Center for Practical Bioethics Board of Directors September 14, 2022 7:30 AM

Location: In-person or Zoom Conferencing

In-Person: 9th Floor, Shalton Conference Room, Polsinelli PC, 900 W. 48th Place, KC, MO 64112 **By Computer:** https://us02web.zoom.us/j/9528298699 Preferred for document screen sharing.

By Phone: 1 669 900 6833 or 1 646 558 8656

Meeting ID: 952 829 8699

AGENDA (Attachment 1)

I. Call to Order Eva Karp, Chair

II. Approval of July 13, 2022 Board Meeting Minutes (Attachment 2)

III. Committee Reports

A. Finance Committee Report

Tresia Franklin, Treasurer

- 1. Financial Statements 07.31.22 YTD
 - a. Statement of Condition Summary (Attachment 3)
 b. Statement of Activities Summary (Attachment 4)
 c. Headlines for YTD Performance (Attachment 5)
- 2. Filing of the 2021 Audit and 990 (Attachments 6 & 7) Richard Jungck, Chair &

Matt Brickey, Auditor

- B. Resource Development Report
 - Legacy Giving
 - 2. Board Giving
 - 3. Year-End Campaign
 - 4. Art of the Wish 2.0 Epsten Gallery September Opening
- C. Governance Committee Report

Steve Salanski, Chair & John Carney

Alan Edelman, Chair & Cindy Leyland

- 1. Nominations for Board and Board Officers
 - a. Three Open Board Positions
 - b. Audit Committee Chair Nominee
 - c. Open Officer Positions
- 2. Strategic Planning 2023 Retreat
 - a. Finalize Board Self-Evaluation Instrument and Process (please complete survey)
 - b. Strategic Thinking Document
 - c. Future Impact of DEI

IV. Chair and President Reports

Eva Karp & John Carney

- A. President
 - 1. Berkley Symposium Rescheduling for November Event at Epsten Gallery
 - 2. Update on Programs
- B. Chair
 - 1. SCOTUS Statement
 - 2. Update on CEO Position

Eva Karp, Chair & Steve Salanski, Vice Chair

V. Adjourn

Upcoming Events

Fall Caring Conversations® Workshops – https://www.practicalbioethics.org/events/caring-conversations-webinars-fall-2022/
Board and Staff Retreat – Friday, January 27 at 12 noon CDT and Saturday, January 28 at 8 am CDT, location TBD

Next Board Meeting: November 9, 2022

Board Book Link



BOARD MEETING of the Board of Directors

July 13, 2022 – 7:30 am Location: Zoom Conference & Polsinelli PC

Item	Key Points	Discussion	Action
I. Call to Order at AM	,	Eva Karp, Chair	
II. Approval of Minutes of 05.11.2022 Board Meeting	Meeting minutes approval		Meeting minutes approved as submitted.
III. Committee Reports A. Finance Committee Report 1. Financial Statements – 05.31.22 YTD a. Statement of Condition b. Statement of Activities c. Headlines for YTD Performance 2. Audit Committee Update	Finance Committee Treasurer, Tresia Franklin, reported	Tresia Franklin presented the financial statements and summarized operations through end of May. Market performance impacting assets. Operating results from Annual Event short of budget. Shortfall to persist with additional funding efforts (i.e., grants, pledges) thru remainder of year.	Financial statements received and filed.
 B. Resource Development Report 1. Art of the Wish Annual Event Report 2. Legacy Giving 3. Board Member Visits 	Resource Development Committee Chair, Alan Edelman, reported	Art of the Wish was a success in many ways. Staff and Board will work to address donations needed to balance budget in coming months.	Resource Development report received and acknowledged.
C. Governance Committee Report 1. Review Governance Committee Roles and Responsibilities 2. Board Nomination and Officers Election Process a. Currently four vacancies to fill in 2023 b. Recruitment Process and Skills Matrix c. Class of 2022 Eligible for Reappointment i. Abiodun Akinwuntan (2017) — 3rd full term ii. Ed O'Connor (1 year expiring) iii. Steve Salanski (2017) — 3rd full term iv. Mark Thompson (2020) — 2nd full v. Officers d. Board Evaluation Questionnaire and Survey for 2022 e. Strategic Thinking and Planning f. Calendar - Board and Staff Retreat on January 27 and 28, 2023	Governance Committee Chair, Steve Salanski, reported		Governance Committee report received and acknowledged.
IV. Chair and President Reports A. Chair Report 1. Update on Executive Search activities B. President's Report	Search is progressing per timeline.	S. Salanski updated the Board on the efforts and timeline of EFL Associates toward selecting a new President and CEO.	

Attachment 2, Page 2 of 3

Item	Key Points	Discussion	Action
1. Discussion on position related to SCOTUS overturning Roe v Wade a. Board email of 5.22.2022 – Leaked SCOTUS memo b. CPB Statement – Proposed – SCOTUS Ruling June 2022 c. ABPD Statement on SCOTUS Dobbs ruling 2. Discussion on Native American land acknowledgment	CPB will draft a statement emphasizing thoughtful consideration of the ethical dilemmas faced by providers and potential consequences, followed by a special meeting of the Board for review.	The landscape changes daily, with increasing moral distress on behalf of providers and potential harms to women. Accepted standard of care developed over last half century is now at risk. Any statement by CPB needs to be broad, steering clear of specifics and address ethical concerns. J Carney asked for board approval for drafting of statement. Carney to take lead on writing and will ask board members to review before publishing. Statement to emphasize respectful considerations of personal differences and ethical dilemmas faced by affected persons and providers and potential consequences. JCarney reviewed the proposed Native	Moton by D Gallagher to adopt statement, 2 nd by A Edelman. Motion passed with one abstention (R. Flores). To be reconsidered by board at later date.
3. Flanigan Lecture update (Registrations: 81 virtual: 10 in person)		American Land acknowledgment. Board members encouraged to register for	de later date.
(Registrations: 81 virtual; 19 in-person) V. Adjourn		the Flanigan Lecture. 9:00 AM	Adjourned.



BOARD MEETING of the Board of Directors July 13, 2022 – 7:30 am

Location: Zoom Conferencing & Polsinelli PC

Attendance Roster

Abiodun Akinwuntan	Absent (excused – travel)
Norberto (Rob) Ayala-Flores	Online
Mary Beth Blake	In person
Karen Bullock	Online
Darrin D'Agostino	Online
Alan Edelman	In person
Sukumar Ethirajan	Online
Tresia Franklin	In person
Diane Gallagher	Online

Eva Karp - Chair	Present
Jane Lombard	Online
Maggie Neustadt	Online (left early)
Stephen Salanski	In person
Sandra Stites	In person
Tangula Taylor	Unable to attend
Mark R. Thompson	In person
John Carney – President	In person
Cindy Leyland – Vice President	Present (remote)

Center for Practical Bioethics, Inc. Preliminary Unaudited Combining Statement of Condition as of July 31, 2022

Line#		Funds Without Donor Restrictions 2022	Funds With Donor Restrictions 2022	TOTAL - July 2022	Statement of Condition - July 2021
\vdash	Assets				
3	Total Cash & Cash Equivalents	(245,064)	281,783	36,719	40,655
8	Total Accounts Receivable	201,516	41,050	242,566	· · · · · · · · · · · · · · · · · · ·
13	Total Pledges and Grants Receivable	53,265	37,020	90,285	· · · · · · · · · · · · · · · · · · ·
16	Total Short-term Investments	219,661	667,820	887,481	1,127,716
19	Total Prepaid Expenses	14,580	-	14,580	
22	Total Other Current Assets	11,753	-	11,753	
23	Total Current Assets	255,710	1,027,673	1,283,384	1,347,669
	Long-term Assets				
28	Total Property & Equipment	26,901	_	26,901	5,370
33	Total Long-term Investments		5,292,705	5,292,705	
36	Total Other Long-term Assets	222,921	-	222,921	203,573
37	Total Long-term Assets	249,822	5,292,705	5,542,528	6,195,014
	Total Assets	505,533	6,320,379	6,825,911	7,542,683
	Liabilities Short-term Liabilities				
43	Total Accounts Payable	106,633		106,633	68,514
46	Total Deferred Revenue	131,505	-	131,505	· · · · · · · · · · · · · · · · · · ·
52	Total Other Short-term Liabilities	88,505	-	88,505	107,621
53	Total Short-term Liabilities	326,643		326,643	254,452
		020,010		020,010	201,102
	Long-term Liabilities				
57	Total Notes Payable	-	-		
60	Total Long-term Liabilities	222,553	-	222,553	203,214
61	Total Long-term Liabilities	222,553	-	222,553	203,214
	Total Liabilities	549,195	_	549,195	457,666
	Net Assets Beginning Net Assets Net Assets				
62	Permanently Restricted Funds	-	5,693,395	5,693,395	5,466,417
63	Temporarily Restricted Funds	-	1,921,510	1,921,510	1,490,227
64	Unrestricted Funds	65,617	-	65,617	4,172
65	Total Net Assets	65,617	7,614,905	7,680,523	6,960,815
66	Total Beginning Net Assets	65,617	7,614,905	7,680,523	6,960,815
67	Current YTD Net Income	(109,280)	(1,294,527)	(1,403,807)	124,202
68	Total Net Assets	(43,663)	6,320,379	6,276,716	7,085,017
69	Total Liabilities and Net Assets	505,533	6,320,379	6,825,911	7,542,683
		·			

Center for Bioethics, Inc. Preliminary Unaudited Statement of Activities For the Seven Months Ended July 31, 2022

А В	c 2022 Budget		D ACTUAL 1.1.22 thru 7.31.22	E Budget 1.1.22 thru 7.31.2:		F Actual vs. avorable/(U <u>Dollars</u>		н Notes 2022 Budget vs. Actual Variance	ACTUAL 1.1.21 thru 7.31.2		J Variance <u>Dollars</u>	κ Variance Percentage	ւ updated Notes 2022 Actual vs. 2021 Actual
Revenues	<u> </u>							<u> </u>					
Program/Grant funds released from 1 Restrictions	\$ 248,3	347 \$	\$ 145,082	\$ 145,08	2 \$	-		rant funds released were for AI grants (\$96.3k), Francis hair grant (\$48.3k) and Art of the Wish (\$.5k)		103,090 \$	41,992		Grant funds released were for AI (\$89.3) and Advance Care Planning in African American Communities (\$13.8)
Endowment Income													
2 Francis Endowment Income	\$ 161,1	155	\$ 93,174	\$ 93,10	1 \$	73	0.08% 2	022-23 draw is slightly higher than projected	\$	87,451	5,723	6.54%	
3 Foley Investment Account Income	99,0	000	60,000	60,00	0	_	0.00% E	raw is related to CEO Search		-	60,000	N/A	No draw in 2021
4 Flanigan Endowment Income	147,2		85,882	85,88		0	0.00% 2	022 draw is 6%.		77,710	8,172	10.52%	
5 Total Endowment Income	\$ 407,3	381	\$ 239,056	\$ 238,98	3 \$	73	0.03%		\$	165,161 \$	73,895	44.74%	•
Earned Income													
6 Earned Income	\$ 217,5	500	\$ 127,817	\$ 125,95	8 \$	1,859	1.48% C II K	ctual primarily includes: KCU, CARE (Evergy and Hallmark), enter for Applied Social Research (OU), and KU Hospital. cludes Advent Health, KU Med, Liberty, Mosaic, North ansas City, Midwest Transplant, Salina Regional, Stormont all, St. Luke's, Truman and VNA. Ethics Plus revenue is	\$	138,881	(11,064)		Actual primarily includes: KCU, CARE, KU Hospital and Francis Chair.
6a Provider Ethics Services	\$ 206.6	325	113.352	110.17	3	3,179		so included.		81,605	31.747	38.90%	Conversion to Ethics Services began in 2020.
7 Honoraria & Fees	5,0		1,750	2,50		(750)	-30.00%			375	1,375	N/A	
11 Total Earned Income	\$ 429.1	125 \$	\$ 242,919	\$ 238,63	1 \$	4,288	1.80%		\$	220,861 \$	22,058	9.99%	•
Development	Ψ 420,1	120 (Ψ 242,010	ψ 200,00	. ψ	4,200	1.0070			220,001 ψ	22,000	0.0070	-
<u>Development</u>													
12 Donations	\$ 290,0	000	\$ 21.695	\$ 40,00	0 \$	(18,305)	-45.76%		\$	41,320	(19,625)	-47.50%	American Century Unrestricted Grant received earlier in 2021.
12a Leadership Fund	-	-	-	-		-	N/A				-	N/A	•
12b Major Gifts Campaign	-	-	-	-		-	N/A			-	-	N/A	
Payroll Protection Funds	-	-	-	-		-	N/A			158,817	(158,817)		No PPP funds in 2022
13 Membership-Institutional	15,0		-	-		-	N/A			-	-	N/A	
14 Membership-Individual	1,5		225	87	-	(650)	-74.29%			70	155	221.43%	
15 Total Development Revenues	\$ 306,5	500 \$	\$ 21,920	\$ 40,87	5 \$	(18,955)	-46.37%		\$	200,207 \$	(178,287)	-89.05%	-
Special Event Fundraising													
16 Annual Event17 Other Special Events	\$ 315,0	000 -	\$ 173,280 -	\$ 315,00	0 \$	(141,720)	-44.99% <i>A</i> N/A	nnual Event was held on May 12.	\$	233,757	(60,477)	-25.87% N/A	2021 Event held in February.
18 Total Fundraising	\$ 315,0	000	\$ 173,280	\$ 315,00	0 \$	(141,720)	-44.99%		\$	233,757 \$	(60,477)	-25.87%	
19 Total Communications Revenues	\$ 15,0	000	\$ 7,964	\$ 8,75	0 \$	(786)	-8.98%		\$	9,282 \$	(1,318)	-14.19%	
Other Income													
20 Other Revenue/Reimbursements	\$ 3,0	000	\$ 1,577	\$ 1,55	0 \$	27	1.73%		\$	985	592	60.13%	
21 Interest Income		100	75	5		17	29.26%			97	(22)	-22.23%	
22 Miscellaneous Income		500	240	15		86	56.19%			207	33	15.92%	
23 Total Other Income		300	* .,			130	7.39%		\$	1,289	604	46.83%	
25 Total Revenues	\$ 1,724,9	953	\$ 832,113	\$ 989,08	3 \$	(156,969)	-15.87%		\$	933,646 \$	(101,533)	-10.87%	-
Expenses													
39 Total Salaries, Benefits, Other Staff Costs	\$ 1,225,4					12,402		57(b) performance offset by Search Expense	\$	563,143 \$	122,230		Additional program staff and CEO search expense in 2022
44 Total Occupancy Expenses	56,7	19	32,769	33,05	O	287	0.87%			32,174	595	1.85%	2024 includes connect for Al great Associations
51 Total Professional-Contract Service Fees	180,1	156	104,125	97,28	8	(6,837)	-7 03% A	dditional payroll and website maintenance fees		195,322	(91,197)		2021 includes support for Al grant, Annual Event, and additional IT and marketing support
55 Total Supplies	100,1		6,642	7,22		583	8.07%	aditional payron and woodite maintenance rees		1,055	5,587	11474.24%	assissing in and maintaing support
56 Telephone	6,6		3,944	3,82		(115)	-3.01%			2,792	1,152	41.26%	
61 Total Postage & Shipping	6,4		2,513	2,96	0	447	15.12%			1,537	976	-32.54%	
66 Total Equipment & Maintenance	11,5		7,578	6,81		(767)		cludes final Konica Minolta copier payment		6,426	1,152	-68.81%	
73 Total Printing & Promotions	37,1		30,591	29,36		(1,231)	-4.19%			37,302	(6,712)		2021 Annual Event includes \$7k of in-kind expenses
81 Total Travel & Transportation	17,5	0/0	832	11,87	U	11,038		udget related to CEO Search 022 Annual Event expenses lower than anticipated and		1,285	(453)	N/A	
90 Total Conferences, Conventions & Mtgs	90,8	375	12.092	39.35	0	27,258		nspent 2021 Ethical AI meeting funds released.		23,584	(11,493)	-48.73%	
94 Total Memberships & Subscriptions	19,7		11,707	11,75		49	0.42%	•		11,494	213	1.85%	
101 Total Insurance	17,0		9,892	9,89		0	0.00%			9,896	(4)	-6.48%	
105 Total Interest Expense		-	-	-	_	-	N/A			225	(225)	-100.00%	0004 installed DTO
110 Total Misc Operating Expenses	23,5		8,129	8,44		313	3.71%			20,942	(12,813)		2021 includes PTO carrover
112 Total Operating Expenses	\$ 1,703,0 \$ 21.8						4.53% 385.30%		\$	907,177 \$	9,008	0.99%	
113 Net of Operating Revenue (Expense)	\$ 21,8	395				(113,541)			\$	26,469 \$		131.48%	•
120 Total Other Income (Expense)		-	(25,207)		\$	(25,207)	N/A			14,919	(40,091)	N/A	
121 Net of Revenue (Expense)	\$ 21,8	395	\$ (109,280)	\$ 29,46	ช \$	(138,748)	126.97%		\$	41,388 \$	(150,668)	137.87%	

HEADLINES FOR JULY 2022 FINANCIAL PERFORMANCE

REVENUE

Through the month of July, actual revenue is \$832,113, which is unfavorable to budget by approximately (\$157k). The main variances to budget are in the following categories:

- Earned Income (primarily Contract and Ethics Services) Revenue of \$242.9k, which is ahead of budget by approximately \$4.3k.
- Development (primarily Donations) Revenue of \$21.9k, which is behind our July target by approximately (\$19k).
- Annual Event Revenue of \$173.3k, which is behind budget by approximately (\$141.7k).

EXPENSES

Total actual operating expenses through July are \$916,186, which is favorable to budget overall by \$43.4k. The primary variances to budget are in the following categories:

- Salaries and Benefits \$12.4k positive variance overall. This variance is primarily due to the positive variance in the 457(b) account due to performance, offset by the overage in the CEO Search expense. The CEO Search Budget is \$60k overall, with \$50k budgeted in the Search Expense category and \$10k budgeted in Other Travel. There is a corresponding positive variance of \$11k in the Other Travel category due to the CEO Search.
- Professional-Contract Services Unfavorable variance of (\$6.8k) primarily due to additional payroll fees and website maintenance fees.
- Conferences, Conventions and Meetings \$27.2k positive variance overall. This variance is primarily due to lower expenses than anticipated for the Annual Event and 2021 Ethical AI stipend funds which were unspent and released.

OPERATIONS THROUGH JULY 2022

Net unrestricted operating revenue over expenditures for July is (\$84,073). Combined with the other investment income primarily related to the Center's 457(b) plan, our net operating revenue over expenditures is (\$109,280).

We had anticipated having net unrestricted revenue of \$29.5k through July, so we are about (\$138.7k) behind our plan. At this time last year, the Center had net unrestricted operating revenue of \$41.4k, so we are about (\$150.6k) behind where we were at the end of July 2021.

All results are stated as of July 31, 2022 with the exception of the Francis Family Endowment Beneficial Interest, which is stated as of June 30, 2022.

REPORT ON EXAMINATION OF THE

CENTER FOR PRACTICAL BIOETHICS, INC. KANSAS CITY, MISSOURI

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021



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FINANCIAL STATEMENTS		
Statement of Financial Position	A	3
Statement of Activities	В	4
Statement of Functional Expenses	С	5
Statement of Cash Flows	D	6
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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.

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center for Practical Bioethics, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 in error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Center for Practical Bioethics, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center for Practical Bioethics, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Center for Practical Bioethics, Inc. 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McBride, Lock & Associates, LLC Kansas City, Missouri June 17, 2022

Center For Practical Bioethics, Inc. STATEMENT OF FINANCIAL POSITION December 31, 2021

	Net Assets Net Assets Without Donor With Donor		Total					
Assets		estrictions	Restrictions			2021	Jui	2020
CURRENT ASSETS								
Cash and Cash Equivalents	\$	114,341	\$	289,837	\$	404,178	\$	279,116
Investments (NOTE 4)	Ψ	114,541	Ψ	888,684	Ψ	888,684	Ψ	780,532
Accounts Receivable		62,471		2,500		64,971		145,280
Grants Receivable		9,500		83,347		92,847		5,000
Pledge Receivable (NOTE 3)		20,327		2,500		22,827		21,253
Prepaid Expenses		38,661		2,500		38,661		34,024
Inventory		6,481		_		6,481		8,699
Total Current Assets	\$	251,781	\$	1,266,868	\$	1,518,649	\$	1,273,904
				, ,		,,		, ,
PROPERTY AND EQUIPMENT	Ф	02.015	e.		Ф	02.015	ď.	(0.57(
Furniture, Computers and Equipment	\$	83,015	\$	-	\$	83,015	\$	69,576
Accumulated Depreciation and Amortization		(48,585)			_	(48,585)		(64,770)
Total Property and Equipment	\$	34,430	\$		\$	34,430	\$	4,806
OTHER ASSETS								
Investments - Endowment (NOTE 4)	\$	_	\$	2,681,518	\$	2,681,518	\$	2,457,390
Pledges Receivable (NOTE 3)		701		-		701		1,475
Deferred Compensation		227,543		_		227,543		176,427
Beneficial Interest in Perpetual Trust (NOTE 7)		<u> </u>		3,666,519	_	3,666,519		3,439,540
Total Other Assets	\$	228,244	\$	6,348,037	\$	6,576,281	\$	6,074,832
TOTAL ASSETS	\$	514,455	\$	7,614,905	\$	8,129,360	\$	7,353,542
Liabilities								
CURRENT LIABILITIES								
Accounts Payable	\$	42,744	\$	_	\$	42,744	\$	25,913
Accrued Expenses		110,744		_		110,744		112,038
Deferred Revenue		69,456		_		69,456		43,701
Line of Credit		_		_		_		35,000
Total Current Liabilities	\$	222,944	\$	-	\$	222,944	\$	216,652
LONG TERM LIABILITIES								
LONG-TERM LIABILITIES	¢	227 179	¢.		¢	227 179	¢	176 075
457(b) Deferred Compensation Liability	\$	227,178	\$		_\$	227,178	\$	176,075
Total Liabilities	\$	450,122	\$		\$	450,122	\$	392,727
Total Elabilities	Φ	430,122	Φ		Ψ	430,122	φ	392,121
Net Assets								
Net Assets Without Donor Restrictions:								
Undesignated	\$	(23,505)	\$	_	\$	(23,505)	\$	(83,666)
Board-Designated (NOTE 8)		87,838		_		87,838		87,838
Total Net Assets Without Donor Restrictions	\$	64,333	\$	-	\$	64,333	\$	4,172
Net Assets With Donor Restrictions: (NOTE 7)								
Net assets with temporary restrictions	\$	_	\$	1,921,510	\$	1,921,510	\$	1,490,227
Net assets with perpetual restrictions	~	_	*	5,693,395	~	5,693,395	-	5,466,416
Total Net Assets With Donor Restrictions	\$	-	\$	7,614,905	\$	7,614,905	\$	6,956,643
Total Net Assets	\$	64,333	\$	7,614,905	\$	7,679,238	\$	6,960,815
		•			_	<u> </u>		
TOTAL LIABILITIES & NET ASSETS	\$	514,455	\$	7,614,905	\$	8,129,360	\$	7,353,542

Center For Practical Bioethics, Inc. STATEMENT OF ACTIVITIES For the Year Ended December 31, 2021

		Net Assets thout Donor		Net Assets Vith Donor	To	otal		
Revenue	Restrictions		R	Restrictions	2021		2020	
Contributions, grants, and other support Fundraising	\$	426,239 233,757	\$	437,293	\$ 863,532 233,757	\$	787,498 165,664	
Earned Income		391,647		_	391,647		268,072	
Membership Dues		15,285		-	15,285		40,000	
Communications		13,549		-	13,549		18,886	
Other Income		3,513		-	3,513		12,863	
Net assets released from restrictions		471,507		(471,507)	_			
Total Revenue	\$	1,555,497	\$	(34,214)	\$ 1,521,283	\$	1,292,983	
Expenses								
Program expenses								
Education and Consulting	\$	1,066,554	\$	-	\$ 1,066,554	\$	1,049,488	
Support services expenses								
Management and general	\$	271,852	\$	_	\$ 271,852	\$	140,781	
Fundraising		176,534		-	176,534		196,886	
Total support services expenses	\$	448,386	\$	-	\$ 448,386	\$	337,667	
Total Expenses	\$	1,514,940	\$	_	\$ 1,514,940	\$	1,387,155	
Change in Net Assets from Operations	\$	40,557	\$	(34,214)	\$ 6,343	\$	(94,172)	
Other Revenue (Expense):								
Investment Return, net	\$	19,604	\$	465,498	\$ 485,102	\$	400,341	
Change in Value of Beneficial Interest		-		226,978	226,978		260,087	
Total Other Revenue (Expenses)	\$	19,604	\$	692,476	\$ 712,080	\$	660,428	
Change in Net Assets	\$	60,161	\$	658,262	\$ 718,423	\$	566,256	
Net Assets, beginning of the year		4,172		6,956,643	6,960,815		6,394,559	
Net Assets, end of year	\$	64,333	\$	7,614,905	\$ 7,679,238	\$	6,960,815	

Center For Practical Bioethics, Inc. STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2021

		gram Services	Support Services							
	Education and		Management				Total			
Personnel Expenses		Consulting	and General		Fu	ndraising	2021		_	2020
Salaries & Wages - Management	\$	65,399	\$	52,319	\$	13,080	\$	130,798	\$	225,533
Salaries & Wages - Other		470,747		100,318		56,984		628,049		483,636
Health Insurance		59,640		20,420		13,747		93,807		102,894
Payroll Taxes		42,057		11,973		5,496		59,526		59,924
Retirement Expense		12,007		4,427		2,102		18,536		17,879
Deferred Compensation Plan Expense		23,189		18,551		4,638		46,378		49,655
Health Reimbursement		333		1,559		45		1,937		1,950
Workers Compensation		1,655		471		216		2,342		2,173
Key-man Insurance		3,586		-		-		3,586		3,586
Payroll Processing Fees		1,583		450		207		2,240		1,450
Employee Development		-		-		-		-		395
Other Employee Expense		15,000		-		-		15,000	_	5,000
Total Personnel Expenses	\$	695,196	\$	210,488	\$	96,515	\$1	,002,199	\$	954,075
Occupancy Expenses										
Rent	\$	38,071	\$	10,839	\$	4,975	\$	53,885	\$	56,142
Parking		76	•	21	•	10	·	107	·	68
Other Occupancy Expense		754		215		99		1,068		_
Insurance-Property & Casualty		3,558		1.013		465		5,036		4,955
Repairs & Maintenance		22		6		3		31		, -
Total Occupancy Expenses	\$	42,481	\$	12,094	\$	5,552	\$	60,127	\$	61,165
Total Occupancy Expenses	φ	72,701	φ	12,094	Φ	3,332	Φ	00,127	φ	01,103
Operating Expenses										
Consulting Fees	\$	206,567	\$	32,505	\$	21,993	\$	261,065	\$	240,244
Audit Fees		7,772		2,212		1,016		11,000		10,720
Professional/Filing Fees		4,961		1,020		650		6,631		6,099
Community Relations		500		-		-		500		1,500
Bank/Credit Card Charges		2,443		350		1,247		4,040		2,452
Office Expense & Supplies		1,734		318		588		2,640		2,227
Printing Expense		18,721		860		26,498		46,079		33,417
Books & Subscriptions		12,329		3,114		1,905		17,348		16,943
Dues & Memberships		1,145		80		99		1,324		1,084
Postage & Shipping Expense		1,297		163		1,586		3,046		4,655
Telephone Expense		4,290		1,120		565		5,975		5,111
Equipment Lease Expense		6,291		1,791		822		8,904		9,417
Equipment Maintenance		880		251		115		1,246		1,848
Equipment-Computer Expense		210		180		-		390		639
Insurance - D&O Liability		1,105		315		144		1,564		1,557
Insurance - Professional Liability		2,724		776		357		3,857		3,857
Conference/Meeting Expense		32,230		31		11,745		44,006		7,053
Travel Expense		1,602		73		62		1,737		2,417
Depreciation Expense		3,683		750		344		4,777		1,880
Interest Expense		1,041		45		21		1,107		8,021
Other Operating Expense		17,351		3,317		4,710		25,378	_	10,774
Total Operating Expenses	\$	328,876	\$	49,271	\$	74,467	\$	452,614	\$	371,915
Total Program and Support Expenses	\$	1,066,553	\$	271,853	\$	176,534	\$1	,514,940	\$1	,387,155

Center For Practical Bioethics, Inc. STATEMENT OF CASH FLOWS For the Year Ended December 31, 2021

	2021		2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$	718,423	\$ 566,256
Adjustments to reconcile change in net assets to net cash			
provided by (used in) operating activities:			
Depreciation and Amortization		4,777	1,880
Net realized/unrealized (gains) losses on investments		(430,429)	(327,105)
Change in Value of Beneficial Interest		(226,979)	(260,087)
Changes in operating assets and liabilities:			
Accounts Receivable		80,309	(107,137)
Grants Receivable		(87,847)	100,160
Pledges Receivable		(800)	37,202
Prepaid Expenses		(4,637)	9,411
Inventory		2,218	5,910
Deferred Compensation		(51,116)	91,206
Accounts Payable		16,831	(5,413)
Accrued Expenses		(1,294)	37,960
Deferred Revenue		25,755	(25,947)
Accrued Deferred Compensation		51,103	(91,558)
NET CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES	\$	96,314	\$ 32,738
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Computer Hardware and Software	\$	(34,401)	\$ (4,297)
Net (Purchases)/Maturities of Investments		98,149	175,949
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	\$	63,748	\$ 171,652
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings from/(Payments to) Line of Credit	\$	(35,000)	\$ (160,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$	(35,000)	\$ (160,000)
NET INCREASE (DECREASE) IN CASH	\$	125,062	\$ 44,390
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		279,116	234,726
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	404,178	\$ 279,116
SUPPLEMENTAL DISCLOSURES:			
Cash Paid For Interest	\$	225	\$ 8,021

CENTER FOR PRACTICAL BIOETHICS, INC. NOTES TO THE FINANCIAL STATEMENTS December 31, 2021

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, 2021, 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 Event 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 and Transportable Physician Orders for Patient Preferences (TPOPP/POLST) 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 \$299 was recognized as of December 31, 2021 based on the present value of the long-term pledges receivable.

<u>Inventories</u>

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 \$4,777 for the year ended December 31, 2021.

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 2018. During 2021, 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 Event and newsletters and other mailings that are considered to be both programmatic and fundraising in nature. Costs related to the Annual Event 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 2021, the Center incurred \$31,799 of joint costs, of which \$15,900 was allocated to program and \$15,899 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 \$27,872 of in-kind contributions during 2021 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

In February 2016, the FASB issued ASU 2016-02, *Leases*. This guidance requires the rights and obligations of new and existing leases to be recognized as assets and liabilities on the Statement of Financial Position. The guidance will require disclosures to better inform financial statement users of the amounts, timing and uncertainty of cash flows arising from leases. The standard is effective for fiscal years beginning after December 15, 2021 (organization's fiscal year 2022). The impact of this standard on the organization's financial statements is being evaluated.

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.

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	\$1,518,649
Less:	
Prepaid Expenses	(38,661)
Inventory	(6,481)
Current Financial Assets	\$1,473,507
Less Those Unavailable for General Expenditures Within One Year:	
Restricted by donor with time or purpose restrictions	(1,266,868)
Board-designated funds	(87,838)
Financial assets available to meet cash needs for general expenditures	
within one year	\$ 118,801

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, 2021 is expected as follows:

Due in less than one year	\$22,827
Due in one to five years	1,000
Total Pledges Receivable	23,827
Less Discount to Present Value	(299)
Net Pledges Receivable	\$23,528

NOTE 4 – <u>INVESTMENTS</u>

Investments consisted of the following as of December 31, 2021:

Money Market Funds	\$ 138,357
Equities	2,422,519
Fixed Income Funds	1,009,326
Total Investments	\$3,570,202
Investments	\$ 888,684
Investments - Endowment	2,681,518
Total Investments	\$3,570,202

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, 2021:

	F	air Value						
	De	cember 31	Level 1 Level 2		Level 2	Level 3		
Assets:								
Investments								
Money Market Funds	\$	138,357	\$	-	\$	138,357	\$	-
Equities		2,422,519	2	2,422,519		-		-
Fixed Income Funds		1,009,326	1	,009,326		-		-
Total Investments	\$	3,570,202	\$3	3,431,845	\$	138,357	\$	-
Beneficial Interest in Trust	\$	3,666,519	\$	-	\$		\$3,	666,519
Deferred Compensation								
Money Market Funds	\$	26,857	\$	_	\$	26,857	\$	_
Equities		192,762		192,762		_		_
Fixed Income Funds		7,559		7,559		_		-
Total Deferred Compensation	\$	227,178	\$	200,321	\$	26,857	\$	_
Liabilities:								
Deferred Compensation								
Money Market Funds	\$	26,857	\$	_	\$	26,857	\$	_
Equities		192,762		192,762		-		-
Fixed Income Funds		7,559		7,559		-		-
Total Deferred Compensation	\$	227,178	\$	200,321	\$	26,857	\$	_
					_			

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, 2021:

	 ficial Interest in rpetual Trust
Balance at December 31, 2020 Investment return, net Distributions	\$ 3,439,540 381,425 (154,446)
Balance at December 31, 2021	\$ 3,666,519

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, 2021 was \$18,536.

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, 2021 was \$46,378.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were restricted for the following purposes as of December 31, 2021:

Subject to expenditure for specified purpose:

	J 1 1 1 1	
	Francis Family Foundation - Operating Reserve	\$ 50,000
	Francis Endowed Chair	145,184
	Arts and Bioethics	500
	Ethical AI	182,500
En	dowments:	
	Subject to appropriation and expenditure when a specified	
	event occurs:	
	Kathleen M. Foley Chair in Pain and Palliative Care	888,684
	Subject to Center spending policy and appropriation:	
	Rosemary Flanigan Chair in Clinical Ethics	2,681,518
	Not subject to spending policy or appropriation:	
	Beneficial Interest in John B. Francis Fund	3,666,519
То	otal Net Assets With Donor Restrictions	\$ 7,614,905
	:	

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, 2021:

Satisfaction of purpose restrictions:

Advanced Care Planning for African Americans	\$ 13,840
Ethical.AI	165,000
Restricted-purpose spending rate distributions and	
appropriations:	
Rosemary Flanigan Chair in Clinical Ethics	133,217
John B. Francis Fund	 159,450
Total Net Assets Released From Restrictions	\$ 471,507

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 it's 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 transfer of authority did not occur on December 31, 2020. The Center has sought clarification from the Foundation regarding the transfer and is awaiting a response.

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, 2021:

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, 2021, the Center had no outstanding borrowings on this line of credit, which has a maturity date of September 17, 2022. For the year ended December 31, 2021, the Center incurred interest expenses of \$225 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 \$53,885 for the year ended December 31, 2021. Future minimum lease payments under the office lease are as follows:

Year Ending	
December 31,	Amount
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, 2021, 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 \$2,681,518 in Net Assets With Donor Restrictions, including \$654,642 which is temporarily restricted and \$2,026,876 which is perpetually restricted.

Changes in endowment net assets as of December 31, 2021 are as follows:

	Net Assets				
	Restri	Restrictions			
	Temporary	Perpetual	Total		
Endowment net assets, beginning of year	\$ 430,514	\$ 2,026,876	\$ 2,457,390		
Contributions	-	-	-		
Investment Income	39,737	-	39,737		
Net Appreciation	317,608	-	317,608		
Amounts appropriated for expenditure	(133,217)	-	(133,217)		
Endowment net assets, end of year	\$ 654,642	\$ 2,026,876	\$ 2,681,518		

NOTE 13 – <u>REVENUE FROM CONTRACTS WITH CUSTOMERS</u>

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

	Ве	eginning]	Ending
	E	Balance Increases Decreases		Decreases	Balance		
Receivables	\$	66,756	\$	20,620	\$ (66,756)	\$	20,620
Deferred Revenue		40,000		56,858	(40,000)		56,858

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, 2020, from which the summarized information was derived.

NOTE 15 – PAYCHECK PROTECTION PROGRAM LOAN

The Center was granted a \$158,817 Paycheck Protection Program loan in February 2021. 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 September 14, 2021.

NOTE 16 – <u>SUBSEQUENT EVENTS</u>

Management has evaluated and noted no subsequent events through June 17, 2022, the date which the financial statements were available for issue.

