

Financial Statements

**DR. SUSAN LOVE RESEARCH
FOUNDATION**

June 30, 2021



HENSIEK & CARON

CERTIFIED PUBLIC ACCOUNTANTS
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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, 2021, 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, 2021, 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
November 8, 2021

DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Assets

Cash and cash equivalents	\$ 739,106
Accounts receivable	59,583
Contribution and grants receivable	73,199
Prepaid expenses	73,275
Investments	2,199,065
Property, equipment and website, net	138,068
Security deposit	<u>8,884</u>
Total Assets	<u><u>\$ 3,291,180</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 61,498
Accrued salaries and vacation	66,241
Loan payable - Paycheck Protection Program	362,525
Accrued rent	<u>4,021</u>
Total Liabilities	<u>494,285</u>

Net Assets

Net assets without donor restrictions	2,571,895
Net assets with donor restrictions	<u>225,000</u>
Total Net Assets	<u>2,796,895</u>
Total Liabilities and Net Assets	<u><u>\$ 3,291,180</u></u>

DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
Grants, contracts and contributions	\$ 1,974,691	\$ 75,000	\$ 2,049,691
Government awards and grants	254,111	-	254,111
Special events, net of direct expenses of \$6,302	122,866	-	122,866
Gifts in kind	32,462	-	32,462
Investment returns	208,354	-	208,354
Program income	16,500	-	16,500
Loss on disposition of property, equipment and website	(3,462)	-	(3,462)
Other	4,355	-	4,355
Net assets released from program restrictions	390,000	(390,000)	-
Total Support and Revenue	<u>2,999,877</u>	<u>(315,000)</u>	<u>2,684,877</u>
Expenses			
Program	2,036,888	-	2,036,888
Management and general	154,701	-	154,701
Fundraising	272,907	-	272,907
Total Expenses	<u>2,464,496</u>	<u>-</u>	<u>2,464,496</u>
Change in Net Assets	535,381	(315,000)	220,381
Net Assets, Beginning of Year	<u>2,036,514</u>	<u>540,000</u>	<u>2,576,514</u>
Net Assets, End of Year	<u>\$ 2,571,895</u>	<u>\$ 225,000</u>	<u>\$ 2,796,895</u>

DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities	
Change in Net Assets	\$ 220,381
Adjustments to reconcile the change in net assets to net cash used in operating activities	
Depreciation and amortization	103,828
Realized and unrealized (gains)/losses on investments	(181,968)
Loss on disposal of property, equipment and website	3,462
Gifts in kind	(32,462)
(Increase) Decrease in:	
Accounts receivable	(25,915)
Contributions and grants receivable	(37,764)
Prepaid expenses	(30,778)
Increase (Decrease) in:	
Accounts payable	(28,741)
Accrued salaries	3,531
Accrued rent	(12,062)
	<u>(18,488)</u>
Net Cash Used in Operating Activities	<u>(18,488)</u>
Cash Flows from Investing Activities	
Proceeds from sales of investments	100,958
Purchase of investments	(126,703)
Purchase of property, equipment and website	(6,249)
	<u>(31,994)</u>
Net Cash Used in Investing Activities	<u>(31,994)</u>
Cash Flows from Financing Activities	
Proceeds from loan payable - Paycheck Protection Program	192,635
	<u>192,635</u>
Net Increase in Cash and Cash Equivalents	<u>142,153</u>
Cash and Cash Equivalents, Beginning	<u>596,953</u>
Cash and Cash Equivalents, Ending	<u>\$ 739,106</u>
Supplementary Information	
Interest and dividends received	<u>\$ 27,073</u>

**DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Programs						Management and General	Fundraising	Total
	Love Research Army	Health of Women Study	Clinical Research	ImPatient Science	Education	Total Programs			
Salaries	\$ 138,699	\$ -	\$ 318,070	\$ 38,770	\$ 439,831	\$ 935,370	\$ 78,739	\$ 134,981	\$ 1,149,090
Marketing and communications	16,174	-	31,721	4,300	208,787	260,982	7,636	33,983	302,601
Professional fees	18,617	325	62,452	4,804	88,162	174,360	27,161	14,396	215,917
Education and meetings	415	-	879	116	138,006	139,416	235	404	140,055
Occupancy	16,101	-	34,061	4,472	50,988	105,622	9,128	15,648	130,398
Depreciation and amortization	51,851	-	-	51,977	-	103,828	-	-	103,828
Computer expenses	8,378	-	5,070	669	45,466	59,583	4,881	30,255	94,719
Payroll taxes	10,212	-	21,633	2,854	32,383	67,082	5,797	9,938	82,817
Contract services	2,931	-	48,460	221	12,781	64,393	-	2,475	66,868
Benefits	7,954	-	16,849	2,223	25,222	52,248	4,515	7,740	64,503
Insurance	5,089	-	10,781	1,307	16,138	33,315	7,028	2,324	42,667
Bank charges	-	-	-	-	-	-	1,517	18,161	19,678
Website content and maintenance	13,350	-	-	263	4,324	17,937	495	-	18,432
Supplies	1,256	-	4,214	353	4,333	10,156	1,526	1,226	12,908
Printing, copying and postage	-	-	-	-	7,784	7,784	896	439	9,119
Taxes and licenses	-	-	-	-	5	5	4,949	-	4,954
Dues and subscriptions	-	-	-	-	3,006	3,006	198	271	3,475
Travel	274	-	581	77	869	1,801	-	666	2,467
Bad debt expense	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 291,301	\$ 325	\$ 554,771	\$ 112,406	\$ 1,078,085	\$ 2,036,888	\$ 154,701	\$ 272,907	\$ 2,464,496
						83%	6%	11%	100%

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies

Nature of the Organization

Dr. Susan Love Research Foundation challenges the status quo to end breast cancer and improve the lives of those impacted, through collaborative research, education, and advocacy.

The Foundation translates complex concepts regarding the science of breast cancer into easy-to-understand information 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 much-needed research and advocacy. The Foundation does this through the Love Research Army program, formerly known as the Army of Women®, ImPatient Science™ materials, educational and informative Webinars, and inspiring novel research by organizing our signature biennial International Symposium of the Human Breast which awards 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 Self-Reading Portable Ultrasound Project, II. Mapping the Anatomy of the Breast Ducts in Collaboration with QT Ultrasound, and the Microbiome Study of the Breast Ducts.

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, 2021

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 certificates 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, 2021

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, 2021, the Foundation’s uninsured cash balances were \$637,732.

Note 3 – Accounts Receivable

Accounts receivable consists of the following:

Accounts receivable	\$ 59,583
Less allowance for doubtful accounts	-
	\$ 59,583
	\$ 59,583

Note 4 – Contributions and Grants Receivable

Contributions and grants receivable consist of the following:

Contributions and grants receivable	\$ 73,199
Less allowance for doubtful accounts	-
	\$ 73,199
	\$ 73,199

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, 2021 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	\$ 256,269	\$ 256,269	\$ -	\$ -
Mutual Funds	1,897,651	1,897,651	-	-
Equities	45,145	45,145	-	-
	\$ 2,199,065	\$ 2,199,065	\$ -	\$ -

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, 2021

Note 6 – Property, Equipment and Website

Property, equipment and website consist of the following:

Equipment	2,175
Web and video design	740,677
	742,852
Less accumulated depreciation and amortization	604,784
	\$ 138,068

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 \$36,325 for the year ending June 30, 2022.

Rent expense for the year ended June 30, 2021 was \$115,747.

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 – Loan Payable - Paycheck Protection Program

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.

The original loan was forgiven on July 14, 2021. A new loan for \$192,635, with similar terms and conditions, was received on March 19, 2021. No principal or interest is due during the deferment period, which ends March 19, 2023

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

Low cost ultrasound	\$ 150,000
Time restricted for 2022	75,000
	\$ 225,000

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, 2021 are as follows:

Investment fund	\$ 658,937
Organizational fund	694,646
Capacity building fund	219,646
	\$ 1,573,229

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, 2021 is comprised of:

Cash and cash equivalents	\$ 739,106
Accounts receivable	59,583
Contributions and grants receivable	73,199
Investments	2,199,065
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,070,953

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 13 – Commitments and Contingencies

COVID-19

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.

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 13 – Commitments and Contingencies (continued)

COVID-19 (continued)

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.

Litigation

The Foundation has been named a defendant in a lawsuit related to an employment dispute. The case was referred to the Foundation's insurance carrier who believes that policy limits will be sufficient to resolve this matter. As of June 30, 2021, the financial statements do not reflect a liability for these litigations.

Note 14 – Subsequent Events

Subsequent events were evaluated through November 8, 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.