

*Financial Statements*

**DR. SUSAN LOVE RESEARCH  
FOUNDATION**

June 30, 2019



# 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, 2019, 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. 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, 2019, 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.

*Wenzel & Caron*

Pasadena, CA  
February 3, 2020

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

**ASSETS**

**Assets**

Cash and cash equivalents	\$ 550,286
Accounts receivable	60,730
Contributions and grants receivable	40,277
Prepaid expenses	57,255
Investments	1,265,770
Patents, net	-
Property, equipment and website, net	284,136
Security deposit	<u>8,884</u>
<b>Total Assets</b>	<b><u><u>\$ 2,267,338</u></u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 133,681
Accrued salaries and vacation	30,844
Deferred revenue	45,000
Accrued rent	<u>24,737</u>
<b>Total Liabilities</b>	<b><u>234,262</u></b>

**Net Assets**

Net assets without donor restrictions	2,033,076
Net assets with donor restrictions	<u>-</u>
<b>Total Net Assets</b>	<b><u>2,033,076</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 2,267,338</u></u></b>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Grants, contracts and contributions	\$ 861,228	\$ 5,000	\$ 866,228
Government awards and grants	629,858	-	629,858
Special events, net of direct expenses of \$43,008	199,298	-	199,298
Gifts in kind	77,831	-	77,831
Investment returns	101,175	-	101,175
Program income	40,500	-	40,500
Loss on disposal of patents	(5,701)	-	(5,701)
Net assets released from program restrictions	89,060	(89,060)	-
<b>Total Support and Revenue</b>	<u>1,993,249</u>	<u>(84,060)</u>	<u>1,909,189</u>
<b>Expenses</b>			
Program	1,996,392	-	1,996,392
Management and general	324,628	-	324,628
Fundraising	269,476	-	269,476
<b>Total Expenses</b>	<u>2,590,496</u>	<u>-</u>	<u>2,590,496</u>
<b>Change in Net Assets</b>	(597,247)	(84,060)	(681,307)
<b>Net Assets, Beginning of Year</b>	<u>2,630,323</u>	<u>84,060</u>	<u>2,714,383</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 2,033,076</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,033,076</u></u>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ (681,307)
Adjustments to reconcile the change in net assets to net cash used in operating activities	
Depreciation and amortization	90,330
Realized and unrealized (gains)/losses on investments	(20,922)
Loss on disposal of patents	5,701
(Increase) Decrease in:	
Accounts receivable	82,077
Contributions and grants receivable	336,910
Prepaid expenses	(19,702)
Increase (Decrease) in:	
Accounts payable	18,799
Accrued salaries	12,667
Deferred revenue	45,000
Accrued rent	(5,603)

**Net Cash Used in Operating Activities** (136,050)

**Cash Flows from Investing Activities**

Proceeds from sales of investments	638,802
Purchase of investments	(76,953)
Purchase of property, equipment and website	(55,701)

**Net Cash Provided by Investing Activities** 506,148

**Net Increase in Cash and Cash Equivalents** 370,098

**Cash and Cash Equivalents, Beginning** 180,188

**Cash and Cash Equivalents, Ending** \$ 550,286

**Supplementary Information**

Interest and dividends received	\$ 80,341
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**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>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>	<b>Total Programs</b>			
Salaries	\$ 177,256	\$ 141,615	\$ 397,521	\$ 61,363	\$ 42,476	\$ 820,231	\$ 101,717	\$ 95,851	\$ 1,017,799
Contract services	17,559	14,900	504,306	11,430	3,706	551,901	114,480	7,220	673,601
Marketing and communications	24,317	10,000	26,785	5,333	2,667	69,102	22,033	108,456	199,591
Occupancy	24,812	20,261	57,622	10,983	5,655	119,333	1,844	9,572	130,749
Website content and maintenance	51,322	38,651	394	2,119	412	92,898	3,710	662	97,270
Depreciation amortization	48,697	-	5,312	36,321	-	90,330	-	-	90,330
Computer expenses	47,879	5,414	14,675	2,917	1,514	72,399	3,081	2,561	78,041
Payroll taxes	13,327	10,883	29,467	5,899	3,038	62,614	6,150	5,141	73,905
Travel	11,511	6,489	22,402	4,386	2,208	46,996	4,573	3,700	55,269
Benefits	4,414	299	4,645	130	90	9,578	29,962	14,532	54,072
Insurance	3,800	3,035	29,215	1,315	911	38,276	8,838	1,482	48,596
Bank charges	921	736	2,312	319	221	4,509	560	12,803	17,872
Supplies	221	177	5,693	77	53	6,221	10,419	412	17,052
Bad debt expense	10,500	-	-	-	-	10,500	-	-	10,500
Printing, copying and postage	-	-	686	-	-	686	2,729	4,475	7,890
Taxes and licenses	-	-	-	-	-	-	7,126	-	7,126
Education and meetings	-	-	62	-	-	62	5,387	488	5,937
Dues and subscriptions	-	-	205	-	551	756	2,019	2,121	4,896
<b>Total Expenses</b>	<b>\$ 436,536</b>	<b>\$ 252,460</b>	<b>\$ 1,101,302</b>	<b>\$ 142,592</b>	<b>\$ 63,502</b>	<b>\$ 1,996,392</b>	<b>\$ 324,628</b>	<b>\$ 269,476</b>	<b>\$ 2,590,496</b>
						77%	13%	10%	100%

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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**

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents, its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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



**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Public Support and Revenue** (continued)

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 \$77,831, at June 30, 2019.

**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 Website**

Property, equipment and website 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.

**Investments**

Investments, comprised primarily of certificate of deposit 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.

**Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied based on periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

**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.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Income Taxes** (continued)

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 – New Accounting Pronouncement**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. Temporarily restricted net assets and permanently restricted net assets have been combined into a single net asset class called net assets with donor restrictions.

The changes have the following effect on net assets at June 30, 2018:

	<b>As Originally Presented</b>	<b>After Adoption of ASU 2016-14</b>
Unrestricted net assets	\$ 2,630,323	\$ -
Temporarily restricted net assets	84,060	-
Net assets without donor restriction	-	2,630,323
Net assets with donor restriction	-	84,060
Total	\$ 2,714,383	\$ 2,714,383

**Note 3 – 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, 2019, the Foundation's uninsured cash balances were \$416,132.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 4 – Accounts Receivable**

Accounts receivable consists of the following:

Accounts receivable	\$ 60,730
Less allowance for doubtful accounts	-
	\$ 60,730
	\$ 60,730

**Note 5 – Contributions and Grants Receivable**

Contributions and grants receivable consist of the following:

Contributions and grants receivable	\$ 40,277
Less allowance for doubtful accounts	-
	-
	\$ 40,277

**Note 6 – Investments**

Fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Certificates of deposit	\$ 605,048	\$ 605,048	\$ -	\$ -
Mutual Funds	660,722	660,772	-	-
	\$ 1,265,770	\$ 1,265,770	\$ -	\$ -

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

**Note 7 – Property, Equipment and Website**

Property, equipment and website consist of the following:

Leasehold improvements	\$ 12,159
Equipment	38,257
Web and video design	651,652
Web and video design in progress	20,000
	722,068
Less accumulated depreciation	437,932
	\$ 284,136

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 8 – 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>	
2020	\$ 104,774
2021	107,917
2022	36,325

Rent expense for the year ended June 30, 2019 was \$104,810.

**Note 9 – 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 10 – Liquidity and Availability of Financial Assets**

The following reflects the Foundation’s financial assets at the statement of financial position date, reduced by amounts not available for general use within one year of the statement date because of contractual or donor-imposed restrictions.

Financial assets at June 30, 2019 is comprised of:

Cash and cash equivalents	\$ 550,286
Accounts receivable	60,730
Contributions and grants receivable	40,277
Investments	<u>1,265,770</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,917,063</u>

The Foundation is substantially supported by contributions with restrictions and without restrictions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus financial assets may not be available for general expenditure within one year. As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**Note 11 – Subsequent Events**

Subsequent events were evaluated through February 3, 2020, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.