

Financial Statements

**DR SUSAN LOVE RESEARCH
FOUNDATION**

June 30, 2007



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 statement of financial position of Dr. Susan Love Research Foundation (a nonprofit organization) as of June 30, 2007, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Dr. Susan Love Research Foundation as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Hensiek & Caron

August 20, 2007

DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 357,816	\$ -	\$ 357,816
Accounts receivable	7,442	-	7,442
Grants receivable	-	930,902	930,902
Prepaid expenses	6,537	-	6,537
Investments	383,999	366,188	750,187
Inventory	17,212	-	17,212
Computers and web site, net	64,017	-	64,017
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Total Assets	<u>\$ 837,023</u>	<u>\$ 1,297,090</u>	<u>\$ 2,134,113</u>

LIABILITIES AND NET ASSETS

Liabilities			
Accounts payable	\$ 8,582	\$ -	\$ 8,582
Grants payable	72,500	-	72,500
	<hr/>	<hr/>	<hr/>
Total Liabilities	81,082	-	81,082
Net Assets	<hr/>	<hr/>	<hr/>
	755,941	1,297,090	2,053,031
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Total Liabilities and Net Assets	<u>\$ 837,023</u>	<u>\$ 1,297,090</u>	<u>\$ 2,134,113</u>

DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Grants and contracts	\$ -	\$ 1,083,337	\$ 1,083,337
Contributions	522,838	-	522,838
Investment returns	42,994	-	42,994
Conference registration and sponsorships	91,850	-	91,850
Other income	5,727	-	5,727
Net assets released from program restrictions	352,261	(352,261)	-
Total Support and Revenue	<u>1,015,670</u>	<u>731,076</u>	<u>1,746,746</u>
Expenses			
Program	718,954	-	718,954
Management and general	130,888	-	130,888
Fundraising	23,713	-	23,713
Total Expenses	<u>873,555</u>	<u>-</u>	<u>873,555</u>
Change in Net Assets	<u>142,115</u>	<u>731,076</u>	<u>873,191</u>
Net Assets, Beginning of Year	<u>613,826</u>	<u>566,014</u>	<u>1,179,840</u>
Net Assets, End of Year	<u>\$ 755,941</u>	<u>\$ 1,297,090</u>	<u>\$ 2,053,031</u>

The accompanying notes are an integral part of these statements.

DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

Cash Flows from Operating Activities	
Change in Net Assets	\$ 873,191
Adjustments to reconcile the change in net assets to net cash used in operating activities	
Depreciation	19,187
Realized and unrealized gains on investments	(30,528)
(Increase) Decrease in:	
Accounts receivable	(7,441)
Contributions receivable	(929,902)
Interest receivable	2,438
Prepaid expenses	(800)
Inventory	3,899
Increase (Decrease) in:	
Accounts payable	1,932
Payroll taxes payable	(5,922)
Grants payable	62,500
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Net Cash Used in Operating Activities	(11,446)
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Cash Flows from Investing Activities	
Proceeds from sales of investments	3,140,000
Purchase of investments	(3,161,198)
Purchase of fixed assets	(25,336)
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Net Cash Used in Investing Activities	(46,534)
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Net Decrease in Cash and Cash Equivalents	(57,980)
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Cash and Cash Equivalents, Beginning	415,796
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Cash and Cash Equivalents, Ending	\$ 357,816
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DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 258,478	\$ 65,818	\$ 18,300	\$ 342,596
Grants	88,663	-	-	88,663
Intraductal conference	86,847	-	-	86,847
Website content and maintenance	76,369	-	-	76,369
Expendable equipment	68,839	1,305	-	70,144
Occupancy	36,115	15,715	-	51,830
Contract services	19,977	17,096	-	37,073
Payroll tax	19,314	4,918	1,367	25,599
Depreciation	14,190	4,997	-	19,187
Insurance	11,587	1,600	-	13,187
Benefits	5,485	4,061	1,741	11,287
Office supplies	-	11,086	-	11,086
Computer expenses	6,746	-	-	6,746
Education and meetings	5,724	879	-	6,603
Marketing and communications	4,289	-	2,305	6,594
Travel	5,612	-	-	5,612
Utilities	3,498	1,522	-	5,020
Merchandise	3,899	-	-	3,899
Printing, copying and postage	1,291	1,891	-	3,182
Dues and subscriptions	2,031	-	-	2,031
Total Expenses	<u>\$ 718,954</u>	<u>\$ 130,888</u>	<u>\$ 23,713</u>	<u>\$ 873,555</u>

The accompanying notes are an integral part of these statements.

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies

Nature of the Organization

The Mission of the Dr. Susan Love Research Foundation is to eradicate breast cancer and improve the quality of women's health through innovative research, education and advocacy.

According to the Foundation's research, more than 30 years of "early detection" with mammography and breast self-exam have barely dented the mortality rate for breast cancer. Currently 110 women a day die of the disease, and breast cancer incidence continues to climb; a new case is diagnosed every two minutes. By the time the cancer is diagnosed, it has already been present for six to ten years.

The Foundation is dedicated to research that reveals the origin of breast cancer and new ways of treatment. They are committed to going beyond finding a cure and focusing on stopping women from ever developing breast cancer in the first place. They believe that they can make breast cancer a disease of the past. They know where breast cancer begins—in the breast ducts—and they now have the tools to get there. This intraductal research holds the potential to expand our knowledge in way that will truly allow them to end breast cancer.

The Foundation is currently focusing on the following projects:

Intraductal Research

The Dr. Susan Love Research Foundation believes that the intraductal approach to breast cancer is the path that will bring them to the beginning of the end of this disease. To date, they have received more than half a million dollars to pursue their own intraductal research.

Pilot Grants

The Dr. Susan Love Research Foundation gives out pilot grants to jumpstart innovative research and to encourage scientists to pursue the intraductal approach. Grants are made through a novel approach, with applicants presenting their proposals at the Foundation's biennial International Symposium on the Intraductal Approach to Breast Cancer. Since 1998, the Foundation has awarded pilot grants totaling more than \$900,000.

Education and Advocacy

The Dr. Susan Love Research Foundation is dedicated to educating the public about breast cancer risk assessment, detection, prevention, and treatment. They are also committed to advocating for expanded breast cancer research funding and for programs that will ensure all individuals have access to free or low-cost breast cancer screening and high-quality treatment. As part of this effort Dr. Susan Love and the Foundation:

- Maintain an award-receiving website.
- Respond to site visitor's questions.

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Nature of the Organization (continued)

- Provide educational lectures, keynote addresses, and other presentations at breast cancer and women's health conferences throughout the world.
- Host the biennial International Symposium on the Intraductal Approach to Breast Cancer.
- Work closely with the National Breast Cancer Coalition (Dr. Love is one of the founders) and other local and national breast cancer organizations and foundations.
- Offer information to site visitors on how to become a breast cancer advocate.

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.

Computers and Web Site

Computers and web site are stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is provided using the straight-line method over three years.

Investments

Investments, comprised primarily of 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.

Inventory

Inventory consists of pink bracelets and is valued at cost.

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.

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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 \$100,000 per institution. At June 30, 2007, the Foundation's uninsured cash balance totaled \$270,748.

Note 3 – Inventory

Inventory at June 30, 2007, which consists of pink bracelets, amounted to \$17,222.

Note 4 – Investments

As of June 30, 2007 investments consist of the following:

	<u>Aggregate Fair Value</u>	<u>Cost</u>
Fixed income funds	\$ 750,187	\$ 748,409
Total	<u>\$ 750,187</u>	<u>\$ 748,409</u>

Investment returns are summarized as follows:

Interest and dividends	\$ 12,466
Net realized and unrealized gains	<u>30,528</u>
	<u>\$ 42,994</u>

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 5 – Computers and Web Site

Computers and web site consist of the following:

Computers, at cost	\$ 14,991
Web design	72,979
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	87,970
Less accumulated depreciation	23,953
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	<u>\$ 64,017</u>

Note 6 – Line of Credit

The Foundation has a \$75,000 unsecured revolving line of credit, all of which was available at June 30, 2007. Bank advances on the credit line are payable on demand, or if no demand is made on September 1, 2007. Outstanding advances bear interest at the bank's reference rate less 1.0%.