

**MICHAEL ROLFE RESEARCH FOUNDATION**

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

**DECEMBER 31, 2009 AND 2008**

# ***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, 2009 and 2008 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, 2009 and 2008, 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.

August 29, 2010

A handwritten signature in cursive script that reads "Ruzicka & Associates, Ltd." with a stylized flourish at the end.

MICHAEL ROLFE RESEARCH FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2009 AND 2008

	2009		2008	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
				Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 252,985	252,985	\$ 235,770	235,770
Pledge and gifts receivable		56,666	36,918	36,918
Prepaid expenses	2,764	2,764	780	780
Deposits	3,645	3,645	390	390
Furniture and equipment, less accumulated depreciation			4,067	4,067
Total assets	\$ 259,394	316,060	\$ 241,007	277,925
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable and accrued expenses	\$ 9,146	9,146	\$ 2,902	2,902
Total liabilities	9,146	9,146	2,902	2,902
Net assets	250,248	306,914	238,105	275,023
Total liabilities and net assets	\$ 259,394	316,060	\$ 241,007	277,925

MICHAEL ROLFE RESEARCH FOUNDATION

STATEMENTS OF ACTIVITIES  
AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009		2008		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
Revenue					
Contributions	\$ 176,803	92,500	269,303	\$ 261,440	8,998
Special events					
Proceeds	191,298		191,298	208,659	
Expenses	(45,929)		(45,929)	(121,393)	
Net assets released from restriction	72,752	(72,752)		110,664	(110,664)
Investment income	566		566	3,445	
Total revenue	395,490	19,748	415,238	462,815	(101,666)
Expenses					
Program	244,244		244,244	409,652	
Management and general	94,301		94,301	76,196	
Fund raising	44,802		44,802	45,805	
Total expenses	383,347		383,347	531,653	
Change in net assets	12,143	19,748	31,891	(68,838)	(101,666)
Net assets, beginning of year	238,105	36,918	275,023	306,943	138,584
Net assets, end of year	\$ 250,248	56,666	306,914	\$ 238,105	36,918
					275,023

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

**MICHAEL ROLFE RESEARCH FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2009**

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
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	<u>\$ 244,244</u>	<u>94,301</u>	<u>44,802</u>	<u>383,347</u>

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

**MICHAEL ROLFE RESEARCH FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2008**

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 380,000			380,000
Salary	18,576	46,440	27,864	92,880
Payroll taxes	1,421	3,552	2,132	7,105
Postage	664	996	1,660	3,320
Professional services		5,951	1,868	7,819
Supplies	1,872	2,806	4,678	9,356
Occupancy	858	1,287	2,145	4,290
Telephone	606	910	1,516	3,032
Advertising	3,179			3,179
Seminars and training	225			225
Travel and meals	1,875	2,349	3,297	7,521
Fees and charges		10,203		10,203
Insurance	195	195	194	584
Depreciation	181	271	451	903
Other		1,236		1,236
Total	<u>\$ 409,652</u>	<u>76,196</u>	<u>45,805</u>	<u>531,653</u>

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

**MICHAEL ROLFE RESEARCH FOUNDATION**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 31,891	\$ (170,504)
Adjustments to reconcile change in net assets		
Depreciation	1,167	903
(Increase) decrease in pledge and gifts receivable	(19,748)	87,549
Decrease (increase) in prepaid expenses	780	(780)
Increase in deposits	(2,374)	
Increase in accounts payable and accrued expenses	<u>6,244</u>	<u>26</u>
Net cash provided (used) by operating activities	<u>17,960</u>	<u>(82,806)</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(745)</u>	<u>(1,900)</u>
Net cash used in investing activities	<u>(745)</u>	<u>(1,900)</u>
Net increase (decrease) in cash	17,215	(84,706)
Cash at beginning of year	<u>235,770</u>	<u>320,476</u>
Cash at end of year	<u>\$ 252,985</u>	<u>\$ 235,770</u>

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

# MICHAEL ROLFE RESEARCH FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

### 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, 2009 and 2008 there are no permanently restricted net assets.



3. **Cash and cash equivalents:**

Cash and cash equivalents at December 31, 2009 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: \$49,666 in 2010 and \$7,000 in 2011. Net assets released from restriction in 2009 and 2008 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 \$9,220 in 2009 and \$4,290 in 2008. Future rent commitments are \$17,418 in 2010, \$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 August 29, 2010, the date the financial statements were available to be issued.