

*Financial Statements*

**DR. SUSAN LOVE RESEARCH  
FOUNDATION**

June 30, 2020



# HENSIEK & CARON

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## 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, 2020, 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, 2020, 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.

*Wensick & Caron*

Pasadena, CA  
February 2, 2021

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

**ASSETS**

**Assets**

Cash and cash equivalents	\$ 596,953
Accounts receivable	33,668
Contribution and grants receivable	35,435
Prepaid expenses	42,497
Investments	1,958,890
Property, equipment and website, net	239,109
Security deposit	<u>8,884</u>
<b>Total Assets</b>	<b><u><u>\$ 2,915,436</u></u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 90,239
Accrued salaries and vacation	62,710
Loan payable	169,890
Accrued rent	<u>16,083</u>
<b>Total Liabilities</b>	<b><u>338,922</u></b>

**Net Assets**

Net assets without donor restrictions	2,036,514
Net assets with donor restrictions	<u>540,000</u>
<b>Total Net Assets</b>	<b><u>2,576,514</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 2,915,436</u></u></b>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Grants, contracts and contributions	\$ 1,822,476	\$ 585,000	\$ 2,407,476
Government awards and grants	367,103	-	367,103
Special events, net of direct expenses of \$26,800	81,363	-	81,363
Gifts in kind	5,744	-	5,744
Investment returns	45,386	-	45,386
Program income	105,200	-	105,200
Other	3,145	-	3,145
Net assets released from program restrictions	45,000	(45,000)	-
<b>Total Support and Revenue</b>	<u>2,475,417</u>	<u>540,000</u>	<u>3,015,417</u>
<b>Expenses</b>			
Program	2,009,490	-	2,009,490
Management and general	128,356	-	128,356
Fundraising	334,133	-	334,133
<b>Total Expenses</b>	<u>2,471,979</u>	<u>-</u>	<u>2,471,979</u>
<b>Change in Net Assets</b>	3,438	540,000	543,438
<b>Net Assets, Beginning of Year</b>	<u>2,033,076</u>	<u>-</u>	<u>2,033,076</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 2,036,514</u></u>	<u><u>\$ 540,000</u></u>	<u><u>\$ 2,576,514</u></u>

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ 543,438
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Depreciation and amortization	109,976
Realized and unrealized (gains)/losses on investments	(5,957)
Gift in kind	(5,744)
(Increase) Decrease in:	
Accounts receivable	27,062
Contributions and grants receivable	4,842
Prepaid expenses	14,758
Increase (Decrease) in:	
Accounts payable	(43,442)
Accrued salaries	31,866
Deferred revenue	(45,000)
Accrued rent	(8,654)

**Net Cash Provided by Operating Activities** 623,145

**Cash Flows from Investing Activities**

Proceeds from sales of investments	352,056
Purchase of investments	(1,033,475)
Purchase of property, equipment and website	(64,949)

**Net Cash Used in Investing Activities** (746,368)

**Cash Flows from Financing Activities**

Proceeds from loan payable	169,890
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**Net Increase in Cash and Cash Equivalents** 46,667

**Cash and Cash Equivalents, Beginning** 550,286

**Cash and Cash Equivalents, Ending** \$ 596,953

**Supplementary Information**

Interest and dividends received	\$ 39,428
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**DR. SUSAN LOVE RESEARCH FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<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	\$ 180,392	\$ 41,185	\$ 506,254	\$ 58,483	\$ 88,960	\$ 875,274	\$ 71,185	\$ 122,031	\$ 1,068,490
Marketing and communications	113,298	10,795	112,738	14,500	23,066	274,397	7,594	126,154	408,145
Professional fees	25,117	7,985	125,905	8,143	12,387	179,537	8,764	10,328	198,629
Education and meetings	70,547	260	4,380	369	59,617	135,173	448	769	136,390
Occupancy	20,810	4,752	52,453	6,746	10,262	95,023	8,212	14,078	117,313
Depreciation and amortization	24,780	-	31,276	47,755	-	103,811	6,166	-	109,977
Contract services	5,849	2,112	66,330	5,284	2,820	82,395	842	1,123	84,360
Payroll taxes	-	3,154	34,822	18,294	6,813	63,083	5,452	9,346	77,881
Computer expenses	12,997	2,968	32,762	4,214	6,410	59,351	4,946	6,365	70,662
Benefits	7,251	1,655	18,277	2,350	3,576	33,109	2,861	4,905	40,875
Bank charges	-	-	200	-	-	200	4,683	26,295	31,178
Travel	4,822	1,101	12,155	1,563	2,378	22,019	1,903	3,262	27,184
Insurance	1,292	295	22,165	419	638	24,809	510	875	26,194
Supplies	4,084	930	10,955	1,325	2,012	19,306	1,566	2,757	23,629
Website content and maintenance	10,764	10,364	-	-	638	21,766	-	-	21,766
Bad debt expense	14,438	-	-	-	-	14,438	-	25	14,463
Printing, copying and postage	264	60	794	86	130	1,334	963	5,250	7,547
Dues and subscriptions	842	193	2,507	273	650	4,465	332	570	5,367
Taxes and licenses	-	-	-	-	-	-	1,929	-	1,929
<b>Total Expenses</b>	<b>\$ 497,547</b>	<b>\$ 87,809</b>	<b>\$ 1,033,973</b>	<b>\$ 169,804</b>	<b>\$ 220,357</b>	<b>\$ 2,009,490</b>	<b>\$ 128,356</b>	<b>\$ 334,133</b>	<b>\$ 2,471,979</b>
						81%	5%	14%	100%

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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.

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.



**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**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.

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.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020, the Foundation’s uninsured cash balances were \$430,493.

**Note 3 – Accounts Receivable**

Accounts receivable consists of the following:

Accounts receivable	\$ 33,668
Less allowance for doubtful accounts	-
	\$ 33,668
	\$ 33,668

**Note 4 – Contributions and Grants Receivable**

Contributions and grants receivable consist of the following:

Contributions and grants receivable	\$ 35,435
Less allowance for doubtful accounts	-
	\$ 35,435
	\$ 35,435

**Note 5 – 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, 2020 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>
Certificates of deposit	\$ 255,631	\$ 255,631	\$ -	\$ -
Mutual Funds	1,699,135	1,699,135	-	-
Equities	4,124	4,124	-	-
	\$ 1,958,890	\$ 1,958,890	\$ -	\$ -

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, 2020**

**Note 6 – Property, Equipment and Website**

Property, equipment and website consist of the following:

Leasehold improvements	\$ 12,159
Equipment	40,430
Web and video design	734,428
	787,017
Less accumulated depreciation and amortization	547,908
	\$ 239,109

**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>	
2021	\$ 107,917
2022	36,325

Rent expense for the year ended June 30, 2020 was \$112,077.

**Note 8 – 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 9 – Paycheck Protection Program Loan**

On April 27, 2020, the Foundation obtained a \$169,890 loan from the City National Bank, pursuant to the Paycheck Protection Program (PPP), under the Coronavirus Aid Relief and Economic Security Act (CARES Act), which was enacted on March 27, 2020. Funds from the loan may only be used for payroll costs, employee health insurance, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020.

The Foundation is required to apply for loan forgiveness. If the Small Business Administration (SBA) confirms full and complete forgiveness of the unpaid balance, the Foundation obligation will be deemed fully satisfied and paid in full. If the SBA does not confirm or partially confirms forgiveness, the Club will be obligated to repay City National Bank. In such case City National Bank will establish terms for repayment of the loan in a separate letter to the Foundation setting forth the loan balance, monthly payment, interest rate (not to exceed 1%), the terms and maturity date of two years from the initial funding date. No principal or interest is due during the deferment period, which ends August 12, 2021.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 10 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following:

Low cost ultrasound	\$ 400,000
Impatient science	25,000
Time restricted for 2021	115,000
	<u>\$ 540,000</u>

**Note 11 – Board Designated Net Assets**

The Board has designated long-term investments to function as reserve funds. Funds will be added or appropriated by the Board for operational purposes. The balance of board designated net assets at June 30, 2020 are as follows:

Investment fund	\$ 532,750
Organizational fund	173,250
Capacity building fund	57,750
	<u>\$ 765,750</u>

**Note 12 – 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, 2020 is comprised of:

Cash and cash equivalents	\$ 596,953
Accounts receivable	33,668
Contributions and grants receivable	35,435
Investments	1,958,890
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,624,946</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.

**DR. SUSAN LOVE RESEARCH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Note 13 – Commitments and Contingencies**

In early March 2020, the spread of Coronavirus Disease 2019 (“COVID-19”) was declared a global pandemic. As a result of efforts to slow the spread of COVID-19, the Foundation was forced to reorganize operations.

The Foundation continues to actively monitor the current and potential impacts of COVID-19, and will prepare and plan accordingly. The continued spread of COVID-19 could adversely impact results of operations, cash flows and financial conditions. However, the Foundation is not able to predict any potential impact at this time. No adjustments were necessary to the financial statements with respect to this matter.

**Note 14 – Subsequent Events**

Subsequent events were evaluated through February 2, 2021, 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.