

*Financial Statements*

**DR. SUSAN LOVE RESEARCH  
FOUNDATION**

June 30, 2017



# 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, 2017, 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.

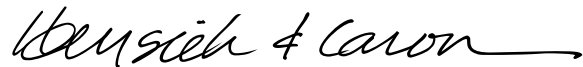
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2017, 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 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pasadena, CA  
November 6, 2017

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 183,248	\$ 610,810
Accounts receivable	14,000	114,504
Contributions and grants receivable	54,479	16,087
Prepaid expenses	36,345	68,078
Investments	2,413,883	2,240,065
Patents, net	7,502	9,302
Property, equipment and web site, net	268,395	242,619
Security deposit	8,884	8,884
	<u>8,884</u>	<u>8,884</u>
<b>Total Assets</b>	<u>\$ 2,986,736</u>	<u>\$ 3,310,349</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable	\$ 154,636	\$ 228,608
Unearned advance	-	26,156
Accrued salaries and vacation	49,712	41,632
Accrued rent	32,981	32,746
Grants payable	12,500	17,500
	<u>12,500</u>	<u>17,500</u>
<b>Total Liabilities</b>	<u>249,829</u>	<u>346,642</u>
<b>Net Assets</b>		
Unrestricted net assets	2,323,757	2,134,109
Temporarily restricted net assets	413,150	829,598
	<u>413,150</u>	<u>829,598</u>
<b>Total Net Assets</b>	<u>2,736,907</u>	<u>2,963,707</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,986,736</u>	<u>\$ 3,310,349</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, 2017**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>			<b>2016</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
<b>Support and Revenue</b>				
Grants, contracts and contributions	\$ 1,339,976	\$ 270,000	\$ 1,609,976	\$ 2,223,512
Government awards and grants	510,693	-	510,693	579,877
Special events, net of direct expenses of \$31,660 in 2017 and \$29,823 in 2016	175,748	-	175,748	133,970
Investment returns	173,972	-	173,972	116,156
Product sales, net of cost of sales of \$0 in 2017 and 2016	314	-	314	312
Program income	37,500	-	37,500	51,500
Loss on disposal of property, equipment and website	-	-	-	(269,022)
Other income	15,483	-	15,483	10
Net assets released from program restrictions	686,448	(686,448)	-	-
<b>Total Support and Revenue</b>	<b>2,940,134</b>	<b>(416,448)</b>	<b>2,523,686</b>	<b>2,836,315</b>
<b>Expenses</b>				
Program	2,264,314	-	2,264,314	2,272,183
Management and general	246,830	-	246,830	217,621
Fundraising	239,342	-	239,342	273,590
<b>Total Expenses</b>	<b>2,750,486</b>	<b>-</b>	<b>2,750,486</b>	<b>2,763,394</b>
<b>Change in Net Assets</b>	<b>189,648</b>	<b>(416,448)</b>	<b>(226,800)</b>	<b>72,921</b>
<b>Net Assets, Beginning of Year</b>	<b>2,134,109</b>	<b>829,598</b>	<b>2,963,707</b>	<b>2,890,786</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,323,757</b>	<b>\$ 413,150</b>	<b>\$ 2,736,907</b>	<b>\$ 2,963,707</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, 2017**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (226,800)	\$ 72,921
Adjustments to reconcile the change in net assets to net cash used in operating activities		
Depreciation and amortization	100,571	147,485
Loss on disposal of property, equipment and website	-	269,022
Realized and unrealized (gains)/losses on investments	(97,827)	7,082
(Increase) Decrease in:		
Accounts receivable	100,504	(59,504)
Contributions and grants receivable	(38,392)	(16,087)
Prepaid expenses	31,733	(40,381)
Deposits	-	12,377
Increase (Decrease) in:		
Accounts payable	(73,972)	95,191
Unearned advances	(26,156)	26,156
Accrued salaries	8,080	18,304
Accrued rent	235	21,219
Grants payable	(5,000)	(25,500)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>(227,024)</u>	<u>528,285</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales of investments	450,000	300,000
Purchase of investments	(525,991)	(123,176)
Proceeds from disposal of property, equipment and website	-	3,240
Purchase of property, equipment and web site	(124,547)	(241,365)
<b>Net Cash (Used in) Investing Activities</b>	<u>(200,538)</u>	<u>(61,301)</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(427,562)	466,984
<b>Cash and Cash Equivalents, Beginning</b>	<u>610,810</u>	<u>143,826</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 183,248</u>	<u>\$ 610,810</u>
<b>Supplementary Information</b>		
Interest and dividends received	<u>\$ 76,145</u>	<u>\$ 123,239</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, 2017**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2016**

	<b>2017</b>						<b>2016</b>			
	<b>Programs</b>						<b>Management</b>	<b>Fundraising</b>	<b>Total</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>	<b>and General</b>			
Salaries	\$ 192,451	\$ 224,975	\$ 438,767	81,974	\$ 62,052	\$ 1,000,219	\$ 125,025	\$ 146,067	\$ 1,271,311	\$ 1,224,467
Contract services	2,568	145,128	339,387	1,530	7,575	496,188	30,196	17,614	543,998	483,571
Occupancy	20,799	24,595	45,416	15,021	6,783	112,614	16,092	9,903	138,609	222,665
Marketing and communications	67,840	24,558	11,703	-	11,788	115,889	11,277	10,722	137,888	138,012
Conference	-	-	111,629	-	-	111,629	123	-	111,752	-
Website content and maintenance	86,364	10,905	-	5,434	2,197	104,900	585	-	105,485	185,277
Depreciation and amortization	4,625	54,634	6,425	32,450	2,437	100,571	-	-	100,571	147,485
Payroll taxes	14,098	16,670	30,817	6,066	4,599	72,250	8,435	10,832	91,517	93,655
Benefits	10,186	12,150	24,659	4,509	3,371	54,875	14,458	7,831	77,164	58,655
Insurance	405	483	24,215	244	128	25,475	11,651	26	37,152	43,218
Travel	5,600	6,622	10,545	-	3,524	26,291	1,351	8,713	36,355	54,278
Computer expenses	4,455	4,591	5,642	2,805	1,348	18,841	7,135	4,695	30,671	30,621
Bank charges	-	-	20	-	-	20	5,239	15,496	20,755	12,319
Supplies	-	3,345	6,003	1,860	839	12,047	1,645	4,395	18,087	37,790
Printing, copying and postage	151	77	64	-	89	381	8,227	1,807	10,415	12,225
Education and meetings	2,575	1,409	2,605	861	389	7,839	713	1,196	9,748	8,306
Dues and subscriptions	2,100	650	(200)	106	1,529	4,185	3,150	45	7,380	8,911
Expendable equipment	-	-	100	-	-	100	1,528	-	1,628	1,939
<b>Total Expenses</b>	<b>\$ 414,217</b>	<b>\$ 530,792</b>	<b>\$ 1,057,797</b>	<b>\$ 152,860</b>	<b>\$ 108,648</b>	<b>\$ 2,264,314</b>	<b>\$ 246,830</b>	<b>\$ 239,342</b>	<b>\$ 2,750,486</b>	<b>\$ 2,763,394</b>
						82%	9%	9%	100%	

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017**

**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, 2017, the Foundation's uninsured cash balances were \$172,002.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 3 – Accounts Receivable**

Accounts receivable consists of the following:

	<u>2017</u>	<u>2016</u>
Accounts receivable	\$ 14,000	\$ 114,504
Less allowance for doubtful accounts	-	-
	<u>\$ 14,000</u>	<u>\$ 114,504</u>

**Note 4 – Contributions and Grants Receivable**

Contributions and grants receivable consist of the following:

	<u>2017</u>	<u>2016</u>
Contributions and grants receivable	\$ 54,479	\$ 16,087
Less allowance for doubtful accounts	-	-
	<u>\$ 54,479</u>	<u>\$ 16,087</u>

**Note 5 – Investments**

As of June 30, 2017 and 2016 investments consist of the following:

<u>2017</u>	<u>Aggregate Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 1,812,273	\$ 1,704,471
Certificates of deposit	601,610	601,610
Total	<u>\$ 2,413,883</u>	<u>\$ 2,306,081</u>
<u>2016</u>	<u>Aggregate Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 2,088,834	\$ 2,079,640
Certificates of deposit	151,231	151,231
Total	<u>\$ 2,240,065</u>	<u>\$ 2,230,871</u>

Investment returns are summarized as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 76,145	\$ 123,239
Net realized and unrealized gains (losses)	97,827	(7,083)
Total	<u>\$ 173,972</u>	<u>\$ 116,156</u>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Property, equipment and web site consist of the following:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 12,159	\$ 12,159
Equipment	31,555	31,555
Web and video design	676,469	454,751
Web and video design in progress	27,893	125,064
	<u>748,076</u>	<u>623,529</u>
Less accumulated depreciation	479,681	380,910
	<u>\$ 268,395</u>	<u>\$ 242,619</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>	
2018	\$ 98,761
2019	101,723
2020	104,774
2021	107,917
2022	36,325

Rent expense for the year ended June 30, 2017 and 2016 was \$98,252 and \$139,458, respectively.

**Note 8 – Net Assets**

Net assets consist of the following:

	<u>2017</u>	<u>2016</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>1,848,757</u>	<u>1,659,109</u>
<b>Total Unrestricted Net Assets</b>	<u>\$ 2,323,757</u>	<u>\$ 2,134,109</u>
	<u>2017</u>	<u>2016</u>
<b>Temporarily Restricted Net Assets</b>		
Metastatic breast cancer project	\$ 234,475	\$ 643,538
Army of Women website update	92,207	-
Mapping the breast project	84,060	84,060
ImPatient science	<u>2,408</u>	<u>102,000</u>
<b>Total Temporarily Restricted Net Assets</b>	<u>\$ 413,150</u>	<u>\$ 829,598</u>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 9 – Fair Value Measurements**

Fair values of assets measured on a recurring basis at June 30, 2017 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	\$ 1,812,273	\$ 1,812,273	\$ -	\$ -
Certificates of deposits	601,610	601,610	-	-
	<u>\$ 2,413,883</u>	<u>\$ 2,413,883</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ -	\$ -
Certificate of deposit	151,231	151,231	-	-
	<u>\$ 2,240,065</u>	<u>\$ 2,240,065</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.

**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 – Subsequent Events**

Subsequent events were evaluated through November 6, 2017, 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.