



# Annual Report 2011



Partnership for Cures (PFC) transforms existing science and medicine into "new" treatments. By turning FDA approved drugs and devices, long-approved for one disease, into novel, "repurposed" therapies for additional indications, we are able to quickly create safe, effective and affordable treatments for patients afflicted with catastrophic conditions.

Thousands of safe and effective FDA-approved drugs and other therapies can be repurposed to treat different diseases than those for which they were originally approved. Treatment protocols can be modified to help more patients for longer periods of time. Anecdotal clinical successes can be tested to see if they should be incorporated more widely into patient care.

This Rediscovery Research™ takes less time and money to impact a patient than "New Discovery Research." Yet our current medical research system provides no incentives for researchers or companies to pursue Rediscovery Research™. The burden falls on private philanthropy, which cares about patient impact, instead of profit, promotion, publication or intellectual property protection.

Researchers will eagerly partner with philanthropists to deliver Rediscovery Research™ to patients, and the legal and regulatory rules support Rediscovery Research™.

With your help, we continue to make this happen, touching hundreds of thousands of lives each year! Thank you!!

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## Mission

Partnership for Cures (PFC) transforms existing science and medicine into "new" treatments. By turning FDA approved drugs and devices, long-approved for one disease, into novel, "repurposed" therapies for additional indications, we are able to quickly create safe, effective and affordable treatments for patients afflicted with catastrophic conditions.

## 2011 Leadership Team

### Executive Board

**John Aalbrechtse, Chair**

JA and Associates, LLC

**Steve Goldsher, Treasurer**

Graphic Purchasing Solutions LLC

**Margaret Christie, Secretary**

Golan and Christie, LLC

**Leslie Anderson**

BMO Harris Bank NA

**Steve Braun**

Northwestern Mutual Financial Network

### Advisors

Patient Impact Initiative

**Jeff Aronin, Chair**

CEO, Paragon Pharmaceuticals

Science Board

**Dr. Stephen Kron, Chair**

University of Chicago

Clinical Research Board

**Kathleen Drennan, Chair**

TrialAdvance

**Dr. Susan Sherman Co-Chair**

Finance Board

**Laura Gillespie, Chair**

Deloitte Tax LLP

Action Board

**Edward Walker, Chair**

Marsh & McLennan

Rockford Board

**Jerry Paris Chair**

**Liz Downey Co-Chair**

Foundation Board

**Neil Hirsch, Chair**

Judy Hirsch Foundation

**Peter Kupferberg, Co-Chair**

Gofen and Glossberg

**Kevin R. Krantz**

Stahl Cowen Crowley, LLC

**Robert Miller**

Millco Investments

Public Relations Board

**John Bisinger, Chair**

Jasper Against Batten Fund

**Dr. Alana Baum, Chair**

Dogs for Cures Foundation

**Lisa Kelly, Chair**

### Staff

**Dr. Bruce E. Bloom**

President and Chief Science Officer

**Edward Kahn**

Director, Strategic Business Development

**Amy Conn**

Director of Advancement

**Janice Layne**

Information Technology

**Garrett Hartman**

Research and Advocacy Intern

### Founders

**George and Judy Goldman**

Goldman Philanthropic Partnerships

## President's Letter

**2011 was a big year for Partnership for Cures!** We kicked off our newest and most important program, the Patient Impact Initiative. The Patient Impact Initiative is our most powerful way to make a difference in the world of medical research. Why?

Drugs and devices that might provide treatments for diseases are not pursued when they don't fit the for profit pharmaceutical model. This includes FDA approved drugs/devices that might have new indication but have no patent protection, patent protected therapies that could target a tiny disease market, and drugs that "failed" during research for one disease but could succeed for a different disease.

The Patient Impact Initiative and our partners will source, fund, test, and market these drugs and devices for new indications to bring rediscovered treatments and cures to patients. Success may simply be publication of a proof of concept clinical trial that allows physicians to decide if off-label use could help their patients. In other cases market potential may be sufficient to cover the costs of a very efficient FDA approval process for a new indication. Either way, Rediscovery Research quickly, safely and affordably creates "new" treatments and saves significant research and healthcare dollars.

Our Partner Research Institutions generate 125-250 new Rediscovery Research proposals each year and our Science Advisors and Executive Board rank and select 20 projects for our PII Portfolio. We solicit patient support groups, foundations and philanthropists to fund these proof of concept trials that cost \$100,000-\$300,000 over a 12-36 month period. These projects can include:

1. Repurposing FDA approved drugs, devices and nutraceuticals to treat "off label" diseases
2. Testing Pharma and other shelved compounds for new indications
3. Combining drug and non-drug treatment
4. Modifying current treatment protocols to make them work better and help more patients
5. Testing clinical observations from integrative medicine or from other parts of the world

Come Join Us!



Dr. Bruce E. Bloom  
President and Chief Science Officer

## Sample PFC Funded Patient Impact Initiative Projects

### **Defeating 7 Deadly Orphan Childhood Diseases**

Dr. David Teachey was our researcher who saved the lives of children with the deadly genetic disease ALPS starting in 2005. It took less than 36 months, using an already existing drug, so no wasted time and money in further drug testing and approval issues! 7 years later thousands of children have a chance for a long and healthy life thanks to this Rediscovery.



 The Children's Hospital of Philadelphia®  
Hope lives here.



We are funding Dr. Teachey again with support from the Longest Day of Golf. The same drug he used for ALPS, rapamycin, is being tested in 7 other deadly childhood diseases, further leveraging this discovery. In the first 6 months of his work in 2011, 7 patients with three different diseases who had failed every therapy were started on rapamycin. Four of those patients were in complete remission 30 days later-in other words, their symptoms had disappeared with no side effects and very little cost! One other patient had a partial response-the rapamycin worked better than anything else ever tried! Unfortunately, two of the patients had no response to the rapamycin, but 5 out of 7 patients is a pretty great response! 30-60 children will participate in this study-if the results keep up with the first 7 patients, the published paper will change the standard of care in some or all of these childhood diseases!

### **Improving Prostate Cancer Outcomes and Reducing Complications**

Drs. Scott Eggener and Aytekin Oto at the University of Chicago are eradicating prostate cancer in its earlier stages using a laser that heats and kills just the cancer cells. The treatment takes just a few hours, is done under a mild sedation, and because the whole process is done under MRI observation, the system reduces the chances of injuring surrounding tissue to nearly zero! Dr. Oto, the radiologist on the team, talks about why this is so important. "Even with the best surgery or radiation treatment there is a significant chance of injuring the nerves that control continence and potency. And the last inches of colon and the urethra are also very close to the prostate, and can be damaged during surgery or with radiation. When we do the laser heat ablation therapy, the MRI will tell us if the nerves or other tissues are getting too hot, and will automatically turn off the laser and let everything cool down, so there is almost no chance of tissue damage. Then we heat up the laser again until all of the cancer cells in the tumor mass are dead."



Dr. Eggener, the surgeon on the team, tells us about the patient response. “The laser probe is so small that it causes no side effects. It inserts through the skin just like the needle and the tip is positioned in the center of the tumor. When the heat ablation is done, we pull it back out and put on a small “Band-Aid.” That is the extent of what happens to the patient. So far every subject we have treated has been back to normal activities the next day with no healing from any incision, no pain and no other permanent side effects. The follow-up tests have shown no evidence of any remaining cancer. We will continue to do follow-up, but the initial results are very promising.”

The laser device was originally designed for use on breast cancer and brain cancer. Drs. Oto and Eggener approached Partnership for Cures to see if our funders would be interested in supporting the first repurposing of this device for prostate cancer. We contacted one of our funding groups, the organizers of our Longest Day of Golf, and they agreed to raise the \$50,000 to cover the costs of the clinical trial over the two year period. In less than 9 months after the initial inquiry from Drs. Oto and Eggener, 9 patients were actually being impacted by this promising new treatment, with excellent initial results!

## 2011 Organizational Funding Partners



### **The Longest Day of Golf**

The Longest Day of Golf raises funds to fund cancer research. In 2009 and 2010, they raised enough to fund two prostate cancer projects at the University of Chicago. Since the 1990s the golfers and donors of The Longest day of Golf have provided over \$500,000 in medical research and other funding!



Dr. Denise Faustman and Friends United for Juvenile Diabetes have joined forces again. With a sizable grant from Friends United the Faustman Lab will move forward on translating their previous discoveries in type 1 diabetes into human clinical trials. Friends United also funded a joint project at Mayo Clinic and at McGill University in Toronto to evaluate whether a repurposed protein can promote growth of insulin producing cells in the pancreas in type I diabetics with disease for 10 or more years.



The Jasper Against Batten Fund has raised a significant amount of funding to support Rediscovery Research and other research to find treatments for the rare and fatal childhood genetic LINCL-Batten Disease. In 2010 and 2011, these funds provided support for a clinical trial using a virus to place a functioning gene in the brains of the children with this disease. This group also funded a project to screen every available FDA approved drug to see if any of them might help Batten Disease, and they discovered one drug that looks like it could have immediate impact!

**PARTNERSHIP FOR CURES**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED**  
**JULY 31, 2011 AND 2010**

**PARTNERSHIP FOR CURES**

**JULY 31, 2011 AND 2010**

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# ***RUZICKA & ASSOCIATES, LTD.***

*Certified Public Accountants*

Board of Directors  
Partnership For Cures

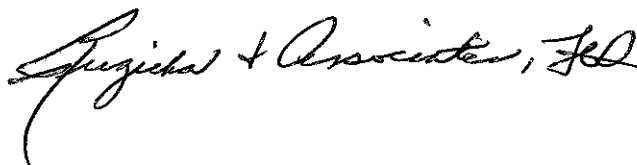
## **Independent Auditor's Report**

We have audited the accompanying statement of financial position of Partnership For Cures (an Illinois not-for-profit corporation) at July 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of PFC's management. 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 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 included 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 financial statements referred to above present fairly, in all material respects, the financial position of Partnership For Cures at July 31, 2011 and 2010, 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.

September 10, 2011

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

**PARTNERSHIP FOR CURES**  
**STATEMENTS OF FINANCIAL POSITION**  
**JULY 31, 2011 and 2010**

	2011					2010				
	General	Unrestricted Fixed Assets	Total	Temporarily Restricted	Total	General	Unrestricted Fixed Assets	Total	Temporarily Restricted	Total
<b>ASSETS</b>										
Current assets:										
Cash	\$ 523,857		523,857	385,996	909,853	\$ 380,684		380,684	800,228	1,180,912
Contributions receivable				107,432	107,432	28,182		28,182	142,363	170,545
Pledges receivable, current portion				60,560	60,560				69,897	69,897
Prepaid expenses and other assets						1,500		1,500		1,500
Total current assets	523,857		523,857	553,988	1,077,845	410,366		410,366	1,012,488	1,422,854
Long-term Assets										
Pledges receivable, non-current portion									25,841	25,841
Fixed assets, net of accumulated depreciation of \$6,143 in 2011 and 4,388 in 2010		2,633	2,633		2,633		4,388	4,388		4,388
Total assets	\$ 523,857	2,633	526,490	553,988	1,080,478	\$ 410,366	4,388	414,754	1,038,329	1,453,083
<b>LIABILITIES AND NET ASSETS</b>										
Current liabilities:										
Accounts payable and accrued liabilities	\$ 773		773		773	\$ 1,310		1,310		1,310
Grant commitments payable	396,156		396,156		396,156	404,900		404,900		404,900
Total current liabilities	396,929		396,929		396,929	406,210		406,210		406,210
Total liabilities	396,929		396,929		396,929	406,210		406,210		406,210
Net assets:	126,928	2,633	129,561	553,988	683,549	4,156	4,388	8,544	1,038,329	1,046,873
Total liabilities and net assets	\$ 523,857	2,633	526,490	553,988	1,080,478	\$ 410,366	4,388	414,754	1,038,329	1,453,083

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

PARTNERSHIP FOR CURES

STATEMENTS OF ACTIVITIES  
AND CHANGES IN NET ASSETS

YEARS ENDED JULY 31, 2011 AND 2010

	2011					2010				
	Unrestricted		Total	Temporarily Restricted	Total	Unrestricted		Temporarily Restricted	Total	
	General	Fixed Assets				General	Fixed Assets			
Support and revenue -										
Grants and contributions	\$ 322,338		322,338	638,607	960,945	\$ 160,818		160,818	896,923	1,057,741
Special events										
Gross proceeds	1,000		1,000	52,321	53,321	25,000		25,000	69,740	94,740
Direct expenses	(4,443)		(4,443)	(3,805)	(8,248)	(15,065)		(15,065)	(4,220)	(19,285)
Interest	578		578	4,412	4,990	1,303		1,303	3,815	5,118
Net assets released from restriction	1,175,876		1,175,876	(1,175,876)		673,894		673,894	(673,894)	
Total support and revenue	1,495,349		1,495,349	(484,341)	1,011,008	845,950		845,950	292,364	1,138,314
Expenses -										
Program services	1,313,187	1,678	1,314,865		1,314,865	709,302	1,493	710,795		710,795
Management and general	38,112	50	38,162		38,162	76,273	201	76,474		76,474
Fundraising	21,278	27	21,305		21,305	28,747	61	28,808		28,808
Total expenses	1,372,577	1,755	1,374,332		1,374,332	814,322	1,755	816,077		816,077
Change in net assets	122,772	(1,755)	121,017	(484,341)	(363,324)	31,628	(1,755)	29,873	292,364	322,237
Transfers										
Net assets, beginning of year	4,156	4,388	8,544	1,038,329	1,046,873	(27,472)	6,143	(21,329)	745,965	724,636
Net assets, end of year	\$ 126,928	2,633	129,561	553,988	683,549	\$ 4,156	4,388	8,544	1,038,329	1,046,873

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

**PARTNERSHIP FOR CURES**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JULY 31, 2011 AND 2010**

	2011				2010			
	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising	Total
Grants	\$ 1,136,277			1,136,277	\$ 494,764			494,764
Salaries	108,500	31,000	15,500	155,000	147,458	62,167	23,292	232,917
Payroll taxes	6,677	1,908	954	9,539	11,361	4,790	1,795	17,946
Occupancy	36,707	1,101	592	38,400	32,674	4,402	1,324	38,400
Accounting fees	10,334	310	167	10,811	9,245	1,245	375	10,865
Consulting					1,500	1,200	300	3,000
Donor and board development	2,446	610	562	3,618	1,300	1,167	486	2,953
Meetings and travel	6,639	2,499	1,305	10,443	2,923	492	503	3,918
Office expenses	1,810	180	1,115	3,105	1,812	409	140	2,361
Information technology	1,635	50	26	1,711	2,153	290	88	2,531
Insurance	1,559	445	223	2,227	472	64	19	555
Printing	58	9	26	93	404	47	157	608
Program development	545			545	3,236			3,236
Other			808	808			268	268
Depreciation	1,678	50	27	1,755	1,493	201	61	1,755
<b>Total</b>	<b>\$ 1,314,865</b>	<b>38,162</b>	<b>21,305</b>	<b>1,374,332</b>	<b>\$ 710,795</b>	<b>76,474</b>	<b>28,808</b>	<b>816,077</b>

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

**PARTNERSHIP FOR CURES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JULY 31, 2011 AND 2010**

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ (363,324)	\$ 322,237
Adjustments to reconcile change in net assets to net cash (used)provided by operating activities:		
Depreciation	1,755	1,755
Decrease (increase) in contributions receivable	63,113	(88,537)
Decrease in pledges receivable	35,178	113,216
Decrease (increase) in prepaid expenses and other assets	1,500	(1,250)
(Decrease) in accounts payable and accrued liabilities	(537)	(5,910)
(Decrease) in grant commitments payable	(8,744)	(156,975)
	(271,059)	184,536
Net cash (used)provided by operating activities		
Net cash used by investing activities	_____	_____
Net cash used by financing activities	_____	_____
Net increase (decrease) in cash	(271,059)	184,536
Cash at beginning of year	1,180,912	996,376
Cash at end of year	\$ 909,853	\$ 1,180,912

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

## PARTNERSHIP FOR CURES

### NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2011 AND 2010

#### 1. Nature of organization:

Partnership For Cures (PFC) was incorporated in October 2005, as an Illinois not-for-profit corporation and commenced operations in December 2005. The mission of PFC is to create partnerships between philanthropists and researchers to facilitate the development of better treatments and cures for patients with disease.

Goldman Philanthropic Partnerships (GPP), a private operating foundation, was founded in 1998 to establish a new philanthropic business model to accelerate the way cures are discovered. In 2005, GPP founded a public charity, PFC, to carry on the mission of GPP.

#### 2. Summary of significant accounting policies:

##### **Fixed assets**

These assets are carried at cost. Purchases in excess of \$1,000 are capitalized. Depreciation is provided by various methods over the estimated useful lives of the assets (5 years).

##### **Revenue and expense recognition**

Revenue and expenses are recorded on the accrual basis of accounting. 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 PFC 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.

##### **Promises to give**

Contributions are recognized when the donor makes a promise to give to PFC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

## **Estimates**

The presentation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **Income taxes**

PFC is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

## **Functional allocation of expenses**

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, costs have been allocated among the programs and supporting services in a direct functional method, when applicable, and on the basis of proportional use of the service provided.

## **Donated services**

Donated services are recognized if the services either create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by PFC. Donations of use of facilities are recorded as contributions at their estimated fair value for the period of use.

### **3. Net assets:**

PFC classifies its net assets into three categories:

Unrestricted net assets include all of the unrestricted support and revenue of PFC, all of the expenses of PFC, 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 PFC. 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 they be permanently retained by PFC in perpetuity and that only the income and/or use of the assets are available to PFC. At July 31, 2011 and 2010 there are no permanently restricted net assets.

### **4. Programs:**

#### 41 & 9 Leukemia & Zygomycosis Research

The goal of the 41 & 9 Leukemia & Zygomycosis Research is to provide funding toward innovative, leading edge research in the field of pediatric high risk leukemia and the fungal infections children are at risk for contracting while their body's immune systems are compromised during chemotherapy treatment.

### Patient Impact Initiative

PFC created the Patient Impact Initiative as its hallmark program to bring researchers, funders, and institutions together to produce better treatments and cures, especially through finding new uses for existing drugs and other therapies.

### Jasper Against Batten Fund

In May 2009, PFC created a new funding partnership to raise funds for research to support a clinical trial for Batten Disease, a fatal nerve disease of infants and children.

### Lungevity

This project supports lung cancer research.

### Longest Day of Golf

A group of dedicated golfers have committed to raise funds for prostate cancer research projects in 2010 and for repurposing the drug Rapamycin to treat children with rare blood and immune disorders in 2011.

### Multiple Sclerosis Research

The funders of PFC have been supporting powerful research that stimulates the brain to help recover lost physical function. The treatment works by sending millions of nerve pulses from the nerves of the tongue to the brain while the person is simultaneously challenged with exercises and physical therapy. The nerve pulses help the brain create “new learning areas” to take the place of those brain areas damaged by disease. With time, effort, and stimulation, the parts of the brain surrounding damaged areas take over functions so the brain and nerve can work together again and lost function can be regained.

### Dogs for Cures

The mission of Dogs for Cures is to make a positive difference in the lives of individuals with catastrophic diseases such as type 1 diabetes and lung cancer by providing medical service dogs that are trained to use their senses and service abilities to improve quality and length of life for patients 24 hours per day.

### CRAVAT

The Center for Research and Analysis of Vascular Tumors (CRAVAT) goal is to raise awareness of and harness research to address rare vascular tumors. CRAVAT works with patients, clinicians, and scientists to develop effective treatment for Hemangioendothelioma, Eplitheloid Hemangioendothelioma, and other vascular tumors.

## **5. Concentration of risk:**

PFC maintains cash in seven accounts at a major financial institution that cumulatively exceeds federally insured limits. Management believes PFC is not exposed to any significant credit risk on these cash balances.

**6. Related party transactions:**

GPP made contributions of \$27,000 in 2011 and \$60,000 in 2010. \$38,400 of rent in 2011 and 2010 was donated by a board member.

**7. Temporarily restricted net assets:**

Temporarily restricted net assets are comprised of the following:

	<u>2011</u>	<u>2010</u>
Jasper Against Batten	\$107,326	\$694,827
Lungevity	98,315	53,515
Longest Day of Golf	81,933	73,487
MDS		75,520
Diabetes Fund	3,590	3,490
Partner Impact Initiative program	25,485	55,000
Dogs For Cures	21,789	977
MAK Fund	1,374	1,372
Parkinson's	1,650	1,650
Myeloma	1,966	1,966
Myrovlytis Trust	61	61
PIC Fund	12	12
MS		(19,201)
41 & 9	25,902	(85)
Cancer Research	100,025	
CLL	24,000	
Promises to give	<u>60,560</u>	<u>95,738</u>
	<u>\$553,988</u>	<u>\$1,038,329</u>

The negative net asset amounts in 2010 were offset by 2011 fundraising.

Net assets released from donor restriction by incurring expenses satisfying the restricted purposes, by occurrence of other events specified by donors, or the passage of time are as follows:

	<u>2011</u>	<u>2010</u>
Lungevity	\$ 5,000	\$ 328,771
Jasper Against Batten	820,261	114,247
Myrovlytis Trust		55,919
Longest Day of Golf	40,071	44,390
Diabetes Fund	60,000	35,000
41 & 9		28,960
MS		27,241
Dogs For Cures	10,646	233
Cardiac research	1,175	
Cravat	1,545	
MDS	202,000	
Promises to give	<u>35,178</u>	<u>39,133</u>
	<u>\$1,175,876</u>	<u>\$ 673,894</u>

**8. Promises to give:**

Promises to give as of July 31 are as follows:

	<u>2011</u>	<u>2010</u>
Kaskel family	\$ 50,000	\$90,000
Board Member pledges	<u>10,560</u>	<u>16,915</u>
	\$ 60,560	\$ 106,915
Less discount		<u>(11,177)</u>
	<u>\$ 60,560</u>	<u>\$ 95,738</u>

Promises to give at July 31, 2011 are due in fiscal year ending July 31, 2012.

Pledges are discounted at the three month U.S. Treasury Yield rate: 5.10% in 2006, 4.96% in 2007, and 1.70% in 2008. Pledge discounts are deemed immaterial at July 31, 2011.

**10. Income taxes:**

PFC is exempt from federal taxes under section 501(c) (3) of the Internal Revenue Code.

**11. Lease commitment:**

PFC occupies space at the Chicago office of one of its board members. Monthly rent is \$3,200. Rent in the amount of \$38,400 and \$38,400 was donated in 2011 and 2010, respectively.