

*Financial Statements*

**DR. SUSAN LOVE RESEARCH  
FOUNDATION**

June 30, 2015



# HENSIEK & CARON

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Dr. Susan Love Research Foundation

We have audited the accompanying financial statements of Dr. Susan Love Research Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 of 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.

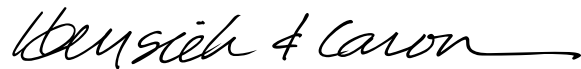
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dr. Susan Love Research Foundation as of June 30, 2015, 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 Dr. Susan Love Research Foundation's 2014 financial statements, and our report dated August 19, 2014, 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 June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pasadena, CA  
September 29, 2015

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2014**

**ASSETS**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 143,826	\$ 363,254
Accounts receivable	55,000	9,000
Contributions and grants receivable	-	16,298
Prepaid expenses	27,697	28,367
Investments	2,423,971	3,029,645
Patents, net	11,102	12,903
Property, equipment and web site, net	419,201	491,024
Security deposit	21,261	21,261
	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<u>\$ 3,102,058</u>	<u>\$ 3,971,752</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable	\$ 133,417	\$ 58,536
Accrued salaries and vacation	23,328	11,702
Accrued rent	11,527	34,417
Grants payable	43,000	10,000
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	211,272	114,655
<b>Unrestricted Net Assets</b>	<u>2,890,786</u>	<u>3,857,097</u>
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,102,058</u>	<u>\$ 3,971,752</u>

The accompanying notes are an integral part of these statements.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2015</b>	<b>2014</b>
<b>Support and Revenue</b>		
Grants, contracts and contributions	\$ 1,341,688	\$ 1,081,957
Government awards and grants	357,620	-
Gifts in kind	1,200	13,872
Special events, net of direct expenses of \$35,377 in 2015 and \$30,338 in 2014	194,021	212,144
Investment returns	94,345	433,024
Product sales, net of cost of sales of \$0 in 2015 and \$649 in 2014	331	2,345
Program income	15,000	25,500
Other income	5,296	-
	<b>2,009,501</b>	<b>1,768,842</b>
<b>Expenses</b>		
Program	2,402,128	1,821,261
Management and general	206,440	152,068
Fundraising	367,244	209,638
	<b>2,975,812</b>	<b>2,182,967</b>
<b>Change in Unrestricted Net Assets</b>	<b>(966,311)</b>	<b>(414,125)</b>
<b>Unrestricted Net Assets, Beginning of Year</b>	<b>3,857,097</b>	<b>4,271,222</b>
<b>Unrestricted Net Assets, End of Year</b>	<b>\$ 2,890,786</b>	<b>\$ 3,857,097</b>

The accompanying notes are an integral part of these statements.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (966,311)	\$ (414,125)
Adjustments to reconcile the change in net assets to net cash used in operating activities		
Depreciation and amortization	156,427	144,090
Realized and unrealized (gains) losses on investments	50,741	(222,734)
(Increase) Decrease in:		
Accounts receivable	(46,000)	6,354
Contributions and grants receivable	16,298	233,702
Prepaid expenses	670	3,456
Increase (Decrease) in:		
Accounts payable	74,881	(1,494)
Accrued salaries	11,626	4,641
Accrued rent	(22,890)	(15,727)
Grants payable	33,000	(11,200)
	<u>(691,558)</u>	<u>(273,037)</u>
<b>Net Cash Used in Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales of investments	700,000	1,050,000
Purchase of investments	(145,067)	(210,278)
Purchase of property, equipment and web site	(82,803)	(269,901)
	<u>472,130</u>	<u>569,821</u>
<b>Net Cash Provided by Investing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(219,428)	296,784
<b>Cash and Cash Equivalents, Beginning</b>	<u>363,254</u>	<u>66,470</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 143,826</u>	<u>\$ 363,254</u>
<b>Supplementary Information</b>		
Interest received	<u>\$ 145,086</u>	<u>\$ 210,289</u>
Interest paid	<u>\$ 409</u>	<u>\$ 930</u>

The accompanying notes are an integral part of these statements.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2014**

	2015						2014		
	Army of Women	Health of Women Study	Programs		Total Program	Management and General	Fundraising	Total	Total
			Clinical Research	Education					
Salaries	\$ 201,290	\$ 177,387	\$ 246,385	\$ 180,127	\$ 805,189	\$ 113,284	\$ 127,345	\$ 1,045,818	\$ 1,016,404
Contract services	23,151	18,848	415,299	44,275	501,573	(1,881)	17,834	517,526	211,182
Occupancy	49,906	43,243	55,961	39,123	188,233	39,631	30,675	258,539	250,643
Direct mail	30,432	30,432	30,432	30,433	121,729	4,530	121,729	247,988	-
Website content and maintenance	69,440	33,182	4,364	57,335	164,321	-	-	164,321	161,834
Conference	-	-	157,033	-	157,033	-	-	157,033	-
Depreciation and amortization	-	-	150,066	-	150,066	4,560	-	154,626	144,090
Payroll taxes	15,527	14,664	18,977	14,664	63,832	12,076	10,351	86,259	78,478
Benefits	13,925	13,153	17,008	13,153	57,239	10,846	9,284	77,369	87,250
Programs and grants	-	-	60,000	-	60,000	-	-	60,000	(11,200)
Travel	7,636	548	1,894	32,861	42,939	23	12,274	55,236	45,700
Insurance	2,907	2,746	31,844	2,746	40,243	4,339	1,937	46,519	57,917
Supplies	3,910	3,933	6,592	5,746	20,181	3,150	5,950	29,281	36,761
Computer expenses	1,816	1,715	2,219	1,715	7,465	1,412	7,620	16,497	16,340
Marketing and communications	2,193	951	1,438	8,888	13,470	27	2,479	15,976	47,465
Bank charges	-	-	-	-	-	3,149	12,651	15,800	16,591
Printing, copying and postage	268	227	1,622	170	2,287	4,616	5,019	11,922	3,063
Education and meetings	200	216	142	1,743	2,301	4,269	1,857	8,427	6,852
Dues and subscriptions	-	-	-	1,711	1,711	2,000	239	3,950	11,133
Expendable equipment	51	51	1,928	286	2,316	-	-	2,316	1,534
Interest	-	-	-	-	-	409	-	409	930
<b>Total Expenses</b>	<b>\$ 422,652</b>	<b>\$ 341,296</b>	<b>\$ 1,203,204</b>	<b>\$ 434,976</b>	<b>\$ 2,402,128</b>	<b>\$ 206,440</b>	<b>\$ 367,244</b>	<b>\$ 2,975,812</b>	<b>\$ 2,182,967</b>
					80.8%	6.9%	12.3%	100.0%	

The accompanying notes are an integral part of these statements.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies**

**Nature of the Organization**

The mission of the Dr. Susan Love Research Foundation is to achieve a future without breast cancer by engaging the public and scientific communities in innovative research on cause and prevention.

The Foundation's goal is to find the cause of breast cancer and prevent it *now* – before it starts.

The Foundation translates complex concepts regarding the *science of breast cancer* into easy to understand information in order to *inform, engage and empower* patients, caregivers and the public at large. Through its online and interactive educational resources and materials, the Foundation heightens understanding of the latest advances in breast cancer cause, detection, prevention and treatment and fosters participation in urgently needed research and advocacy. The Foundation does this through the Army of Women® program, Health of Women Study™, ImPatient Science™ program and inspiring novel research by organizing biennial Symposiums on the Intraductal Approach to Breast Cancer and awarding pilot grants.

As a highly regarded *science-based* organization, the Foundation conducts and collaborates on state of the art research within the scientific community, setting the stage for future medical breakthroughs – and the eradication of the disease. Current collaborative research projects include the Biome of the Breast, Mapping the Anatomy of the Breast Ducts, Mapping DCIS, and Low Cost Automated Ultrasound for Breast Cancer Detection and Diagnosis.

**Public Support and Revenue**

Donations are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Amounts received or promised that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Donated securities and other non-cash donations are recorded at estimated fair values at the date of donation. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The value of contributed services that meet these qualifications was \$1,200, at June 30, 2015.

**Accounts, Contributions and Grants Receivable**

The Foundation uses the direct write off method to determine uncollectible receivables. The annual write off is based on management's analysis of specific receivables. Management has determined that all receivables are collectible.

**Property, Equipment and Web Site**

Property, equipment and web site are stated at cost or, if donated, at the approximate fair market value at the date of donation. It is the Foundation's policy to capitalize expenditures for these items in excess of \$1,500. Depreciation is provided using the straight-line method over three to five years.



**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 – Summary of Significant Accounting Policies** (continued)

**Investments**

Investments, comprised primarily of mutual funds whose underlying assets are equity securities, corporate debt securities and U.S. government obligations, are valued at fair value, with realized and unrealized gains and losses reflected in the statements of activities. The fair value of investments is based on quoted market values.

**Use of Estimates**

The preparation of financial statements in conformity with 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.

**Statement of Cash Flows**

For the purpose of the statement of cash flows, the Foundation includes all cash in banks and other financial institutions, and certain highly liquid money market accounts designated for temporary cash investment.

**Income Taxes**

The Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBIT). The Foundation believes that it has no uncertain tax positions that impact its financial statements.

The Foundation files form 990 with the Internal Revenue Service, and files related exempt organization returns in the State of California. The returns are generally no longer subject to examination by the Internal Revenue Service after three years, or by the State of California after four years.

**Note 2 – Concentration of Credit Risk**

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist of cash and cash equivalents. The Foundation maintains its cash balances at a single financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At June 30, 2015, the Foundation's uninsured cash balances were \$75,233.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 3 – Accounts Receivable**

Accounts receivable consists of the following:

	<u>2015</u>	<u>2014</u>
Accounts receivable	\$ 55,000	\$ 9,000
Less allowance for doubtful accounts	-	-
	<u>\$ 55,000</u>	<u>\$ 9,000</u>

**Note 4 – Contributions and Grants Receivable**

Contributions and grants receivable consist of the following:

	<u>2015</u>	<u>2014</u>
Contributions and grants receivable	\$ -	\$ 16,298
Less allowance for doubtful accounts	-	-
	<u>\$ -</u>	<u>\$ 16,298</u>

**Note 5 – Investments**

As of June 30, 2015 and 2014 investments consist of the following:

<u>2015</u>	<u>Aggregate Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 2,272,816	\$ 2,252,310
Money market funds	151,155	151,155
Total	<u>\$ 2,423,971</u>	<u>\$ 2,403,465</u>
<u>2014</u>	<u>Aggregate Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 2,878,566	\$ 2,752,338
Money market funds	151,079	151,079
Total	<u>\$ 3,029,645</u>	<u>\$ 2,903,417</u>

Investment returns are summarized as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 145,086	\$ 210,290
Net realized and unrealized gains (losses)	(50,741)	222,734
Total	<u>\$ 94,345</u>	<u>\$ 433,024</u>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 6 – Property, Equipment and Web Site**

Property, equipment and web site consist of the following:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 18,550	\$ 18,550
Equipment	149,760	149,760
Web design	1,043,975	664,240
Web design in progress	31,023	329,756
	<u>1,243,308</u>	<u>1,162,306</u>
Less accumulated depreciation	824,107	671,282
	<u>\$ 419,201</u>	<u>\$ 491,024</u>

**Note 7 – Lease Commitments**

The Foundation operates from offices under a noncancelable lease agreement expiring on November 30, 2015. Minimum payments under this operating lease are as follows:

<u>Year ending June 30,</u>	
2016	\$ 104,446

Rent expense for the year ended June 30, 2015 and 2014 was \$237,764 and \$230,660, respectively.

**Note 8 – Net Assets**

Net assets consist of the following:

	<u>2015</u>	<u>2014</u>
<b>Unrestricted Net Assets</b>		
Board Designated Operating Reserves	\$ 475,000	\$ 475,000
Operating Net Assets, Including Reserves For Future Operations and Programs	<u>2,415,786</u>	<u>3,382,097</u>
<b>Total Unrestricted Net Assets</b>	<u>\$ 2,890,786</u>	<u>\$ 3,857,097</u>

**Note 9 – Fair Value Measurements**

Fair values of assets measured on a recurring basis at June 30, 2015 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 2,272,816	\$ 2,272,816	\$ -	\$ -
Money Market Funds	151,155	151,155	-	-
Investments	<u>\$ 2,423,971</u>	<u>\$ 2,423,971</u>	<u>\$ -</u>	<u>\$ -</u>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 9 – Fair Value Measurements** (continued)

Fair values of assets measured on a recurring basis at June 30, 2014 are as follows:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Other Unobservable Inputs (Level 3)</b>
Mutual Funds	\$ 2,878,566	\$ 2,878,566	\$ -	\$ -
Money Market Funds	151,079	151,079	-	-
Investments	\$ 3,029,645	\$ 3,029,645	\$ -	\$ -

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**Note 10 – Salary Deferral Plan**

The Foundation maintains a salary deferral plan under Internal Revenue Service code section 401(k) which covers substantially all employees meeting minimum service requirements. The Foundation does not contribute to this plan.

**Note 11 – Subsequent Events**

Subsequent events were evaluated through August 29, 2015, which is the date the financial statements were available to be issued.

Subsequent to year end, the Foundation negotiated a six year lease for new office space commencing on November 1, 2015.

Future minimum lease payments for the new lease will be:

<b><u>Years ending June 30,</u></b>	
2016	\$ 78,336
2017	96,355
2018	99,244
2019	102,221
2020	105,288