

REPORT ON EXAMINATION  
OF THE

**CENTER FOR PRACTICAL BIOETHICS, INC.  
KANSAS CITY, MISSOURI**

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

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McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Center for Practical Bioethics, Inc.  
Kansas City, Missouri

We have audited the accompanying statement of financial position of the Center for Practical Bioethics, Inc. (a nonprofit organization) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Center for Practical Bioethics, Inc.'s 2008 financial statements and, in our report dated April 13, 2009, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



McBride, Lock & Associates  
May 20, 2010

**Center For Practical Bioethics, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2009**

<u>Assets</u>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2009	2008
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 132,841	\$ 210,623	\$ -	\$ 343,464	\$ 128,602
Accounts Receivable	10,100	-	-	10,100	36,500
Grants Receivable (NOTE 2)	-	75,000	-	75,000	230,379
Pledge Receivable (NOTE 3)	2,000	2,500	-	4,500	52,500
Prepaid Expenses	9,149	-	-	9,149	5,193
Total Current Assets	<u>\$ 154,090</u>	<u>\$ 288,123</u>	<u>\$ -</u>	<u>\$ 442,213</u>	<u>\$ 453,174</u>
<b>PROPERTY AND EQUIPMENT</b>					
Furniture and Equipment	\$ 16,176	\$ -	\$ -	\$ 16,176	\$ 17,218
Computer Hardware and Software	18,090	-	-	18,090	23,035
Leasehold Improvements	1,965	-	-	1,965	1,965
Accumulated Depreciation and Amortization	(33,861)	-	-	(33,861)	(40,407)
Total Property and Equipment	<u>\$ 2,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,370</u>	<u>\$ 1,811</u>
<b>OTHER ASSETS</b>					
Cash - Restricted	\$ -	\$ -	\$ 1,191,119	\$ 1,191,119	\$ 584,688
Investments - Restricted (NOTE 4)	-	-	1,312,017	1,312,017	1,385,361
Accounts Receivable	-	-	2,533	2,533	251
Interfund Receivable (NOTE 8)	-	-	293,000	293,000	-
Pledge Receivable (NOTE 3)	-	-	975,344	975,344	1,398,559
Deferred Compensation	62,610	-	-	62,610	44,883
Deposits	-	-	-	-	808
Total Other Assets	<u>\$ 62,610</u>	<u>\$ -</u>	<u>\$ 3,774,013</u>	<u>\$ 3,836,623</u>	<u>\$ 3,414,550</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 219,070</b></u>	<u><b>\$ 288,123</b></u>	<u><b>\$ 3,774,013</b></u>	<u><b>\$ 4,281,206</b></u>	<u><b>\$ 3,869,535</b></u>
<b>Liabilities</b>					
<b>CURRENT LIABILITIES</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 64,504
Accounts Payable	32,264	-	-	32,264	62,011
Accrued Expenses	49,465	-	-	49,465	44,750
Interfund Payable (NOTE 8)	293,000	-	-	293,000	-
Deferred Revenue	1,750	-	-	1,750	26,500
Line of Credit	-	-	-	-	251,000
Total Current Liabilities	<u>\$ 376,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,479</u>	<u>\$ 448,765</u>
<b>LONG-TERM LIABILITIES</b>					
457(b) Deferred Compensation Liability	\$ 59,029	\$ -	\$ -	\$ 59,029	\$ 41,437
Total Liabilities	<u>\$ 435,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,508</u>	<u>\$ 490,202</u>
<b>Net Assets</b>					
Unrestricted	\$ (216,438)	\$ -	\$ -	\$ (216,438)	\$ (397,797)
Temporarily Restricted (NOTE 7)	-	288,123	-	288,123	464,373
Permanently Restricted (NOTE 6)	-	-	3,774,013	3,774,013	3,312,757
Total Net Assets	<u>\$ (216,438)</u>	<u>\$ 288,123</u>	<u>\$ 3,774,013</u>	<u>\$ 3,845,698</u>	<u>\$ 3,379,333</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><b>\$ 219,070</b></u>	<u><b>\$ 288,123</b></u>	<u><b>\$ 3,774,013</b></u>	<u><b>\$ 4,281,206</b></u>	<u><b>\$ 3,869,535</b></u>

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, 2009**

<b>Revenue</b>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2009	2008
Contributions, grants, and other support	\$ 603,229	\$ 366,903	\$ 325,719	\$ 1,295,851	\$ 2,429,182
Fundraising	441,510	-	-	441,510	571,689
Membership Dues	192,115	-	-	192,115	520,164
Communications	6,007	-	-	6,007	7,660
Investment Income	3,378	-	35,945	39,323	59,619
Other Income	14,855	-	-	14,855	-
Net assets released from restrictions	607,153	(543,153)	(64,000)	-	-
<b>Total Revenue</b>	<b>\$ 1,868,247</b>	<b>\$ (176,250)</b>	<b>\$ 297,664</b>	<b>\$ 1,989,661</b>	<b>\$ 3,588,314</b>
<b>Expenses</b>					
Program expenses					
Education and Consulting	\$ 1,321,645	\$ -	\$ -	\$ 1,321,645	\$ 1,490,805
Support services expenses					
Management and general	208,591	-	-	208,591	207,007
Fundraising	145,622	-	-	145,622	205,072
<b>Total support services expenses</b>	<b>\$ 354,213</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 354,213</b>	<b>\$ 412,079</b>
<b>Total Expenses</b>	<b>\$ 1,675,858</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,675,858</b>	<b>\$ 1,902,884</b>
<b>Change in Net Assets from Operations</b>	<b>\$ 192,389</b>	<b>\$ (176,250)</b>	<b>\$ 297,664</b>	<b>\$ 313,803</b>	<b>\$ 1,685,430</b>
Other Revenue (Expense):					
Realized Investment Gains (Losses)	\$ -	\$ -	\$ (52,049)	\$ (52,049)	\$ (43,842)
Unrealized Investment Gains (Losses)	-	-	225,957	225,957	(260,124)
Interest Expense	(11,030)	-	-	(11,030)	-
Investment Expense	-	-	(10,316)	(10,316)	(9,011)
<b>Total Other Revenue (Expenses)</b>	<b>\$ (11,030)</b>	<b>\$ -</b>	<b>\$ 163,592</b>	<b>\$ 152,562</b>	<b>\$ (312,977)</b>
<b>Change in Net Assets</b>	<b>\$ 181,359</b>	<b>\$ (176,250)</b>	<b>\$ 461,256</b>	<b>\$ 466,365</b>	<b>\$ 1,372,453</b>
<b>Net Assets, beginning of the year</b>	<b>\$ (397,797)</b>	<b>\$ 464,373</b>	<b>\$ 3,312,757</b>	<b>\$ 3,379,333</b>	<b>\$ 2,384,256</b>
<b>Prior Period Adjustment (NOTE 11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(377,376)</b>
<b>Net Assets, beginning of the year, restated</b>	<b>\$ (397,797)</b>	<b>\$ 464,373</b>	<b>\$ 3,312,757</b>	<b>\$ 3,379,333</b>	<b>\$ 2,006,880</b>
<b>Net Assets, end of year</b>	<b>\$ (216,438)</b>	<b>\$ 288,123</b>	<b>\$ 3,774,013</b>	<b>\$ 3,845,698</b>	<b>\$ 3,379,333</b>

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, 2009**

	Program Services		Support Services		Total	
	Education and Consulting	Management and General	Fundraising	2009	2008	
<b><u>Personnel Expenses</u></b>						
Salaries & Wages - Management	\$ 185,520	\$ 46,537	\$ 82,383	\$ 314,440	\$ 303,220	
Salaries & Wages - Other	619,899	80,580	6,362	706,841	872,407	
Health Insurance	76,657	12,098	8,446	97,201	92,749	
Contracted Services/Temporary Help	40,908	6,456	4,506	51,870	93,420	
Payroll Taxes	58,876	9,292	6,487	74,655	78,045	
Retirement Expense	18,123	2,860	1,997	22,980	9,051	
Deferred Comp Plan Expense	13,873	2,190	1,529	17,592	10,433	
Health Reimbursement Acct	5,291	835	583	6,709	7,273	
Disability Expense	-	-	-	-	8,498	
Workers Compensation	2,065	326	228	2,619	5,987	
Key-man Insurance	3,305	522	364	4,191	4,191	
Payroll Processing Fees	1,602	253	177	2,032	1,985	
Paid Time Off Expense	-	-	-	-	(500)	
Employment Development	362	57	40	459	957	
Search Expense	4,216	665	464	5,345	-	
Other Employee Expense	246	39	27	312	1,870	
Total Personnel Expenses	\$ 1,030,943	\$ 162,710	\$ 113,593	\$ 1,307,246	\$ 1,489,586	
<b><u>Occupancy Expenses</u></b>						
Rent	\$ 48,948	\$ 7,725	\$ 5,393	\$ 62,066	\$ 72,291	
Parking	1,848	292	204	2,344	1,045	
Insurance-Property & Casualty	2,991	472	330	3,793	5,626	
Total Occupancy Expenses	\$ 53,787	\$ 8,489	\$ 5,927	\$ 68,203	\$ 78,962	
<b><u>Operating Expenses</u></b>						
Consulting Fees	\$ -	\$ -	\$ -	\$ -	\$ 70,905	
Audit Fees	6,467	1,021	713	8,201	8,291	
Professional/Filing Fees	299	47	33	379	600	
Board Expense	-	-	-	-	4,948	
Community Relations	497	79	55	631	16,688	
Bank/Credit Card Charges	2,628	415	290	3,333	2,243	
Finance/Late Charges	-	-	-	-	72	
Office Expense & Supplies	11,024	1,739	1,215	13,978	5,876	
Printing Expense	43,116	6,806	4,750	54,672	23,515	
Books & Subscriptions	458	72	50	580	12,524	
Dues & Memberships	2,679	423	295	3,397	2,133	
Postage & Shipping Exp	7,649	1,208	842	9,699	11,884	
Telephone Expense	7,936	1,252	874	10,062	8,333	
Equipment Lease Expense	11,364	1,793	1,252	14,409	17,719	
Equipment Maintenance	2,643	418	290	3,351	4,660	
Equipment-Computer Expense	20,100	3,172	2,215	25,487	30,852	
Automobile Expense	-	-	-	-	3,193	
Insurance - D&O Liability	1,497	236	165	1,898	1,896	
Insurance - Professional Liability	4,994	788	550	6,332	5,595	
Conference/Mtg Expense	85,585	13,507	9,430	108,522	63,336	
Travel Expense	26,850	4,238	2,959	34,047	35,965	
Depreciation Expense	1,129	178	124	1,431	3,108	
Total Operating Expenses	\$ 236,915	\$ 37,392	\$ 26,102	\$ 300,409	\$ 334,336	
Total Program and Support Expenses	\$ 1,321,645	\$ 208,591	\$ 145,622	\$ 1,675,858	\$ 1,902,884	

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

**Center For Practical Bioethics, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2009**

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 466,365	\$ 1,372,453
Prior period adjustment (NOTE 11)	-	(377,376)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,431	3,108
Permanently restricted contributions	(325,719)	(1,799,573)
Restricted Cash included in Endowment Fund	(606,431)	147,254
Changes in operating assets and liabilities		
Accounts Receivable	24,118	(16,026)
Grants Receivable	155,379	(215,379)
Pledges Receivable	471,215	(468,549)
Prepaid Expenses	(3,956)	5,379
Deposits	808	(132)
Deferred Compensation	(17,727)	(13,879)
Accounts Payable	(29,747)	23,903
Accrued Expenses	4,715	2,061
Deferred Revenue	(24,750)	26,500
Accrued Deferred Compensation	17,592	10,433
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 133,293</b>	<b>\$ (1,299,823)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Purchases of Equipment	\$ (1,990)	\$ -
Net Purchases of Investments	73,344	(777,534)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>\$ 71,354</b>	<b>\$ (777,534)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Proceeds from (repayments of) Line of Credit	\$ (251,000)	\$ (13,000)
Proceeds from Permanently Restricted Contributions	325,719	1,799,573
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>\$ 74,719</b>	<b>\$ 1,786,573</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$ 279,366</b>	<b>\$ (290,784)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>64,098</b>	<b>354,882</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 343,464</b>	<b>\$ 64,098</b>

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

CENTER FOR PRACTICAL BIOETHICS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

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 lead and promote the leadership of others
- To think critically and listen actively
- To address ethical issues unfettered by special interests
- To collaborate with others who share our values
- To work diligently toward our mission

Net Assets

The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted – The portion of expendable funds that is available for support of the Center’s operations.

Temporarily restricted and permanently restricted – 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 unrestricted, temporarily restricted, or permanently restricted support in the period in which they are pledged.

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

Membership revenues – 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. No allowance for doubtful accounts was considered necessary at December 31, 2009.

### Investments

Investments are stated at fair value based on quoted market prices, with unrealized gains and losses included in the accompanying statements of activities.

### Property and Equipment

The Center capitalizes all significant acquisitions of property and equipment, 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.

### Income Taxes

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

### 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 costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and services benefited. The allocation rate corresponds to the functional allocation of salaries and wages.

### 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.

## NOTE 2 – GRANTS RECEIVABLE

Grants receivable at December 31, 2009:

Aging in Community	<u>\$ 75,000</u>
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NOTE 3 – PLEDGES RECEIVABLE

Pledges Receivable at December 31, 2009 were as follows:

Due in less than one year	\$ 582,250
Due in one to five years	397,594
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	\$ 979,844

NOTE 4 – INVESTMENTS

Investments consisted of the following as of December 31, 2009:

Cash and Cash Equivalents	\$ 121,223
Equities	660,946
Fixed Income	509,060
Real Estate	11,186
Tangible Assets	9,602
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	\$ 1,312,017

NOTE 5 – RETIREMENT PLANS

The Center sponsors a 403(b) defined contribution pension plan that covers all 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, during years that the Center has an increase in net assets, 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, 2009 was \$22,980.

During 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, 2009 was \$17,592.

NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted for the following purposes as of December 31, 2009:

Rosemary Flanigan Ethics Chair	\$ 2,186,411
Foley Chair Endowment	1,501,189
Robert L. Biblo endowment	80,000
General Endowment	6,413
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	\$ 3,774,013

Foley Chair

During the year ended December 31, 2008, the Center entered into an agreement with Purdue Pharma L.P. whereby \$1,500,000 was contributed to provide funding for an endowed chair. The trust 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 is expected during Fiscal Year 2010.

Francis Chair

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 Francis Family Foundation has oversight responsibility of the fund for a period of 10 years after its inception. On the tenth anniversary date of the Fund, the Francis Family Foundation will transfer oversight responsibility to the Center provided conditions in the agreement are met.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

Net assets were temporarily restricted for the following purposes as of December 31, 2009:

John B Francis Chair	\$ 155,623
Aging in Community (Aging in Place)	75,000
Francis Family Foundation - operating reserve	50,000
Genetics Conference	5,000
Vision to Action Pledge	2,500
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	\$ 288,123

**NOTE 8 – INTERFUND RECEIVABLE/PAYABLE**

The Center has a promissory note with the Flanigan Endowment, which was agreed to by the donor, with a face amount of \$300,000. The agreement will be reviewed annually on or about March 17 by the Finance Committee and Board of Directors. The note has an interest rate of “Wall Street Prime.” Accrued interest on the unpaid balance is due on or before the 15<sup>th</sup> day of the month following the last day of the month for which it is calculated. At December 31, 2009, the line of credit was drawn to \$293,000.

#### NOTE 9 – OPERATING LEASES

The Center leases its office space and certain equipment under operating leases. The office lease will expire January 31, 2016. Rent expense related to this operating lease was \$62,066 for the year ended December 31, 2009.

Future minimum lease payments under the office lease are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2010	\$ 57,383
2011	64,342
2012	66,243
2013	68,230
2014	70,266
2015	72,391
2016	6,047

#### NOTE 10 – MAJOR CONCENTRATIONS

The Center maintains its cash balances within three 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 pledged securities for balances in excess of insurance coverage. At December 31, 2009 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 11 – PRIOR PERIOD ADJUSTMENT

The Center receives funds from the Francis Chair Endowment as described in Note 6. Although the Center will receive oversight responsibility for these funds at the end of ten years (2015) provided conditions in the agreement are met, these funds are not recognized as an asset on the financial statements. Because certain temporarily restricted agreements are open to interpretation for revenue recognition, the Center was advised by previous auditors to accrue certain conditional pledge revenue in previous financial statements which was due from the Francis Chair. It was subsequently determined that an even more conservative interpretation was to report the revenue when earned, which resulted in a reduction of pledge receivables of \$391,288 and a reduction in temporarily restricted contributions of \$13,912, which is a net adjustment of \$377,376. This adjustment reflects the change in timing as to when this revenue should be reported.

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## McBRIDE, LOCK & ASSOCIATES

### INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS

Board of Directors  
Center for Practical Bioethics, Inc.  
Kansas City, Missouri

In planning and performing our audit of the financial statements of the Center for Practical Bioethics, Inc. (the "Organization") as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



McBride, Lock & Associates  
May 20, 2010