixed Income Funds	896,880
Total Investments	$3,237,922
Investments	$ 780,532
Investments - Endowment	2,457,390
Total Investments	$3,237,922

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, 2020:

	Fair Value December 31	Level 1	Level 2	Level 3
Assets:				
Investments				
Money Market Funds	$ 92,694	$ -	$ 92,694	$ -
Equities	2,248,348	2,248,348	-	-
Fixed Income Funds	896,880	896,880	-	-
Total Investments	$ 3,237,922	$ 3,145,228	$ 92,694	$ -
Beneficial Interest in Trust	$ 3,439,540	$ -	$ -	$ 3,439,540
Deferred Compensation				
Money Market Funds	$ 9,656	$ -	$ 9,656	$ -
Equities	151,161	151,161	-	-
Fixed Income Funds	7,758	7,758	-	-
Total Deferred Compensation	$ 168,575	$ 158,919	$ 9,656	$ -
Liabilities:				
Deferred Compensation				
Money Market Funds	$ 9,656	$ -	$ 9,656	$ -
Equities	151,161	151,161	-	-
Fixed Income Funds	7,758	7,758	-	-
Total Deferred Compensation	$ 168,575	$ 158,919	$ 9,656	$ -

The asset and liability for Deferred Compensation on the Statement of Financial Position of $176,427 includes $7,500 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, 2020:

	Beneficial Interest in Perpetual Trust
Balance at December 31, 2019	$ 3,179,453
Investment return, net	409,749
Distributions	(149,662)
Balance at December 31, 2020	$ 3,439,540

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, 2020 was $17,880.

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, 2020 was $49,655.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were restricted for the following purposes as of December 31, 2020:

Subject to expenditure for specified purpose:		
Francis Family Foundation - Operating Reserve	$	50,000
Francis Endowed Chair		62,341
Advanced Care Planning for African Americans		13,840
Arts and Bioethics		500
Ethical AI		152,500
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Kathleen M. Foley Chair in Pain and Palliative Care		780,532
Subject to Center spending policy and appropriation:		
Rosemary Flanigan Chair in Clinical Ethics		2,457,390
Not subject to spending policy or appropriation:		
Beneficial Interest in John B. Francis Fund		3,439,540
Total Net Assets With Donor Restrictions	$	6,956,643

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, 2020:

Satisfaction of purpose restrictions:		
Advanced Care Planning for African Americans	$	219,497
Arts and Bioethics		3,000
Ethical.AI		25,500
Restricted-purpose spending rate distributions and appropriations:		
Rosemary Flanigan Chair in Clinical Ethics		128,211
John B. Francis Fund		87,321
Total Net Assets Released From Restrictions	$	463,529

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, the Francis Family Foundation decided to retain control for at least an additional five years through December 31, 2020. The Foundation reported in May 2021 that transfer authority will be delayed until such time that the current holder of the chair has retained the position for two years. In mid-2021 the Center and Foundation will formally acknowledge this extension and agree to any subsequent amendment or language regarding the timing of the transfer. The current chair was appointed effective September 1, 2020.

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, 2020:

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, 2020, the Center had borrowings of $35,000 on this line of credit, which has a maturity date of September 17, 2020. For the year ended December 31, 2020, the Center incurred interest expenses of $8,021 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. In September 2020, the Center signed an agreement extending the lease through January 31, 2024. Rent expense related to this operating lease was $56,142 for the year ended December 31, 2020. Future minimum lease payments under the office lease are as follows:

Year Ending December 31,	Amount
2021	53,879
2022	55,161
2023	56,796
2024	4,744

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, 2020, 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 $2,457,390 in Net Assets With Donor Restrictions, including $430,514 which is temporarily restricted and $2,026,876 which is perpetually restricted.

Changes in endowment net assets as of December 31, 2020 are as follows:

	Net Assets With Donor Restrictions		
	Temporary	Perpetual	Total
Endowment net assets, beginning of year	$ 195,702	$ 2,026,677	$ 2,222,379
Contributions	-	199	199
Investment Income	40,890	-	40,890
Net Appreciation	322,133	-	322,133
Amounts appropriated for expenditure	(128,211)	-	(128,211)
Endowment net assets, end of year	$ 430,514	$ 2,026,876	$ 2,457,390

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	$ 4,330	$ 66,726	$ (4,300)	$ 66,756
Deferred Revenue	37,748	40,000	(37,748)	40,000

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, 2019, from which the summarized information was derived.

NOTE 15 – PAYCHECK PROTECTION PROGRAM LOAN

The Center was granted a $153,300 Paycheck Protection Program loan in April 2020. The loan was initially recorded as a deferred revenue and subsequently recognized as a contribution in accordance with the guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Center received forgiveness of the loan on November 16, 2020.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated and noted no subsequent events through July 6, 2021, the date which the financial statements were available for issue.