

*Financial Statements*

**DR. SUSAN LOVE RESEARCH  
FOUNDATION**

June 30, 2018



# HENSIEK & CARON

CERTIFIED PUBLIC ACCOUNTANTS  
650 SIERRA MADRE VILLA, SUITE 303  
PASADENA, CALIFORNIA 91107  
TELEPHONE (626) 792-9988 FAX (626) 792-9852

BARRY B. HENSIEK, CPA  
SUSAN E. CARON, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Dr. Susan Love Research Foundation

### **Report on the Financial Statements**

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, 2018, and the related statements of activities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

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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, 2018, 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.

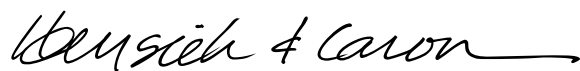
***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018, on our consideration of Dr. Susan Love Research Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Dr. Susan Love Research Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dr. Susan Love Research Foundation's internal control over financial reporting and compliance.



Pasadena, CA  
December 10, 2018

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

**ASSETS**

**Assets**

Cash and cash equivalents	\$ 180,188
Accounts receivable	142,807
Contributions and grants receivable	377,187
Prepaid expenses	37,553
Investments	1,806,697
Patents, net	5,701
Property, equipment and web site, net	318,765
Security deposit	<u>8,884</u>
<b>Total Assets</b>	<b><u><u>\$ 2,877,782</u></u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 114,882
Accrued salaries and vacation	18,177
Accrued rent	<u>30,340</u>
<b>Total Liabilities</b>	<b><u>163,399</u></b>

**Net Assets**

Unrestricted net assets	2,630,323
Temporarily restricted net assets	<u>84,060</u>
<b>Total Net Assets</b>	<b><u>2,714,383</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 2,877,782</u></u></b>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Grants, contracts and contributions	\$ 1,308,705	\$ -	\$ 1,308,705
Government awards and grants	811,892	-	811,892
Investment returns	93,107	-	93,107
Program income	53,000	-	53,000
Net assets released from program restrictions	329,090	(329,090)	-
<b>Total Support and Revenue</b>	<u>2,595,794</u>	<u>(329,090)</u>	<u>2,266,704</u>
<b>Expenses</b>			
Program	2,009,482	-	2,009,482
Management and general	228,008	-	228,008
Fundraising	175,627	-	175,627
<b>Total Expenses</b>	<u>2,413,117</u>	<u>-</u>	<u>2,413,117</u>
<b>Change in Net Assets</b>	<u>182,677</u>	<u>(329,090)</u>	<u>(146,413)</u>
<b>Net Assets, Beginning of Year, as Originally Reported</b>	2,323,757	413,150	2,736,907
<b>Restatement</b>	<u>123,889</u>	<u>-</u>	<u>123,889</u>
<b>Net Assets, Beginning of Year, as Restated</b>	<u>2,447,646</u>	<u>413,150</u>	<u>2,860,796</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 2,630,323</u></u>	<u><u>\$ 84,060</u></u>	<u><u>\$ 2,714,383</u></u>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ (146,413)
Adjustments to reconcile the change in net assets to net cash used in operating activities	
Depreciation and amortization	86,994
Realized and unrealized (gains)/losses on investments	(1,814)
(Increase) Decrease in:	
Accounts receivable	(4,918)
Contributions and grants receivable	(322,708)
Prepaid expenses	(1,208)
Increase (Decrease) in:	
Accounts payable	(39,754)
Accrued salaries	(31,535)
Accrued rent	(2,641)
Grants payable	(12,500)
	<u>(476,497)</u>
<b>Net Cash Used in Operating Activities</b>	<b>(476,497)</b>

**Cash Flows from Investing Activities**

Proceeds from sales of investments	700,000
Purchase of investments	(91,000)
Purchase of property, equipment and web site	(135,563)
	<u>473,437</u>
<b>Net Cash Provided by Investing Activities</b>	<b>473,437</b>

**Net Decrease in Cash and Cash Equivalents** (3,060)

**Cash and Cash Equivalents, Beginning** 183,248

**Cash and Cash Equivalents, Ending** \$ 180,188

**Supplementary Information**

Interest and dividends received	<u>\$ 91,293</u>
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**DR. SUSAN LOVE RESEARCH FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Programs</b>					<b>Total Programs</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
	<b>Army of Women</b>	<b>Health of Women Study</b>	<b>Clinical Research</b>	<b>ImPatient Science</b>	<b>Education</b>				
Salaries	\$ 186,702	\$ 151,274	\$ 484,413	\$ 81,998	\$ 42,224	\$ 946,611	\$ 81,596	\$ 79,872	\$ 1,108,079
Contract services	2,479	11,167	395,500	1,098	565	410,809	59,075	5,324	475,208
Marketing and communications	56,745	17,429	39,549	7,917	4,097	125,737	10,213	44,564	180,514
Occupancy	27,753	22,663	61,365	12,285	6,325	130,391	14,059	10,707	155,157
Website content and maintenance	66,628	19,825	-	394	947	87,794	1,254	793	89,841
Depreciation and amortization	45,455	4,625	16,980	19,934	-	86,994	-	-	86,994
Payroll taxes	14,269	11,652	31,550	6,316	3,253	67,040	6,585	5,505	79,130
Benefits	11,158	10,391	28,135	5,632	2,317	57,633	13,559	4,909	76,101
Travel	7,733	4,360	14,885	2,947	1,518	31,443	3,072	2,568	37,083
Computer expenses	6,287	5,134	13,900	2,783	1,433	29,537	2,901	2,425	34,863
Insurance	-	(1,113)	20,709	-	(356)	19,240	14,362	(1,167)	32,435
Supplies	2,413	1,969	5,298	1,066	549	11,295	5,087	5,702	22,084
Bank charges	-	-	-	-	-	-	3,126	11,881	15,007
Printing, copying and postage	567	-	82	-	-	649	8,650	1,399	10,698
Dues and subscriptions	670	1,780	60	-	884	3,394	2,160	-	5,554
Education and meetings	646	118	151	-	-	915	2,309	1,145	4,369
<b>Total Expenses</b>	<b>\$ 429,505</b>	<b>\$ 261,274</b>	<b>\$ 1,112,577</b>	<b>\$ 142,370</b>	<b>\$ 63,756</b>	<b>\$ 2,009,482</b>	<b>\$ 228,008</b>	<b>\$ 175,627</b>	<b>\$ 2,413,117</b>
						84%	9%	7%	100%

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 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, 2018**

**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.

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**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, 2018, the Foundation's uninsured cash balances were \$172,002.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 3 – Accounts Receivable**

Accounts receivable consists of the following:

Accounts receivable	\$ 142,807
Less allowance for doubtful accounts	-
	\$ 142,807
	\$ 142,807

**Note 4 – Contributions and Grants Receivable**

Contributions and grants receivable consist of the following:

Contributions and grants receivable	\$ 377,187
Less allowance for doubtful accounts	-
	\$ 377,187
	\$ 377,187

**Note 5 – Investments**

As of June 30, 2018 investments consist of the following:

	<b>Aggregate Fair Value</b>	<b>Cost</b>
Mutual funds	\$ 1,204,655	\$ 1,144,446
Certificates of deposit	602,042	602,042
	\$ 1,806,697	\$ 1,746,488
	\$ 1,806,697	\$ 1,746,488

Investment returns are summarized as follows:

Interest and dividends	\$ 91,293
Net realized and unrealized gains	1,814
	\$ 93,107
	\$ 93,107

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

Property, equipment and web site consist of the following:

Leasehold improvements	\$ 12,159
Equipment	31,555
Web and video design	499,503
Web and video design in progress	123,150
	666,367
Less accumulated depreciation	347,602
	\$ 318,765

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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>	
2019	\$ 101,723
2020	104,774
2021	107,917
2022	36,325

Rent expense for the year ended June 30, 2018 and 2017 was \$104,810 and \$98,252, respectively.

**Note 8 – Net Assets**

Net assets consist of the following:

<b>Unrestricted Net Assets</b>	
Board Designated Operating Reserves	\$ 475,000
Operating Net Assets, Including Reserves For Future Operations and Programs	<u>2,155,323</u>
<b>Total Unrestricted Net Assets</b>	<b><u><u>\$ 2,630,323</u></u></b>

Temporarily restricted net assets consists of funds restricted for mapping the breast project.

**Note 9 – Fair Value Measurements**

Fair values of assets measured on a recurring basis at June 30, 2018 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	\$ 1,204,655	\$ 1,204,655	\$ -	\$ -
Certificates of deposits	602,042	602,042	-	-
	<u>\$ 1,806,697</u>	<u>\$ 1,806,697</u>	<u>\$ -</u>	<u>\$ -</u>

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

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Note 10 – Salary Deferral Plan**

The Foundation maintains a salary deferral plan under Internal Revenue Service code section 403(b) which covers substantially all employees meeting minimum service requirements. The Foundation does not contribute to this plan.

**Note 11 – Restatement**

During the year, it came to the Foundation's attention that accounts receivable and unrestricted net assets for the fiscal year ended June 30, 2017 were understated by \$123,889.

**Note 12 – Subsequent Events**

Subsequent events were evaluated through December 10, 2018, which is the date the financial statements were available to be issued. There were no subsequent events that would require