

MICHAEL ROLFE RESEARCH FOUNDATION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2010 AND 2009

RUZICKA & ASSOCIATES, LTD.

Certified Public Accountants

The Board of Directors
Michael Rolfe Research Foundation

Independent Auditor's Report

We have audited the accompanying statements of financial position of Michael Rolfe Research Foundation as of December 31, 2010 and 2009 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the management of the Michael Rolfe Research Foundation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the statements referred to above present fairly, in all material respects, the financial position of Michael Rolfe Research Foundation as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

February 23, 2011

A handwritten signature in cursive script that reads "Ruzicka & Associates, LLP". The signature is written in dark ink and is positioned to the right of the date.

MICHAEL ROLFE RESEARCH FOUNDATION
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

	2010		2009	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
		Total		Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 371,417	371,417	\$ 252,985	252,985
Pledge and gifts receivable		41,334		56,666
Prepaid expenses	2,700	2,700		
Deposits	1,890	1,890	2,764	2,764
Furniture and equipment, less accumulated depreciation	5,574	5,574	3,645	3,645
Total assets	<u>\$ 381,581</u>	<u>422,915</u>	<u>\$ 259,394</u>	<u>316,060</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 5,702	5,702	\$ 9,146	9,146
Total liabilities	5,702	5,702	9,146	9,146
Net assets	375,879	417,213	250,248	306,914
Total liabilities and net assets	<u>\$ 381,581</u>	<u>422,915</u>	<u>\$ 259,394</u>	<u>316,060</u>

See independent auditor's report and notes to financial statements.

MICHAEL ROLFE RESEARCH FOUNDATION

STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010		2009	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Revenue				
Contributions	\$ 206,918	49,000	\$ 176,803	92,500
Special events	177,309		191,298	
Proceeds	(100,867)		(45,929)	
Expenses	64,332	(64,332)	72,752	(72,752)
Net assets released from restriction	121		566	
Investment income		121		566
Total revenue	347,813	(15,332)	395,490	19,748
Expenses				
Program	66,913		244,244	
Management and general	72,469		94,301	
Fund raising	82,800		44,802	
Total expenses	222,182		383,347	
Change in net assets	125,631	(15,332)	12,143	19,748
Net assets, beginning of year	250,248	56,666	238,105	36,918
Net assets, end of year	\$ 375,879	41,334	\$ 250,248	56,666
		417,213		306,914

See independent auditor's report and notes to financial statements.

MICHAEL ROLFE RESEARCH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2010

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 38,000			38,000
Salary	15,180	35,250	59,770	110,200
Payroll taxes	1,163	2,698	4,569	8,430
Postage	238	551	933	1,722
Professional services	6,784	14,376		21,160
Supplies	1,049	2,431	4,118	7,598
Occupancy	1,804	4,184	7,086	13,074
Telephone	540	540	2,523	3,603
Advertising	1,340			1,340
Travel and meals		1,778	1,778	3,556
Fees and charges		9,371		9,371
Insurance	344	797	1,350	2,490
Depreciation	171	397	673	1,242
Other	300	96		396
Total	<u>\$ 66,913</u>	<u>72,469</u>	<u>82,800</u>	<u>222,182</u>

See independent auditor's report and notes to financial statements.

MICHAEL ROLFE RESEARCH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2009

	Program	Management and General	Fund Raising	Total
Grants	\$ 212,000			212,000
Salary	20,965	52,412	31,447	104,824
Payroll taxes	1,604	4,009	2,406	8,019
Printing	758	1,895	1,137	3,790
Postage	553	1,382	830	2,765
Professional services	600	6,325		6,925
Supplies	1,218	3,046	1,827	6,091
Occupancy	1,844	4,610	2,766	9,220
Telephone	731	1,640	984	3,355
Advertising	1,088			1,088
Equipment repairs and maintenance	218	546	327	1,091
Seminars and training	313			313
Travel and meals	1,016	2,541	1,524	5,081
Fees and charges		7,201		7,201
Insurance	803	2,006	1,204	4,013
Depreciation	233	584	350	1,167
Moving related		4,505		4,505
Other	300	1,599		1,899
Total	\$ 244,244	94,301	44,802	383,347

See independent auditor's report and notes to financial statements.

MICHAEL ROLFE RESEARCH FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 110,299	\$ 31,891
Adjustments to-reconcile change in net assets		
Depreciation	1,242	1,167
Decrease (increase) in pledge and gifts receivable	15,332	(19,748)
(Increase) decrease in prepaid expenses	(2,700)	780
Decrease (increase) in deposits	874	(2,374)
(Decrease) increase in accounts payable and accrued expenses	<u>(3,444)</u>	<u>6,244</u>
Net cash provided by operating activities	<u>121,603</u>	<u>17,960</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(3,171)</u>	<u>(745)</u>
Net cash used in investing activities	<u>(3,171)</u>	<u>(745)</u>
Net increase in cash	118,432	17,215
Cash at beginning of year	<u>252,985</u>	<u>235,770</u>
Cash at end of year	<u>\$ 371,417</u>	<u>\$ 252,985</u>

See independent auditor's report and notes to financial statements.

MICHAEL ROLFE RESEARCH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

1. Nature of organization and significant accounting policies:

The Michael Rolfe Research Foundation is an Illinois Not For Profit Corporation organized to provide funds for pancreatic cancer research.

Revenue and expense recognition

Revenue and expenses are recorded on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized as incurred. All contributions are considered to be available for unrestricted use unless otherwise specifically restricted by donors. Contributions are recorded and recognized as income when notice of award is received. Restricted contributions are recorded as revenue in temporarily restricted net assets if limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of the Foundation or in permanently restricted net assets if such contributions are non-expendable. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Grants awarded are expensed when the recipient is notified of the award.

Estimates

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

2. Net assets:

The Foundation classifies its net assets into three categories:

Unrestricted net assets include all of the unrestricted support and revenue of the Foundation, all of the expenses of the Foundation, and transfers from temporarily restricted net assets for reimbursement of expenditures that meet the restrictions of the donors.

Temporarily restricted net assets include all the restricted support and revenue of the Foundation. Transfers are made from this fund to unrestricted net assets as expenditures are incurred which meet the restrictions of the donors.

Permanently restricted net assets include funds received from donors with the stipulation that the Foundation permanently retain them in perpetuity and that only the income and/or use of the assets are available to the Foundation. At December 31, 2010 and 2009 there are no permanently restricted net assets.

3. **Cash and cash equivalents:**

Cash and cash equivalents at December 31, 2010 consist of bank and money market funds.

4. **Tax-exempt status:**

The Foundation is exempt from taxes under section 501(c) (3) of the Internal Revenue Code as a public charity.

5. **Temporarily restricted net assets:**

Temporarily restricted net assets relate to cash and pledges received for the "One Thousand Days of Research" campaign. Pledges maturities are as follows: \$23,667 in 2011, \$15,667 in 2012, \$1000 in 2013, and \$1,000 in 2014. Net assets released from restriction in 2010 and 2009 reflect the scheduled payments in each year on such pledges.

7. **Rent commitment:**

The Foundation leases office space under a lease agreement through February 28, 2015. Rent expense equaled \$13,074 in 2009 and \$9,220 in 2009. Future rent commitments are \$17,920 in 2011, \$18,403 in 2012, \$18,917 in 2013, \$19,409 in 2014, and \$3,310 in 2015. The effect of rent escalators are immaterial, thus rent is recognized as paid.

8. **Subsequent events:**

The Foundation has evaluated subsequent events for potential recognition and/or disclosure through February 23, 2011, the date the financial statements were available to be issued.

9. **Grants:**

The Foundation annually awards grants to various organizations to promote research for the early detection of pancreatic cancer. The grants awarded for the years ended December 31, 2010 and 2009 were \$38,000 and \$212,000, respectively. The Foundation had previously awarded the majority of their grants in the month of December. However, in December 2010 it was determined that the awarding of grants should be deferred until April 2011 when the final results of the 2010 fundraising results were known. On an ongoing basis, it is anticipated that grants will be awarded in April of each year.