

Financial Statements

**DR SUSAN LOVE RESEARCH
FOUNDATION**

June 30, 2011



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, 2011, 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. The prior year summarized comparative information has been derived from Dr. Susan Love Research Foundation's 2010 financial statements and, in our report dated August 27, 2010 we expressed an unqualified opinion on those financial statements.

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, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Hensiek & Caron

October 12, 2011

DR. SUSAN LOVE RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2010

	ASSETS			2010
	2011			
	Unrestricted	Temporarily Restricted	Total	Total
Assets				
Cash and cash equivalents	\$ 810,930	\$ -	\$ 810,930	\$ 1,199,952
Accounts receivable	6,543	-	6,543	42,568
Contributions and grants receivable	-	206,317	206,317	206,317
Interest receivable	3,616	-	3,616	3,463
Prepaid expenses	53,801	-	53,801	31,327
Investments	1,387,203	2,217,437	3,604,640	3,089,626
Patents, net	18,304	-	18,304	20,103
Property, equipment and web site, net	170,851	-	170,851	178,885
Security deposit	21,261	-	21,261	11,678
	Total Assets	\$ 2,472,509	\$ 2,423,754	\$ 4,896,263
		\$ 2,472,509	\$ 2,423,754	\$ 4,896,263
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 11,284	\$ -	\$ 11,284	\$ 22,608
Accrued salaries and vacation	26,668	-	26,668	22,200
Accrued rent	60,940	-	60,940	-
Grants payable	84,200	-	84,200	14,200
	Total Liabilities	-	183,092	59,008
Net Assets	2,289,417	2,423,754	4,713,171	4,724,911
	Total Liabilities and Net Assets	\$ 2,472,509	\$ 2,423,754	\$ 4,783,919

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, 2011
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue				
Grants, contracts and contributions	\$ 606,294	\$ 797,884	\$ 1,404,178	\$ 1,579,838
Gifts in kind	33,600	-	33,600	40,792
Special events, net of direct expenses of \$11,587 in 2011 and \$10,361 in 2010	42,193	-	42,193	77,554
Conference registration and sponsorships	48,470	-	48,470	5,000
Investment returns	515,493	-	515,493	185,258
Product sales, net of cost of sales of \$6,533 in 2011 and \$10,799 in 2010	24,919	-	24,919	71,518
Loss on disposal of fixed assets	(3,484)	-	(3,484)	(3,920)
Net assets released from program restrictions	996,604	(996,604)	-	-
Total Support and Revenue	2,264,089	(198,720)	2,065,369	1,956,040
Expenses				
Program	1,756,908	-	1,756,908	1,537,217
Management and general	169,350	-	169,350	222,794
Fundraising	150,851	-	150,851	131,649
Total Expenses	2,077,109	-	2,077,109	1,891,660
Change in Net Assets	186,980	(198,720)	(11,740)	64,380
Net Assets, Beginning of Year	2,102,437	2,622,474	4,724,911	4,660,531
Net Assets, End of Year	\$ 2,289,417	\$ 2,423,754	\$ 4,713,171	\$ 4,724,911

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, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities		
Change in Net Assets	\$ (11,740)	\$ 64,380
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation and amortization	106,043	104,458
Realized and unrealized gains on investments	(443,328)	(130,212)
(Increase) Decrease in:		
Accounts receivable	36,025	-
Contributions and grants receivable	-	326,592
Interest receivable	(153)	953
Prepaid expenses	(22,474)	5,739
Inventory	-	4,162
Deposits	(9,583)	-
Increase (Decrease) in:		
Accounts payable	(11,324)	(33,968)
Accrued salaries	4,468	(5,392)
Accrued rent	60,940	-
Grants payable	70,000	(33,800)
	(221,126)	302,912
 Cash Flows from Investing Activities		
Proceeds from sales of investments	1,474,326	2,445,229
Purchase of investments	(1,546,013)	(2,650,724)
Patent costs	-	(16,003)
Purchase of fixed assets and web site	(96,209)	(9,392)
	(167,896)	(230,890)
 Net Cash Used in Investing Activities		
	(167,896)	(230,890)
 Net Increase (Decrease) in Cash and Cash Equivalents	(389,022)	72,022
 Cash and Cash Equivalents, Beginning	1,199,952	1,127,930
 Cash and Cash Equivalents, Ending	\$ 810,930	\$ 1,199,952
 Supplementary Information		
Interest received	\$ 96,746	\$ 76,674

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, 2011
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2010

	2011					2010			
	Army of Women	Health of Women Study	Clinical Research	Education	Total Program	Management and General	Fundraising	Total	Total
Salaries	\$ 171,379	\$ 84,269	\$ 210,480	\$ 31,684	\$ 497,812	\$ 60,684	\$ 106,091	\$ 664,587	\$ 712,619
Contract services	-	-	337,445	9,240	346,685	7,718	-	354,403	257,254
Occupancy	50,691	-	117,278	-	167,969	72,625	-	240,594	153,779
Website content and maintenance	97,027	-	-	86,830	183,857	-	-	183,857	167,953
Intraductal conference	-	-	-	111,445	111,445	-	-	111,445	8,429
Marketing and communications	90,443	2,021	-	6,225	98,689	-	9,873	108,562	142,901
Depreciation	-	-	106,043	-	106,043	-	-	106,043	104,458
Programs and grants	-	-	-	90,000	90,000	-	-	90,000	(4,115)
Insurance	5,006	5,175	24,593	554	35,328	6,266	5,249	46,843	58,271
Payroll taxes	9,628	4,814	11,850	1,852	28,144	2,962	5,925	37,031	55,955
Expendable equipment	-	-	31,671	-	31,671	-	-	31,671	106,370
Benefits	7,391	824	8,688	1,192	18,095	2,166	5,284	25,545	20,783
Travel	7,789	-	14,316	-	22,105	-	-	22,105	40,212
Supplies	3,104	1,552	3,103	-	7,759	6,209	1,552	15,520	7,249
Bank charges	-	-	-	-	-	-	12,170	12,170	17,989
Education and meetings	-	-	4,531	-	4,531	6,208	-	10,739	16,439
Printing, copying and postage	3,137	-	193	408	3,738	2,122	3,747	9,607	6,814
Computer expenses	1,195	597	1,195	-	2,987	2,390	597	5,974	12,777
Dues and subscriptions	-	-	50	-	50	-	363	413	5,523
Total Expenses	\$ 446,790	\$ 99,252	\$ 871,436	\$ 339,430	\$ 1,756,908	\$ 169,350	\$ 150,851	\$ 2,077,109	\$ 1,891,660
					84.6%	8.2%	7.2%	100.0%	

The accompanying notes are an integral part of these statements.

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 – Summary of Significant Accounting Policies

Nature of the Organization

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

The Foundation is currently focusing on the following programs:

Clinical, Epidemiological and Translational Research Program

The Research Program is currently focusing on the following projects:

- The development of a breast fluid test to identify women at risk for breast cancer
- Effect of intraductal therapy in the treatment of DCIS
- Effect of previous pregnancy on the physiology of the breast ducts
- Analysis of parity-induced protection in human breast and serum
- The Correlation of human anatomy and physiology in the non-lactating, non-cancerous breast
- The Health of Women Study (HOW) with the goal of conducting the first ever, completely online longitudinal cohort study of healthy women and breast cancer survivors in order to understand new risk factors for the disease with the goal of preventing breast cancer once and for all.

As part of the Research Program, DSLRF also awards 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, DSLRF has awarded pilot grants totaling more than \$1,000,000.

Army of Women Program

The Army of Women is funded by the Avon Foundation for Women and launched on October 1, 2008. Women have taken personal action and raised millions of dollars that has advanced treatment and early detection, but researchers still do not know what causes the disease. The Army of Women empowers women with a new opportunity – a simple but revolutionary call for one million women of all ages and ethnicities to join the “Army” and consider serving as research volunteers to help scientists understand the causes of breast cancer – and how to end it once and for all. All women not currently undergoing breast cancer treatment, including breast cancer survivors and those who never had the disease, are eligible to register. Universities and research labs throughout the country may submit their studies for consideration to the Army of Women, and all research will undergo a thorough medical and ethical review. Some research may require women to complete a questionnaire, while others may require blood or saliva samples, or other simple steps (the research studies are not clinical trials and do not involve drugs or medical procedures). The Army of Women will serve as a virtual “matchmaker,” sending an email alert to women volunteers outlining the needs of each study, and women who meet the criteria have the option to take part. Since its inception in 2008, the Army of Women has recruited over 360,000 volunteers ready to take part in research projects.

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

Nature of the Organization (continued)

Education and Outreach Program

The Foundation is dedicated to educating the public about breast cancer risk assessment, detection, prevention, and treatment. As part of this effort they maintain an award-receiving website and respond to site visitor's questions about breast cancer and women's health issues through a team of medical experts.

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. The value of contributed services that meet these qualifications was \$33,600, at June 30, 2011.

Accounts, Contributions and Grants Receivable

The Foundation uses the direct write off method to determine uncollectible receivables. The annual write off is based on prior years experience and 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.

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.

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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 various financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At June 30, 2011, the Foundation's uninsured cash balance totaled \$825,328

Note 3 – Accounts Receivable

Accounts receivable consists of the following:

	<u>2011</u>	<u>2010</u>
Accounts receivable	\$ 6,543	\$ 42,568
Less allowance for doubtful accounts	-	-
	<u>\$ 6,543</u>	<u>\$ 42,568</u>

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 4 – Contributions and Grants Receivable

Contributions and grants receivable consist of the following:

	<u>2011</u>	<u>2010</u>
Contributions and grants receivable	\$ 206,317	\$ 206,317
Less allowance for doubtful accounts	-	-
	<u>\$ 206,317</u>	<u>\$ 206,317</u>

Note 5 – Investments

As of June 30, 2011 and 2010 investments consist of the following:

<u>2011</u>	<u>Aggregate Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 1,268,619	\$ 1,214,250
Exchange traded funds	1,547,281	1,272,735
Money market funds	788,740	788,740
Total	<u>\$ 3,604,640</u>	<u>\$ 3,275,725</u>

<u>2010</u>	<u>Aggregate Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 1,014,940	\$ 1,031,054
Exchange traded funds	1,476,708	1,459,200
Money market funds	597,978	597,978
Total	<u>\$ 3,089,626</u>	<u>\$ 3,088,232</u>

Investment returns are summarized as follows:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 96,746	\$ 76,674
Investment fees	(24,581)	(21,627)
Net realized and unrealized gains	443,328	130,211
Total	<u>\$ 515,493</u>	<u>\$ 185,258</u>

DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 6 – Property, Equipment and Web Site

Property, equipment and web site consist of the following:

	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 10,000	\$ 7,592
Equipment	96,879	48,821
Web design	372,828	331,193
	<u>479,707</u>	<u>387,606</u>
Less accumulated depreciation	308,856	208,721
	<u>\$ 170,851</u>	<u>\$ 178,885</u>

Note 7 – Lease Commitments

The Foundation operates from offices under a noncancelable lease agreement expiring on November 30, 2015. Minimum payments for the next five years under this operating lease are as follows:

<u>Years ending June 30,</u>	
2012	\$ 225,029
2013	231,780
2014	238,733
2015	245,895
2016	104,446

Rent expense for the year ended June 30, 2011 was \$223,522.

Note 8 – Net Assets

Net assets consist of the following:

	<u>2011</u>	<u>2010</u>
Temporarily Restricted Net Assets		
Research Projects	\$ 946,614	\$ 1,253,327
Love/Avon Army of Women	1,477,140	1,369,147
	<u>2,423,754</u>	<u>2,622,474</u>
Total Temporarily Restricted Net Assets	<u>\$ 2,423,754</u>	<u>\$ 2,622,474</u>

**DR. SUSAN LOVE RESEARCH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 9 – Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2011 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)
Investments	\$ 3,604,640	\$ 3,604,640	\$ -	\$ -

Fair values of assets measured on a recurring basis at June 30, 2010 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)
Investments	\$ 3,089,626	\$ 3,089,626	\$ -	\$ -

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Note 10 – Subsequent Events

Subsequent events were evaluated through October 12, 2011, 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.