

Financial Statements

**DR. SUSAN LOVE RESEARCH
FOUNDATION**

June 30, 2022



HENSIEK & CARON

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Dr. Susan Love Research Foundation

Opinion

We have audited the accompanying financial statements of the Dr. Susan Love Research Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dr. Susan Love Research Foundation as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Dr. Susan Love Research Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dr. Susan Love Research Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

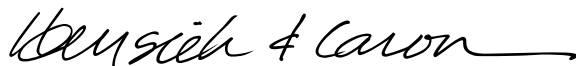
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but

is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Dr. Susan Love Research Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dr. Susan Love Research Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Pasadena, CA
November 9, 2022

DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Assets

Cash and cash equivalents	\$ 465,379
Accounts receivable	1,500
Contribution and grants receivable	386,135
Prepaid expenses	68,489
Investments	1,607,029
Property, equipment and website, net	<u>85,240</u>
Total Assets	<u><u>\$ 2,613,772</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 112,066
Accrued salaries and vacation	<u>83,333</u>
Total Liabilities	<u>195,399</u>

Net Assets

Net assets without donor restrictions	2,088,373
Net assets with donor restrictions	<u>330,000</u>
Total Net Assets	<u>2,418,373</u>
Total Liabilities and Net Assets	<u><u>\$ 2,613,772</u></u>

DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants, contracts and contributions	\$ 1,085,328	\$ 580,000	\$ 1,665,328
Government awards and grants	548,621	-	548,621
Special events, net of direct expenses of \$29,063	145,929	-	145,929
Gifts in kind - special event costs	4,914	-	4,914
Investment returns	(91,981)	-	(91,981)
Program income	9,000	-	9,000
Net assets released from program restrictions	475,000	(475,000)	-
Total Support and Revenue	2,176,811	105,000	2,281,811
Expenses			
Program	2,172,171	-	2,172,171
Management and general	126,315	-	126,315
Fundraising	336,847	-	336,847
Total Expenses	2,635,333	-	2,635,333
Change in Net Assets	(458,522)	105,000	(353,522)
Net Assets, Beginning of Year, As Originally Stated	2,571,895	225,000	2,796,895
Restatement	(25,000)	-	(25,000)
Net Assets, Beginning of Year, Restated	2,546,895	225,000	2,771,895
Net Assets, End of Year	\$ 2,088,373	\$ 330,000	\$ 2,418,373

**DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Cash Flows from Operating Activities

Change in Net Assets	\$ (353,522)
Adjustments to reconcile the change in net assets to net cash used in operating activities	
Depreciation and amortization	68,404
Realized and unrealized (gains)/losses on investments	177,223
Gifts in kind	(16,290)
Forgiveness of loan payable - Paycheck Protection Program	(362,525)
(Increase) Decrease in:	
Accounts receivable	58,083
Contributions and grants receivable	(312,936)
Prepaid expenses	4,786
Security deposit	8,884
Increase (Decrease) in:	
Accounts payable	25,568
Accrued salaries	17,092
Accrued rent	(4,021)

Net Cash Used in Operating Activities (689,254)

Cash Flows from Investing Activities

Proceeds from sales of investments	516,417
Purchase of investments	(85,314)
Purchase of property, equipment and website	(15,576)

Net Cash Provided by Investing Activities 415,527

Net Decrease in Cash and Cash Equivalents (273,727)

Cash and Cash Equivalents, Beginning 739,106

Cash and Cash Equivalents, Ending \$ 465,379

Supplementary Information

Interest and dividends received	\$ 85,320
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DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Programs					Management and General	Fundraising	Total
	Love Research Army	Clinical Research	ImPatient Science	Education	Total Programs			
Salaries	\$ 18,238	\$ 456,241	\$ 136,785	\$ 361,244	\$ 972,508	\$ 43,587	\$ 156,012	\$ 1,172,107
Marketing and communications	2,210	46,768	12,452	326,424	387,854	5,893	63,894	457,641
Professional fees	2,572	61,707	19,293	54,643	138,215	34,522	12,677	185,414
Education and meetings	100	2,197	631	134,859	137,787	2,139	5,179	145,105
Contract services	-	125,718	-	-	125,718	-	-	125,718
Benefits	1,839	38,441	13,795	40,188	94,263	4,411	17,016	115,690
Payroll taxes	768	16,049	5,759	48,419	70,995	3,180	11,775	85,950
Computer expenses	719	15,274	5,394	16,363	37,750	4,160	33,944	75,854
Depreciation and amortization	33,130	-	35,274	-	68,404	-	-	68,404
Occupancy	614	19,564	7,343	22,116	49,637	2,267	8,362	60,266
Insurance	444	9,262	3,323	9,129	22,158	10,917	1,314	34,389
Travel	422	8,811	3,162	8,684	21,079	6,192	3,323	30,594
Supplies	923	13,417	1,402	6,637	22,379	688	2,447	25,514
Bank charges	53	-	-	(53)	-	3,036	17,648	20,684
Website content and maintenance	10,911	920	-	2,205	14,036	-	-	14,036
Printing, copying and postage	63	1,453	350	2,844	4,710	242	2,158	7,110
Taxes and licenses	-	-	-	140	140	4,907	-	5,047
Dues and subscriptions	-	-	-	4,538	4,538	174	1,098	5,810
Total Expenses	\$ 73,006	\$ 815,822	\$ 244,963	\$ 1,038,380	\$ 2,172,171	\$ 126,315	\$ 336,847	\$ 2,635,333
					82%	5%	13%	100%

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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.

Basis of Presentation

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.

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.

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Revenue and Revenue Recognition

Contribution Revenue

Contributions received are considered available for unrestricted use unless restricted by the donor. The Foundation records contributions with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Program Revenue

Revenue is recognized when earned. Program service fees and payments received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Special Events

The Foundation holds fundraising events and reports the revenues generated, net of any direct operating costs, as support and revenue in the statement of activities.

Gifts in Kind

Donated securities and other non-cash donations are recorded at estimated fair values at the date of donation. During the year, the Foundation received nonfinancial assets for special event costs which were valued at fair market value.

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.

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Expense Allocation (continued)

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.

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, 2022, the Foundation's uninsured cash balances were \$361,728.

Note 3 – Accounts Receivable

Accounts receivable consists of the following:

Accounts receivable	\$ 1,500
Less allowance for doubtful accounts	-
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	\$ 1,500
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Note 4 – Contributions and Grants Receivable

Contributions and grants receivable consist of the following:

Contributions and grants receivable	\$ 386,135
Less allowance for doubtful accounts	-
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	\$ 386,135
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DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 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	\$ 155,844	\$ 155,844	\$ -	\$ -
Mutual funds	1,451,020	1,451,020	-	-
Equities	165	165	-	-
	<u>\$ 1,607,029</u>	<u>\$ 1,607,029</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 6 – Property, Equipment and Website

Property, equipment and website consist of the following:

Equipment	\$ 8,250
Web and video design	750,176
	<u>758,426</u>
Less accumulated depreciation and amortization	673,186
	<u>\$ 85,240</u>

Note 7 – 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 8 – 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.

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

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 8 – Loan Payable - Paycheck Protection Program (continued)

forgiveness, the Foundation 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.

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 and forgiven on December 16, 2021. Loan forgiveness is included in government awards and grants on the statements of activities.

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

Low cost ultrasound (time restricted)	\$ 250,000
Webinars (time restricted)	80,000
	<u>\$ 330,000</u>

Note 10 – 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, 2022 are as follows:

Investment fund	\$ 767,578
Organizational fund	730,860
Capacity building fund	255,860
	<u>\$ 1,754,298</u>

Note 11 – 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, 2022 is comprised of:

Cash and cash equivalents	\$ 465,379
Accounts receivable	1,500
Contributions and grants receivable	386,135
Investments	1,607,029
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,460,043</u>

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 11 – Liquidity and Availability of Financial Assets (continued)

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 12 – Restatement

During the year, it came to the Foundation's attention that a grant payable was not recorded. Net assets without donor restrictions for the fiscal year ended June 30, 2021 were overstated by \$25,000.

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.

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. The matter was resolved in August of 2022 and required no adjustment to the financial statements.

Note 14 – Subsequent Events

Subsequent events were evaluated through November 9, 2022, 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.