REPORT ON EXAMINATION
OF THE

CENTER FOR PRACTICAL BIOETHICS, INC.
KANSAS CITY, MISSOURI

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

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4151 N. Mulberry Drive, Suite 275
Kansas City, Missouri 64116
T: 816-221-4559, F: 816-221-4563
E: admin@mcbridelock.com

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, 2018, 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, 2018, 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. 2017 financial statements, and our report dated June 13, 2018, 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, 2017, 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
June 10, 2019

Exhibit A

Center For Practical Bioethics, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2018

Assets	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2018	Total 2017
CURRENT ASSETS				
Cash and Cash Equivalents	$ 10,620	$ 168,057	$ 178,677	$ 105,990
Accounts Receivable	51,320	-	51,320	28,080
Grants Receivable	6,792	203,728	210,520	8,839
Pledge Receivable (NOTE 3)	41,736	-	41,736	73,783
Prepaid Expenses	78,623	-	78,623	44,740
Inventory	3,632	-	3,632	14,213
Total Current Assets	$ 192,723	$ 371,785	$ 564,508	$ 275,645
PROPERTY AND EQUIPMENT				
Furniture, Computers and Equipment	$ 68,727	$ -	$ 68,727	$ 65,905
Leasehold Improvements	1,965	-	1,965	1,965
Accumulated Depreciation and Amortization	(63,149)	-	(63,149)	(55,201)
Total Property and Equipment	$ 7,543	$ -	$ 7,543	$ 12,669
OTHER ASSETS				
Investments - Restricted (NOTE 4)	$ 100,000	$ 2,712,563	$ 2,812,563	$ 3,376,548
Pledges Receivable (NOTE 3)	37,884	-	37,884	25,342
Deferred Compensation	312,917	-	312,917	297,203
Beneficial Interest in Perpetual Trust (NOTE 7)	-	2,818,901	2,818,901	3,105,258
Total Other Assets	$ 450,801	$ 5,531,464	$ 5,982,265	$ 6,804,351
TOTAL ASSETS	$ 651,067	$ 5,903,249	$ 6,554,316	$ 7,092,665
Liabilities				
CURRENT LIABILITIES				
Accounts Payable	$ 44,962	$ -	$ 44,962	$ 82,190
Accrued Expenses	118,328	-	118,328	78,923
Deferred Revenue	42,250	-	42,250	37,500
Line of Credit	260,825	-	260,825	240,450
Total Current Liabilities	$ 466,365	$ -	$ 466,365	$ 439,063
LONG-TERM LIABILITIES				
457(b) Deferred Compensation Liability	$ 312,917	$ -	$ 312,917	$ 295,227
Total Liabilities	$ 779,282	$ -	$ 779,282	$ 734,290
Net Assets				
Net Assets Without Donor Restrictions:				
Undesignated	$ (216,053)	$ -	$ (216,053)	$ (226,420)
Board-Designated (NOTE 8)	87,838	-	87,838	87,838
Total Net Assets Without Donor Restrictions	$ (128,215)	$ -	$ (128,215)	$ (138,582)
Net Assets With Donor Restrictions: (NOTE 7)				
Net assets with temporary restrictions	$ -	$ 1,057,671	$ 1,057,671	$ 1,365,022
Net assets with perpetual restrictions	-	4,845,578	4,845,578	5,131,935
Total Net Assets With Donor Restrictions	$ -	$ 5,903,249	$ 5,903,249	$ 6,496,957
Total Net Assets	$ (128,215)	$ 5,903,249	$ 5,775,034	$ 6,358,375
TOTAL LIABILITIES & NET ASSETS	$ 651,067	$ 5,903,249	$ 6,554,316	$ 7,092,665

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

Center For Practical Bioethics, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2018	Total 2017
Revenue				
Contributions, grants, and other support	$ 368,271	$ 695,388	$ 1,063,659	$ 614,370
Fundraising	220,502	-	220,502	274,072
Earned Income	335,721	-	335,721	290,714
Membership Dues	91,700	-	91,700	98,760
Communications	23,088	-	23,088	25,908
Other Income	18,404	-	18,404	17,921
Net assets released from restrictions	886,261	(886,261)	-	-
Total Revenue	$ 1,943,947	$ (190,873)	$ 1,753,074	$ 1,321,745
Expenses				
Program expenses				
Education and Consulting	$ 1,393,246	$ -	$ 1,393,246	$ 1,677,719
Support services expenses				
Management and general	$ 254,672	$ -	$ 254,672	$ 288,555
Fundraising	265,083	-	265,083	272,907
Total support services expenses	$ 519,755	$ -	$ 519,755	$ 561,462
Total Expenses	$ 1,913,001	$ -	$ 1,913,001	$ 2,239,181
Change in Net Assets from Operations	$ 30,946	$ (190,873)	$ (159,927)	$ (917,436)
Other Revenue (Expense):				
Investment Return, net	$ (20,579)	$ (116,478)	$ (137,057)	$ 428,373
Change in Value of Beneficial Interest	-	(286,357)	(286,357)	234,563
Total Other Revenue (Expenses)	$ (20,579)	$ (402,835)	$ (423,414)	$ 662,936
Change in Net Assets	$ 10,367	$ (593,708)	$ (583,341)	$ (254,500)
Net Assets, beginning of the year	(138,582)	6,496,957	6,358,375	6,612,875
Net Assets, end of year	$ (128,215)	$ 5,903,249	$ 5,775,034	$ 6,358,375

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

Center For Practical Bioethics, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	Program Services	Support Services		Total	
	Education and Consulting	Management and General	Fundraising	2018	2017
Personnel Expenses					
Salaries & Wages - Management	$ 101,976	$ 67,046	$ 94,462	$ 263,484	$ 251,057
Salaries & Wages - Other	679,777	65,053	18,676	763,506	812,119
Health Insurance	71,807	30,489	16,800	119,096	140,709
Payroll Taxes	58,878	11,516	8,334	78,728	74,679
Retirement Expense	42,910	16,486	3,944	63,340	20,333
Deferred Compensation Plan Expense	13,160	2,788	1,742	17,690	55,128
Health Reimbursement	1,789	302	259	2,350	2,551
Workers Compensation	3,391	573	491	4,455	4,583
Key-man Insurance	3,586	-	-	3,586	3,586
Payroll Processing Fees	1,379	233	200	1,812	1,726
Employee Development	-	315	-	315	-
Other Employee Expense	11,500	-	-	11,500	12,000
Total Personnel Expenses	$ 990,153	$ 194,801	$ 144,908	$ 1,329,862	$ 1,378,471
Occupancy Expenses					
Rent	$ 42,556	$ 6,801	$ 5,824	$ 55,181	$ 55,376
Parking	301	51	49	401	587
Other Occupancy Expense	183	30	27	240	1,201
Insurance-Property & Casualty	3,138	530	454	4,122	4,264
Repairs & Maintenance	53	9	8	70	-
Total Occupancy Expenses	$ 46,231	$ 7,421	$ 6,362	$ 60,014	$ 61,428
Operating Expenses					
Consulting Fees	$ 209,825	$ 37,200	$ 20,004	$ 267,029	$ 436,560
Audit Fees	8,160	1,379	1,181	10,720	11,120
Professional/Filing Fees	30,448	2,676	2,634	35,758	14,425
Community Relations	570	75	-	645	8,650
Bank/Credit Card Charges	796	363	1,391	2,550	3,852
Office Expense & Supplies	2,454	254	793	3,501	4,051
Printing Expense	30,991	1,633	25,851	58,475	90,501
Books & Subscriptions	12,319	2,049	1,884	16,252	16,499
Dues & Memberships	791	443	148	1,382	1,853
Postage & Shipping Expense	3,439	364	2,368	6,171	6,111
Telephone Expense	5,583	943	808	7,334	8,929
Equipment Lease Expense	7,820	1,321	1,132	10,273	14,893
Equipment Maintenance	1,147	186	159	1,492	2,741
Equipment-Computer Expense	725	123	105	953	187
Insurance - D&O Liability	1,185	200	171	1,556	1,639
Insurance - Professional Liability	2,936	496	425	3,857	3,857
Conference/Meeting Expense	12,362	557	52,772	65,691	105,754
Travel Expense	14,502	363	265	15,130	52,580
Depreciation Expense	6,050	1,022	876	7,948	10,338
Interest Expense	9,481	1,602	1,372	12,455	4,794
Other Operating Expense	(4,722)	(799)	(526)	(6,047)	(52)
Total Operating Expenses	$ 356,862	$ 52,450	$ 113,813	$ 523,125	$ 799,282
Total Program and Support Expenses	$ 1,393,246	$ 254,672	$ 265,083	$ 1,913,001	$ 2,239,181

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, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (583,341)	$ (254,500)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and Amortization	7,948	10,338
Net realized/unrealized (gains) losses on investments	174,627	(336,127)
Change in Value of Beneficial Interest	286,357	(234,563)
Changes in operating assets and liabilities:		
Accounts Receivable	(23,240)	23,103
Grants Receivable	(201,681)	258,830
Pledges Receivable	19,505	85,150
Prepaid Expenses	(33,883)	(4,179)
Inventory	10,581	(8,184)
Deferred Compensation	(15,714)	(57,033)
Accounts Payable	(37,228)	3,887
Accrued Expenses	39,405	2,709
Deferred Revenue	4,750	(34,750)
Accrued Deferred Compensation	17,690	55,128
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (334,224)	$ (490,191)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Computer Hardware and Software	$ (2,822)	$ (3,019)
Net (Purchases)/Maturities of Investments	389,358	296,065
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	$ 386,536	$ 293,046
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Permanently Restricted Contributions	$ -	$ -
Borrowings from Line of Credit	20,375	202,950
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	$ 20,375	$ 202,950
NET INCREASE (DECREASE) IN CASH	$ 72,687	$ 5,805
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	105,990	100,185
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 178,677	$ 105,990
SUPPLEMENTAL DISCLOSURES:		
Cash Paid For Interest	$ 12,455	$ 4,795

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 – Pledges are recorded as Net Assets Without Donor Restrictions or Net Assets With Donor Restrictions in the period in which they are pledged.

Fundraising – Sponsorships and attendance fees received are recorded in the period in which the event occurs.

Memberships revenue – Annual dues are assessed yearly based on the organizational or individual member's anniversary date and are considered earned when received.

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 $4,098 was recognized as of December 31, 2018 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 $7,948 for the year ended December 31, 2018.

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 2015. During 2018, 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 time studies, number of full-time equivalents or management's estimate of usage.

Advertising

Advertising costs are expensed as incurred.

Donated Services

The Center's policy is to recognize contributed professional services if the services create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills. No donated services were received during 2018.

Use of Estimates

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

Change in Net Assets from Operations

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

New Accounting Pronouncements

The Center adopted the requirements of ASU 2016-14 for the year ended December 31, 2018. As a result of this adoption, Unrestricted Net Assets in the financial statements are now identified as Net Assets Without Donor Restrictions, and Temporarily and Permanently Restricted Net Assets have been combined under the classification of Net Assets With Donor Restrictions. Additional disclosures regarding the liquidity and availability of resources have been added (see Note 2). The adoption of the new standard had no effect on the Center's total beginning net asset balances.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Center for Practical Bioethics' permanent endowment funds consist of donor-restricted endowments 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 endowment funds 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 $260,825 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	$564,508
Less:	
Prepaid Expenses	(78,623)
Inventory	(3,632)
Current Financial Assets	$482,253
Less Those Unavailable for General Expenditures Within One Year:	
Restricted by donor with time or purpose restrictions	(371,785)
Board-designated funds	(87,838)
Financial assets available to meet cash needs for general expenditures within one year	$ 22,630

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, 2018 is expected as follows:

Due in less than one year	$41,736
Due in one to five years	41,982
Total Pledges Receivable	83,718
Less Discount to Present Value	(4,098)
Net Pledges Receivable	$79,620

NOTE 4 – INVESTMENTS

Investments consisted of the following as of December 31, 2018:

Money Market Funds	$ 106,970
Equities	1,336,873
Fixed Income Funds	1,368,720
Total Investments	$2,812,563

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, 2018:

	Fair Value December 31	Level 1	Level 2
Assets:			
Investments			
Money Market Funds	$ 106,970	$ -	$106,970
Equities	1,336,873	1,336,873	-
Fixed Income Funds	1,368,720	1,368,720	-
Total Investments	$ 2,812,563	$2,705,593	$106,970
Beneficial Interest in Trust	$ 2,818,901	$ -	$ -
Deferred Compensation			
Money Market Funds	$ 113,881	$ -	$113,881
Equities	158,845	158,845	-
Fixed Income Funds	7,191	7,191	-
Total Deferred Compensation	$ 279,917	$ 166,036	$113,881
Liabilities:			
Deferred Compensation			
Money Market Funds	$ 113,881	$ -	$113,881
Equities	158,845	158,845	-
Fixed Income Funds	7,191	7,191	-
Total Deferred Compensation	$ 279,917	$ 166,036	$113,881

The asset and liability for Deferred Compensation on the Statement of Financial Position of $312,917 includes $33,000 of accrued contributions which have not yet been made and are not measured at fair value.

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2018:

	Beneficial Interest in Perpetual Trust
Balance at December 31, 2017	$ 3,105,258
Investment return, net	(139,299)
Distributions	(147,058)
Balance at December 31, 2018	$ 2,818,901

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, 2018 was $63,340.

During the year ended December 31, 2006, the Center adopted a 457(b) deferred compensation plan for a key employee. In 2012, the plan was expanded to include a second key employee. The employees and the employer can make discretionary contributions. Total deferred compensation expense for the year ended December 31, 2018 was $17,690.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were restricted for the following purposes as of December 31, 2018:

Subject to expenditure for specified purpose:	
Francis Family Foundation - Operating Reserve	$ 50,000
PAINS	2,641
Advanced Care Planning for African Americans	309,144
Aging in Community	9,000
Transportable Physician Orders for Patient's Preferences (TPOPP)	1,000
Endowments:	
Subject to appropriation and expenditure when a specified event occurs:	
Kathleen M. Foley Chair in Pain and Palliative Care	731,456
Subject to Center spending policy and appropriation:	
Rosemary Flanigan Chair in Clinical Ethics	2,026,677
Underwater Endowment (see Note 12, page 16)	(45,570)
Not subject to spending policy or appropriation:	
Beneficial Interest in John B. Francis Fund	2,818,901
Total Net Assets With Donor Restrictions	$ 5,903,249

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, 2018:

Satisfaction of purpose restrictions:		
PAINS	$	46,740
Aging in Community		180,800
Advanced Care Planning for African Americans		24,537
Transportable Physician Orders for Patient's Preferences (TPOPP)		19,000
Bioethics Film Series		1,800
Restricted-purpose spending rate distributions and appropriations:		
Kathleen M. Foley Chair in Pain and Palliative Care		339,428
Rosemary Flanigan Chair in Clinical Ethics		126,898
John B. Francis Fund		147,058
Total Net Assets Released From Restrictions	$	886,261

Kathleen M. Foley Chair 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 endowment 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 annual proceeds of this endowed fund support the work of the Center in the area of Pain and Palliative Care. The Endowment was established by the Center's Board of Directors, pursuant to a grant for the purposes of establishing the Endowed Chair. The funds remain under the management and control of the organization and its Board of Directors. In 2019, the Center's Board of Directors has decided to no longer consider and treat this fund as an endowment.

Rosemary Flanigan Chair in Clinical Ethics

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

John B. Francis Chair in Bioethics

During the year ended December 31, 2005, the John B. Francis Chair in Bioethics Fund was established with the Greater Kansas City Community Foundation by the Francis Family Foundation for the benefit of the Center. The principal amount pledged to the Fund was $3,000,000, with the Center receiving annual distributions outlined by the terms of the agreement.

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

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

NOTE 8 – BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

Board-designated funds include the Robert L. Biblo Fund and Memorial Fund. Robert L. Biblo was on the Center's Board of Directors until his death in 1994, and this fund was established at the Center in his honor. The Memorial Fund is funded by undesignated donations made in honor or memory of someone. Net assets were voluntarily segregated by the Center's Board for the following purposes as of December 31, 2018:

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, 2018, the Center had borrowings of $260,825 on this line of credit, which has a maturity date of September 17, 2019. For the year ended December 31, 2018, the Center incurred interest expenses of $12,455 on the line of credit borrowings.

NOTE 10 – OPERATING LEASES

The Center leases its office space under operating leases. The Center's office lease expired January 31, 2017 and a new lease was signed extending the term through January 31, 2021. Rent expense related to this operating lease was $55,181 for the year ended December 31, 2018. Future minimum lease payments under the office lease are as follows:

Year Ending December 31,	Amount
2019	54,506
2020	56,142
2021	4,690

NOTE 11 – MAJOR CONCENTRATIONS

The Center maintains its cash balances within two accounts at a financial institution in Kansas City, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. The Center has a repurchase agreement for balances in excess of insurance coverage. At December 31, 2018, 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 – ENDOWMENTS

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. At December 31, 2018, the Center's Flanigan endowment had a market value of $1,981,107, which was $45,570 less than the original gift value plus subsequent gift amounts of $2,026,677.

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.

Of the endowment net asset composition of $2,812,563, $100,000 is included in Net Assets Without Donor Restrictions, and $2,712,563 is included in Net Assets With Donor Restrictions, including $685,886 which is temporarily restricted and $2,026,677 which is perpetually restricted.

Changes in endowment net assets as of December 31, 2018 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		
		Temporary	Perpetual	Total
Endowment net assets, beginning of year	$ 81,181	$ 1,268,690	$ 2,026,677	$ 3,376,548
Contributions	-	-	-	-
Investment Income	-	80,519	-	80,519
Net Appreciation	-	(196,997)	-	(196,997)
Amounts appropriated for expenditure	18,819	(466,326)	-	(447,507)
Endowment net assets, end of year	$ 100,000	$ 685,886	$ 2,026,677	$ 2,812,563

NOTE 13 – 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, 2017, from which the summarized information was derived.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated and noted no subsequent events through June 10, 2019, the date which the financial statements were available for issue.