

*Financial Statements*

**DR. SUSAN LOVE RESEARCH  
FOUNDATION**

June 30, 2016



# 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, 2016, 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.

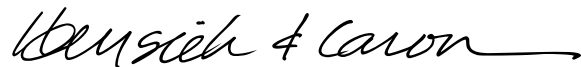
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2016, 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 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pasadena, CA  
November 14, 2016

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 610,810	\$ 143,826
Accounts receivable	114,504	55,000
Contributions and grants receivable	16,087	-
Prepaid expenses	68,078	27,697
Investments	2,240,065	2,423,971
Patents, net	9,302	11,102
Property, equipment and web site, net	242,619	419,201
Security deposit	8,884	21,261
	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<u>\$ 3,310,349</u>	<u>\$ 3,102,058</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable	\$ 228,608	\$ 133,417
Unearned advance	26,156	-
Accrued salaries and vacation	41,632	23,328
Accrued rent	32,746	11,527
Grants payable	17,500	43,000
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	<u>346,642</u>	<u>211,272</u>
<b>Net Assets</b>		
Unrestricted net assets	2,134,109	2,890,786
Temporarily restricted net assets	829,598	-
	<u>                    </u>	<u>                    </u>
<b>Total Net Assets</b>	<u>2,963,707</u>	<u>2,890,786</u>
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,310,349</u>	<u>\$ 3,102,058</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, 2016**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015**

	<b>2016</b>			<b>2015</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
<b>Support and Revenue</b>				
Grants, contracts and contributions	\$ 1,238,512	\$ 985,000	\$ 2,223,512	\$ 1,341,688
Government awards and grants	579,877	-	579,877	357,620
Gifts in kind	-	-	-	1,200
Special events, net of direct expenses of \$29,823 in 2016 and \$35,377 in 2015	133,970	-	133,970	194,021
Investment returns	116,156	-	116,156	94,345
Product sales, net of cost of sales of \$0 in 2016 and 2015	312	-	312	331
Program income	51,500	-	51,500	15,000
Loss on disposal of property, equipment and website	(269,022)	-	(269,022)	-
Other income	10	-	10	5,296
Net assets released from program restrictions	155,402	(155,402)	-	-
<b>Total Support and Revenue</b>	<b>2,006,717</b>	<b>829,598</b>	<b>2,836,315</b>	<b>2,009,501</b>
<b>Expenses</b>				
Program	2,272,183	-	2,272,183	2,402,128
Management and general	217,621	-	217,621	206,440
Fundraising	273,590	-	273,590	367,244
<b>Total Expenses</b>	<b>2,763,394</b>	<b>-</b>	<b>2,763,394</b>	<b>2,975,812</b>
<b>Change in Net Assets</b>	<b>(756,677)</b>	<b>829,598</b>	<b>72,921</b>	<b>(966,311)</b>
<b>Net Assets, Beginning of Year</b>	<b>2,890,786</b>	<b>-</b>	<b>2,890,786</b>	<b>3,857,097</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,134,109</b>	<b>\$ 829,598</b>	<b>\$ 2,963,707</b>	<b>\$ 2,890,786</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, 2016**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 72,921	\$ (966,311)
Adjustments to reconcile the change in net assets to net cash used in operating activities		
Depreciation and amortization	147,485	156,427
Loss on disposal of property, equipment and website	269,022	-
Realized and unrealized losses on investments	7,082	50,741
(Increase) Decrease in:		
Accounts receivable	(59,504)	(46,000)
Contributions and grants receivable	(16,087)	16,298
Prepaid expenses	(40,381)	670
Deposits	12,377	-
Increase (Decrease) in:		
Accounts payable	95,191	74,881
Unearned advances	26,156	-
Accrued salaries	18,304	11,626
Accrued rent	21,219	(22,890)
Grants payable	(25,500)	33,000
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>528,285</u>	<u>(691,558)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales of investments	300,000	700,000
Purchase of investments	(123,176)	(145,067)
Proceeds from disposal of property, equipment and website	3,240	-
Purchase of property, equipment and web site	(241,365)	(82,803)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<u>(61,301)</u>	<u>472,130</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	466,984	(219,428)
<b>Cash and Cash Equivalents, Beginning</b>	<u>143,826</u>	<u>363,254</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 610,810</u>	<u>\$ 143,826</u>
<b>Supplementary Information</b>		
Interest and dividends received	<u>\$ 123,239</u>	<u>\$ 145,086</u>
Interest paid	<u>\$ -</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, 2016**  
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

	2016						2015			
	Programs						Management and General	Fundraising	Total	Total
Army of Women	Health of Women Study	Clinical Research	ImPatient Science	Education	Total Program					
Salaries	\$ 174,882	\$ 130,846	\$ 552,353	79,586	\$ 96,513	\$ 1,034,180	\$ 61,925	\$ 128,362	\$ 1,224,467	\$ 1,045,818
Contract services	3,045	47,925	392,228	300	6,887	450,385	28,404	4,782	483,571	517,526
Occupancy	38,312	34,374	34,513	14,821	17,185	139,205	58,071	25,389	222,665	258,539
Website content and maintenance	103,067	52,827	11,452	2,250	10,312	179,908	-	5,369	185,277	164,321
Depreciation and amortization	17,815	101,372	11,028	7,635	7,635	145,485	1,000	1,000	147,485	154,626
Direct mail	9,112	9,208	13,253	8,157	7,428	47,158	-	57,032	104,190	247,988
Payroll taxes	13,376	10,009	42,247	6,087	7,382	79,101	4,736	9,818	93,655	86,259
Benefits	8,377	6,269	26,459	3,812	4,623	49,540	2,966	6,149	58,655	77,369
Programs and grants	-	-	-	-	-	-	-	-	-	60,000
Travel	1,065	5,248	13,112	-	25,789	45,214	2,338	6,726	54,278	55,236
Insurance	-	-	25,315	-	-	25,315	17,903	-	43,218	46,519
Supplies	24	85	14,968	-	200	15,277	16,895	5,618	37,790	29,281
Marketing and communications	2,065	-	100	6,715	16,448	25,328	3,045	5,449	33,822	15,976
Computer expenses	4,373	3,272	13,813	1,990	2,414	25,862	1,549	3,210	30,621	16,497
Bank charges	-	-	-	-	-	-	6,215	6,104	12,319	15,800
Printing, copying and postage	-	-	278	-	223	501	6,852	4,872	12,225	11,922
Dues and subscriptions	950	-	879	-	4,468	6,297	275	2,339	8,911	3,950
Education and meetings	222	872	386	145	1,467	3,092	3,843	1,371	8,306	8,427
Expendable equipment	-	-	335	-	-	335	1,604	-	1,939	2,316
Conference	-	-	-	-	-	-	-	-	-	157,033
Interest	-	-	-	-	-	-	-	-	-	409
<b>Total Expenses</b>	<b>\$ 376,685</b>	<b>\$ 402,307</b>	<b>\$ 1,152,719</b>	<b>\$ 131,498</b>	<b>\$ 208,974</b>	<b>\$ 2,272,183</b>	<b>\$ 217,621</b>	<b>\$ 273,590</b>	<b>\$ 2,763,394</b>	<b>\$ 2,975,812</b>

82%                      8%                      10%                      100%

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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.

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.

**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, 2016**

**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, 2016, the Foundation's uninsured cash balances were \$552,672.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**Note 3 – Accounts Receivable**

Accounts receivable consists of the following:

	<u>2016</u>	<u>2015</u>
Accounts receivable	\$ 114,504	\$ 55,000
Less allowance for doubtful accounts	-	-
	<u>\$ 114,504</u>	<u>\$ 55,000</u>

**Note 4 – Contributions and Grants Receivable**

Contributions and grants receivable consist of the following:

	<u>2016</u>	<u>2015</u>
Contributions and grants receivable	\$ 16,087	\$ -
Less allowance for doubtful accounts	-	-
	<u>\$ 16,087</u>	<u>\$ -</u>

**Note 5 – Investments**

As of June 30, 2016 and 2015 investments consist of the following:

<u>2016</u>	<u>Aggregate Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 2,088,834	\$ 2,079,640
Money market funds	151,231	151,231
Total	<u>\$ 2,240,065</u>	<u>\$ 2,230,871</u>
<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>

Investment returns are summarized as follows:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 123,239	\$ 145,086
Net realized and unrealized gains (losses)	(7,083)	(50,741)
Total	<u>\$ 116,156</u>	<u>\$ 94,345</u>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

Property, equipment and web site consist of the following:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 12,159	\$ 18,550
Equipment	31,555	149,760
Web and video design	454,751	1,043,975
Web and video design in progress	125,064	31,023
	<u>623,529</u>	<u>1,243,308</u>
Less accumulated depreciation	380,910	824,107
	<u>\$ 242,619</u>	<u>\$ 419,201</u>

**Note 7 – Lease Commitments**

The Foundation operates from offices under a noncancelable lease agreement expiring on October 31, 2021. Minimum payments under this operating lease are as follows:

<u>Year ending June 30,</u>	
2017	\$ 95,885
2018	98,761
2019	101,723
2020	104,774
2021	107,917
2022	36,325

Rent expense for the year ended June 30, 2016 and 2015 was \$139,458 and \$237,764, respectively.

**Note 8 – Net Assets**

Net assets consist of the following:

	<u>2016</u>	<u>2015</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>1,924,923</u>	<u>2,415,789</u>
<b>Total Unrestricted Net Assets</b>	<u>\$ 2,399,923</u>	<u>\$ 2,890,786</u>
	<u>2016</u>	<u>2015</u>
<b>Temporarily Restricted Net Assets</b>		
Metastatic breast cancer project	\$ 643,538	\$ -
Mapping the breast project	84,060	-
ImPatient science	<u>102,000</u>	<u>-</u>
<b>Total Temporarily Restricted Net Assets</b>	<u>\$ 829,598</u>	<u>\$ -</u>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**Note 9 – Fair Value Measurements**

Fair values of assets measured on a recurring basis at June 30, 2016 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	\$ 2,088,834	\$ 2,088,834	\$ -	\$ -
Money Market Funds	151,231	151,231	-	-
Investments	\$ 2,240,065	\$ 2,240,065	\$ -	\$ -

Fair values of assets measured on a recurring basis at June 30, 2015 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	\$ 2,272,816	\$ 2,272,816	\$ -	\$ -
Money Market Funds	151,155	151,155	-	-
Investments	\$ 2,423,971	\$ 2,423,971	\$ -	\$ -

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 November 14, 2016, which is the date the financial statements were available to be issued.