

**THE HOPE FOUNDATION, INC. AND SWOG
CLINICAL TRIALS PARTNERSHIPS, LLC**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC
Ann Arbor, Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC (together, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Respectfully,

Bennett & Associates CPAs PLLC

Ann Arbor, Michigan
June 22, 2021

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 3,574,707	\$ 5,652,878
Accounts receivable, net of allowance	2,286,981	4,635,120
Pledges receivable	-	-
Prepaid expenses	116,917	116,025
Investments	53,757,457	47,730,471
Property and equipment, net of accumulated depreciation	47,171	33,023
TOTAL ASSETS	\$ 59,783,233	\$ 58,167,517
LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,058,472	\$ 2,112,330
Promises to give	553,639	527,461
Public funds - site/study liability	877,842	877,842
Assets held for others	25,603,897	27,339,256
TOTAL LIABILITIES	29,093,850	30,856,889
NET ASSETS		
Without donor restrictions		
Undesignated	28,792,741	24,798,987
Board designated for various programs	152,547	596,231
Total net assets without donor restrictions	28,945,288	25,395,218
With donor restrictions	1,744,095	1,915,410
TOTAL NET ASSETS	30,689,383	27,310,628
TOTAL LIABILITIES AND NET ASSETS	\$ 59,783,233	\$ 58,167,517

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended December 31, 2020, with comparative totals for 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
SUPPORT AND REVENUE				
Contributions	\$ 231,318	\$ 410,500	\$ 641,818	\$ 640,115
Administrative fees	1,261,079	-	1,261,079	1,146,975
Net investment return	4,126,162	-	4,126,162	5,926,625
Public funds	3,033,689	-	3,033,689	3,900,114
Non-public funds for services	1,605,221	-	1,605,221	1,553,658
Other income	15	-	15	104,527
Released from restrictions	581,815	(581,815)	-	-
TOTAL SUPPORT AND REVENUE	10,839,299	(171,315)	10,667,984	13,272,014
EXPENSES				
Program services	6,310,181	-	6,310,181	8,273,174
Supporting services				
Management and general	885,264	-	885,264	966,565
Fundraising	93,784	-	93,784	91,397
TOTAL EXPENSES	7,289,229	-	7,289,229	9,331,136
CHANGE IN NET ASSETS	3,550,070	(171,315)	3,378,755	3,940,878
NET ASSETS AT BEGINNING OF YEAR	25,395,218	1,915,410	27,310,628	23,369,750
NET ASSETS AT END OF YEAR	\$ 28,945,288	\$ 1,744,095	\$ 30,689,383	\$ 27,310,628

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2019
SUPPORT AND REVENUE			
Contributions	\$ 160,865	\$ 479,250	\$ 640,115
Administrative fees	1,146,975	-	1,146,975
Net investment return	5,926,625	-	5,926,625
Public funds	3,900,114	-	3,900,114
Non-public funds for services	1,553,658	-	1,553,658
Other income	104,527	-	104,527
Released from restrictions	1,635,010	(1,635,010)	-
TOTAL SUPPORT AND REVENUE	14,427,774	(1,155,760)	13,272,014
EXPENSES			
Program services	8,273,174	-	8,273,174
Supporting services			
Management and general	966,565	-	966,565
Fundraising	91,397	-	91,397
TOTAL EXPENSES	9,331,136	-	9,331,136
CHANGE IN NET ASSETS	5,096,638	(1,155,760)	3,940,878
NET ASSETS AT BEGINNING OF YEAR	20,298,580	3,071,170	23,369,750
NET ASSETS AT END OF YEAR	<u>\$ 25,395,218</u>	<u>\$ 1,915,410</u>	<u>\$ 27,310,628</u>

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020, with comparative totals for 2019

		Supporting Services			
	Program Services	Management & General	Fundraising	2020 Total	2019 Total
Employee Compensation					
Salaries	\$ 2,841,485	\$ 426,293	\$ 59,729	\$ 3,327,507	\$ 3,085,446
Pension	249,543	37,111	5,313	291,967	264,198
Other employee benefits	466,756	70,099	9,796	546,651	449,069
Payroll taxes	210,135	31,566	4,409	246,110	233,566
	<u>3,767,919</u>	<u>565,069</u>	<u>79,247</u>	<u>4,412,235</u>	<u>4,032,279</u>
Other Expenses					
Grants awarded	1,388,680	-	-	1,388,680	2,274,762
Office	95,620	76,367	-	171,987	231,919
Occupancy	109,071	81,723	-	190,794	162,288
Travel	113,992	5,475	-	119,467	679,874
Meetings and conferences	103,080	-	-	103,080	964,621
Insurance	-	20,650	-	20,650	16,956
Advertising	-	19,147	-	19,147	25,420
Information technology	55,665	30,192	-	85,857	60,629
Accounting fees	-	24,565	-	24,565	22,760
Legal fees	-	12,883	-	12,883	32,455
Other professional fees	668,353	4,709	-	673,062	608,707
Depreciation	1,681	5,833	-	7,514	11,432
All other	6,120	38,651	14,537	59,308	207,034
	<u>\$ 6,310,181</u>	<u>\$ 885,264</u>	<u>\$ 93,784</u>	<u>\$ 7,289,229</u>	<u>\$ 9,331,136</u>

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	Program Services	Supporting Services Management & General	Fundraising	2019 Total
Employee Compensation				
Salaries	\$ 2,553,519	\$ 489,232	\$ 42,695	\$ 3,085,446
Pension	218,796	41,673	3,729	264,198
Other employee benefits	371,546	71,361	6,162	449,069
Payroll taxes	193,294	37,042	3,230	233,566
	<u>3,337,155</u>	<u>639,308</u>	<u>55,816</u>	<u>4,032,279</u>
Other Expenses				
Grants awarded	2,274,762	-	-	2,274,762
Office	140,267	91,652	-	231,919
Occupancy	104,872	57,416	-	162,288
Travel	676,578	3,296	-	679,874
Meetings and conferences	964,621	-	-	964,621
Insurance	-	16,956	-	16,956
Advertising	-	25,420	-	25,420
Information technology	46,520	14,109	-	60,629
Accounting fees	-	22,760	-	22,760
Legal fees	-	32,455	-	32,455
Other professional fees	603,134	5,573	-	608,707
Depreciation	2,218	9,214	-	11,432
All other	123,047	48,406	35,581	207,034
	<u>\$ 8,273,174</u>	<u>\$ 966,565</u>	<u>\$ 91,397</u>	<u>\$ 9,331,136</u>

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,378,755	\$ 3,940,878
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	7,514	11,432
Realized (gain) loss on marketable securities	(211,841)	(656,713)
Unrealized (gain) loss on marketable securities	(3,181,451)	(4,286,647)
Change in:		
Accounts receivable, net	2,348,139	(724,030)
Pledges receivable	-	202,671
Prepaid expenses	(892)	(36,545)
Accounts payable and accrued liabilities	(53,858)	24,966
Promises to give (outgoing)	26,178	285,757
Public funds - site/study liability	-	(70,065)
Assets held for others liability	(1,735,359)	299,050
NET CASH FROM (USED FOR) OPERATING ACTIVITIES	<u>577,185</u>	<u>(1,009,246)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(23,121)	(4,443)
Purchases of marketable securities	(13,320,496)	(40,820,218)
Proceeds from sales of marketable securities	10,688,261	38,925,898
NET CASH USED FOR INVESTING ACTIVITIES	<u>(2,655,356)</u>	<u>(1,898,763)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,078,171)	(2,908,009)
BEGINNING CASH AND CASH EQUIVALENTS	<u>5,652,878</u>	<u>8,560,887</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 3,574,707</u></u>	<u><u>\$ 5,652,878</u></u>

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Hope Foundation, Inc. (the Foundation) operates primarily for scientific and educational purposes, and is funded principally by contributions and public funds for exempt purposes under Section 501(c)(3) of the Internal Revenue Code, including in particular research, education, and awareness connected with cancer morbidity and mortality. The Foundation carries out these broad purposes primarily by supporting the work of SWOG (described below). The Foundation is a nonprofit corporation exempt from federal income taxation, organized in accordance with the laws of the State of Texas.

SWOG Clinical Trials Partnerships, LLC (CTP) is a limited liability company which is wholly owned by the Foundation. CTP acts as an agent in administering cancer research projects conducted by SWOG members that are funded by contracts with pharmaceutical companies and other non-federal sources. CTP receives a fee in exchange for the administrative services it provides in receiving and distributing funds under these contracts. CTP is a disregarded entity for federal income tax reporting purposes and, accordingly, its activities are consolidated and reported on IRS Form 990 of The Hope Foundation, Inc. CTP is organized in accordance with the laws of the State of Texas.

The financial statements represent the consolidation of The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC. These consolidated financial statements do not include the activities of an affiliate, SWOG.

SWOG is a cooperative group of independent institutions such as universities, hospitals, and other research organizations involved in the study of cancer, particularly in the areas of cancer morbidity and mortality, and clinical trials of new cancer treatment drugs. SWOG is one of several cooperative groups sponsored by the National Cancer Institute. Cooperative groups differ in structure and in focus. Some groups study a specific type of cancer therapy, while others focus on a group of related cancers. The members of SWOG collaborate in conducting research, education, and public awareness activities related to many different adult cancer types.

The SWOG Operations Center is the central location for SWOG's clinical activities. The SWOG Operations Center activities include organizing SWOG member meetings, developing the design and protocol of cancer research studies, and improving the quality of data obtained in the studies.

The Foundation and CTP are collectively referred to as "the Organization."

Basis of Accounting

The accounts of the Organization are maintained on the accrual basis of accounting. The policies conform to accounting principles generally accepted in the United States of America for charitable, scientific, literary, and educational organizations.

Basis of Presentation

The accompanying financial statements have been prepared to focus on the Organization as a whole. Net assets and contributions, and gains or losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Principles of Consolidation

The consolidated financial statements represent the consolidation of The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC. The appropriate significant intercompany transactions and balances have been eliminated in consolidation.

Support and Revenue Recognition

The Organization recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration in which it expects to be entitled in exchange for those goods or services.

Contributions

Gifts include revenues from non-exchange agreements with private sources. Unconditional gifts and pledges are recognized as revenue in the period received or promised. Conditional gifts and promises to give are not recognized until the conditions on which they depend are substantially met. Contributions also include revenue with or without donor imposed restrictions.

Administrative Fees

Administrative fees are derived from agency transactions where CTP administers cancer research projects by SWOG, funded by pharmaceutical companies and other non-federal resources. Performance obligations related to administrative fees are transferred to the customer over time. Principal terms of revenue recognition are over the term of the contract as the Organization satisfies the promised obligations as milestones are achieved in the clinical trials. Payment is due when each milestone is completed, therefore, contract receivables may exist at year end.

The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized. Milestones are specified in each contract. The Organization's contracts for administrative fees do not contain variable consideration and contract modifications are generally minimal. There is no contingent revenue.

Public Funds

The Organization receives grant and contract revenue from federal sources for cancer research. Revenue associated with the direct costs of sponsored programs is generally recognized as the related costs are incurred. The Organization records revenue without donor restrictions upon its recovery of direct and indirect costs applicable to those sponsored programs that provide for the full or partial reimbursement of such costs. Most grants awarded to the Organization by government agencies are conditional contributions. The principal condition attached to these awards is that the Organization must incur costs in accordance with the grant contracts. Payments are received after costs are incurred.

Non-Public Funds for Services

The Organization receives non-public funds revenue from pharmaceutical companies and other non-federal sources. Performance obligations related to conducting particular research, education and awareness connected with cancer morbidity and mortality is transferred to the customer over time as reimbursable costs are incurred. Therefore, the Organization recognizes revenue when costs are incurred. Payment terms include a deposit before performance begins followed by cost reimbursements. Therefore, contract liabilities and contract receivables may exist at year end.

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

The Organization exercises judgment regarding what constitutes a reimbursable cost per compliance with the contracts. The contracts do not contain variable consideration and contract modifications are generally minimal. There is no contingent revenue.

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Organization's revenue based on the timing of satisfaction of performance of obligations for the years ended December 31:

	2020	2019
Performance obligations satisfied over time	\$ 2,866,300	\$ 2,700,633
Performance obligations satisfied at a point in time	15	104,527
	<u>\$ 2,866,315</u>	<u>\$ 2,805,160</u>

Revenue from performance obligations satisfied over time consists of administrative fees, and non-public funds for services.

Contract Balances

	2020	2019
Contract receivables, incl in Accounts Receivable	\$ 1,261,079	\$ 1,126,566
Contract assets, incl in Accounts Receivable	\$ -	\$ 20,413
Contract liabilities, incl in Assets Held for Others	\$ 25,603,897	\$ 27,339,256

Cash and Cash Equivalents

Cash consists of checking accounts and cash held by the University of Michigan under an agency arrangement. The Organization considers all liquid investments with maturities of three months or less to be cash equivalents. At December 31, 2020 and 2019, cash equivalents consisted primarily of money market funds with brokers.

Accounts Receivable and Pledges Receivable

Billed accounts receivable are carried at invoice amount. Receivables are generally unsecured and reviewed for collectability on a current basis. The Organization uses the allowance method to record uncollectable accounts. The allowance for doubtful accounts was \$0 at December 31, 2020 and 2019. Recoveries of receivables previously written off are recorded when received. There were no such recoveries during 2020 and 2019. Transactions that give rise to accounts receivable are principally billings by CTP and reimbursable costs of the Foundation under federal grants and contracts.

Accounts receivable are due upon billing and considered past due 90 days after the due date. Past due balances totaled \$1,150 and \$20,861 at December 31, 2020 and 2019, respectively. The nature of accounts receivable is such that past due status is not necessarily indicative of the collectability of a receivable. Past due receivables of the Organization generally arise from large pharmaceutical companies and academic institutions who may take up to six months or more to pay.

The Organization recognizes pledges as contributions receivable when the pledges are received. Pledges are also evaluated for collectability periodically, and no reserve was deemed necessary at December 31, 2020 and 2019.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Furniture and Equipment

Equipment is recorded at cost when purchased or at fair market value when received as a donation. Depreciation of equipment placed in service is calculated on a straight-line basis over the estimated useful lives (3 to 7 years) of the assets. Generally, equipment is capitalized when the cost exceeds \$2,000 and the useful life exceeds one year. Equipment not meeting these criteria is expensed in the period of acquisition.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and depreciation, which are allocated on a square-footage basis, as well as salaries, wages, and employee benefits, which are allocated on the basis of estimates of time and effort.

Assets Held for Others

The Organization acts as an agent in administering cancer research projects conducted by SWOG members that are funded by contracts or agreements with pharmaceutical companies and nonprofit organizations. As the agent in these contractual arrangements, the Organization receives cash advances, invoices and collects amounts from the pharmaceutical companies, makes payments to SWOG members and other clinical trial participant organizations conducting the research, and performs other administrative and accounting functions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Income Taxes

The Internal Revenue Service has ruled that the Organization qualifies under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to income tax under present laws and is not considered a private foundation.

Subsequent Events

Subsequent events have been evaluated through June 22, 2021, the date the financial statements were available to be issued.

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 and 2019, comprise the following:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 3,574,707	\$ 5,652,878
Accounts receivable	2,286,981	4,635,120
Pledges receivable, net	-	-
Investments	53,757,457	47,730,471
Total financial assets	<u>59,619,145</u>	<u>58,018,469</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(1,744,095)	(1,915,410)
Less financial assets held for others	(25,603,897)	(27,339,256)
Less board designated funds	<u>(152,547)</u>	<u>(596,231)</u>
Amount available for general expenditures within one year	<u>\$ 32,118,606</u>	<u>\$ 28,167,572</u>

As part of the liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments.

NOTE C - INVESTMENTS

FASB ASC 820 provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments)

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C - INVESTMENTS, *continued*

Investments at fair value at December 31, 2020 and 2019 were comprised of the following:

Assets at Fair Value at December 31, 2020				
Description	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity - mutual funds	\$ 19,867,199	\$ -	\$ -	\$ 19,867,199
Fixed income - mutual funds	25,709,309	-	-	25,709,309
Balanced - mutual funds	1,214,854	-	-	1,214,854
Investments measured at net asset value				
Limited partnership - real estate	-	-	-	1,268,477
Limited partnerships - other	-	-	-	1,240,808
LLC - investment company	-	-	-	4,456,810
	<u>\$ 46,791,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,757,457</u>

Assets at Fair Value at December 31, 2019				
Description	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity - mutual funds	\$ 15,233,131	\$ -	\$ -	\$ 15,233,131
Fixed income - mutual funds	23,618,519	-	-	23,618,519
Balanced - mutual funds	1,083,673	-	-	1,083,673
Investments measured at net asset value				
Limited partnership - real estate	-	-	-	1,377,691
Limited partnership - other	-	-	-	2,279,695
LLC - investment company	-	-	-	4,137,762
	<u>\$ 39,935,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,730,471</u>

In accordance with ASC 820, certain investments (Seaport Global Property Securities Fund, L.P.; Forester Partners II, L.P.; PIMCO Tactical Opportunities Offshore L.P.; and Parametric Defensive Equity Fund LLC) that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Fair values of the three limited partnerships and the limited liability company are calculated based on net asset value per share (or its equivalent) provided by the investment manager.

The objective of the Seaport Global Property Securities Fund, L.P. is to generate net returns in excess of the UBS Global Real Estate Investor Index through the creation and active management of a portfolio of publicly traded equity securities issued by real estate investment trusts ("REIT") and other publicly held real estate companies primarily in North America, Europe, Australia, and Asia.

The objective of the Forester Partners II, L.P. is to seek to provide investors with maximum appreciation of capital while incurring reasonable risk by investing in a diversified group of private investment funds.

The objective of the PIMCO Tactical Opportunities Offshore Fund, L.P. is to seek returns by investing principally in (or otherwise gaining exposure to) performing, stressed or distressed securities and loans of any type and with any sector across the global fixed income markets.

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C - INVESTMENTS, *continued*

The objective of the Parametric Defensive Equity Fund LLC is to provide favorable risk-adjusted performance relative to the S&P 500 index over the long term and is expected to produce the strongest relative performance when the S&P 500 is experiencing negative returns. The Fund seeks to achieve its investment objectives by investing in equity futures and options contracts.

The following table sets forth the redemption terms for those investments that are measured at net asset value per share (or its equivalent) as of December 31, 2020 and 2019:

December 31, 2020				
Investment Name	Fair Value	Redemption Frequency	Redemption Period	
Seaport Global Property Securities Fund L.P.	\$ 1,268,477	Monthly	15 business days	
Forester Partners II, L.P.	\$ 81,660	Annually	95 business days	
PIMCO Tactical Opportunities Offshore Fund L.P.	\$ 1,159,148	Limited (1)	95 business days	
Parametric Defensive Equity Fund LLC	\$ 4,456,810	Monthly	5 business days	
December 31, 2019				
Investment Name	Fair Value	Redemption Frequency	Redemption Period	
Seaport Global Property Securities Fund L.P.	\$ 1,377,691	Monthly	15 business days	
Forester Partners II, L.P.	\$ 2,279,695	Annually	95 business days	
Parametric Defensive Equity Fund LLC	\$ 4,137,762	Monthly	5 business days	

(1) PIMCO liquidity is limited with 2-year hard lock and 20% investor-level gate.

There are no unfunded commitments in these investments.

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31:

	2020	2019
Without Donor Restrictions		
Interest and dividends	\$ 862,657	\$ 1,083,996
Realized gains	211,841	656,713
Unrealized gains/(losses)	3,181,451	4,286,647
Total investment return	4,255,949	6,027,356
Less investment fees	(129,787)	(100,731)
Net investment return on statements of activities	\$ 4,126,162	\$ 5,926,625

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D - FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following at December 31:

	2020	2019
Computers, furniture, and display equipment	\$ 380,473	\$ 357,352
Leasehold improvements	56,140	57,598
	436,613	414,950
Less accumulated depreciation	(389,442)	(381,927)
Net property and equipment	<u>\$ 47,171</u>	<u>\$ 33,023</u>

NOTE E - PROMISES TO GIVE TO OTHERS

All promises to give (outgoing) at December 31, 2020 are payable within one year.

NOTE F - LEASE COMMITMENTS

Operating Leases

The Organization is leasing its administrative offices, the SWOG Operations Center, and office equipment under non-cancelable operating leases. Future minimum rental commitments required under these operating leases that have remaining non-cancelable lease terms in excess of one year at December 31, 2020 are as follows:

2021	\$ 216,933
2022	216,933
2023	193,688
2024	142,202
2025	47,306
Thereafter	<u>-</u>
	<u>\$ 817,062</u>

Rental expense for the years ended December 31, 2020 and 2019 was \$203,099 and \$177,197, respectively.

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets include net assets without donor restrictions and net assets with donor restrictions for specific projects or uses. Net assets without donor restrictions are segregated between those that have been designated by the Organization's leadership for specific project uses (described as Board Designated) and those that bear no such designation (described as Undesignated).

Net assets with donor restrictions at December 31, 2020 and 2019 are as follows:

	2020	2019
Subject to expenditure for specified purpose:		
Adolescent Young Adult (AYA)	\$ 166,758	\$ 166,758
Blanke GI	6,000	6,000
Breast Committee	1,500	1,500
Charles Coltman Fellowship	40,546	25
Group Meeting Support	181,246	114,575
GU Fellowship	111,209	111,209
GU Uro-Oncology Investigators	22,035	22,035
Innovation Working Group	24,277	24,277
Lymphoma Committee Support	128,496	128,496
Melanoma Prevention Working Group	627	627
Modality and Imaging Network	68,254	68,254
NCTN Leadership	9,824	9,824
Patient Education Web	1,542	11,557
Quality Assurance and Education	131,452	133,692
Recruitment & Retention Committee	290,454	37,455
Robert Livingston	36,944	30,944
S0819 Accrual Enhancement	3,601	3,601
S0819 Investigator Education	13,398	13,398
S0820 CPP PACES	98	98
S1207 Accrual	27,768	27,768
S1400 Accrual	28,735	28,735
S1616 Site Payments	95,874	200,874
SWOG Impact Award	-	33,467
SWOG Breast Committee Fellowship	60,000	110,000
SWOG Committee Fellowship	50,000	100,000
SWOG Leadership Development	88,054	133,452
SWOG Stats and Operations	31,949	125,693
Young Investigators	123,454	271,096
	<u>\$ 1,744,095</u>	<u>\$ 1,915,410</u>

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS, *continued*

Net assets released from donor restrictions during the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Satisfaction of purpose restrictions:		
Charles Coltman Fellowship	\$ (521)	\$ -
Group Meeting Support	38,328	471,499
Innovation Working Group	-	(11,258)
Patient Education Web	10,015	-
Quality Assurance and Education	45,638	60,074
Robert Livingston	-	11,705
S0820 CPP PACES	-	25,000
S1501	-	25,000
S1616 Site Payments	105,000	198,314
SWOG Impact Award	50,000	-
SWOG Breast Committee Fellowship	50,000	-
SWOG Impact Award	33,467	328,983
SWOG Leadership Development	2,000	196,166
SWOG Latin America Initiative	-	3,993
SWOG Stats and Operations	93,744	98,279
SWOG Trial Support	-	111,492
Young Investigators	154,144	115,763
	<u>\$ 581,815</u>	<u>\$ 1,635,010</u>

NOTE H - RETIREMENT PLANS

The Organization provides for two contributory, salary reduction type tax-deferred annuity plans administered under section 403(b) of the Internal Revenue Code (IRC). Employees become eligible to participate in the employer contribution upon employment by the Organization. Participants receive a matching employer contribution, based on a percentage of their employee contribution, consistent with the University of Michigan matching rate, which is currently 200% of employee deferral up to 5% of employee compensation and subject to limitations under the IRC. The Organization recognized contribution expenses of \$291,968 and \$264,197 during the years ended December 31, 2020 and 2019, respectively.

NOTE I - CONTINGENCIES

Government Grants and Contracts

The Organization conducts certain projects pursuant to grants and contracts funded, and subject to audit, by federal agencies. Amounts questioned as a result of audits, if any, may result in refunds to these governmental agencies. Any liabilities for reimbursements which may arise as the result of these audits are not believed to be material.

NOTE J - CONCENTRATIONS

Cash and Cash Equivalents

At December 31, 2020, the Organization's cash and cash equivalents exceeded the \$250,000 federally insured limit of the Federal Deposit Insurance Corporation.

Accounts Receivables

Approximately 54%, and 22% of the Organization's accounts receivable came from Foundation for the National Institutes of Health (FNIH) and the Oregon Health & Science University (OHSU) at December 31, 2020, respectively.

Revenue

Approximately 28% and 29% of the Organization's total support and revenue came from federal grant funding for 2020 and 2019, respectively.

Federal Grant Funding

During 2020 and 2019, substantially all of the Organization's federal grant funding was received from the U.S. Department of Health and Human Services passed through from OHSU.

NOTE K - RISKS AND UNCERTAINTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. None of the Organization's investments are covered by FDIC insurance.

NOTE L - RELATED PARTY TRANSACTIONS

OHSU employs two board members of the Foundation. The Hope Foundation reimburses OHSU for one of these board members' effort provided to CTP.

Due to the nature of the research within SWOG and the designation in the Foundation bylaws that a majority of board members must be SWOG members, the Foundation does on occasion award peer reviewed grants to institutions that employ certain board members, and these members may act as Principal Investigators of awarded funds.

NOTE M - NEW ACCOUNTING PRONOUNCEMENTS

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will require recognition of an asset and liability for most leases entered into by lessees. ASU No. 2016-02 will be effective beginning in 2022. The Organization is currently evaluating the impact the adoption of ASU No. 2016-02 will have on its consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC
Ann Arbor, Michigan

We have audited the consolidated financial statements of The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC (together, the "Organization") as of and for the year ended December 31, 2020, and have issued our report thereon dated June 22, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating statement of financial position, consolidating statement of activities, and the schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Respectfully,

Bennett & Associates CPAs PLLC

Ann Arbor, Michigan
June 22, 2021

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2020

	The Hope Foundation	SWOG Clinical Trials Partnerships	Eliminations	Consolidated Total
ASSETS				
Cash and cash equivalents	\$ 1,902,697	\$ 1,672,010	\$ -	\$ 3,574,707
Accounts receivable, net of allowance	510,162	1,776,819	-	2,286,981
Pledges receivable	-	-	-	-
Prepaid expenses	116,917	-	-	116,917
Investments	30,476,828	23,280,629	-	53,757,457
Intercompany receivables	160,227	(1,387)	(158,840)	-
Property and equipment, net of accumulated depreciation	10,842	36,329	-	47,171
TOTAL ASSETS	\$ 33,177,673	\$ 26,764,400	\$ (158,840)	\$ 59,783,233
LIABILITIES				
Accounts payable and accrued liabilities	\$ 453,124	\$ 1,605,348	\$ -	\$ 2,058,472
Promises to give	553,639	-	-	553,639
Public funds - site/study liability	877,842	-	-	877,842
Intercompany payables	(1,387)	160,227	(158,840)	-
Assets held for others	-	25,603,897	-	25,603,897
TOTAL LIABILITIES	1,883,218	27,369,472	(158,840)	29,093,850
NET ASSETS				
Without donor restrictions				
Undesignated	29,397,813	(605,072)	-	28,792,741
Board designated for various programs	152,547	-	-	152,547
Total net assets without donor restrictions	29,550,360	(605,072)	-	28,945,288
With donor restrictions	1,744,095	-	-	1,744,095
TOTAL NET ASSETS	31,294,455	(605,072)	-	30,689,383
TOTAL LIABILITIES AND NET ASSETS	\$ 33,177,673	\$ 26,764,400	\$ (158,840)	\$ 59,783,233

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

	The Hope Foundation			SWOG Clinical Trials Partnerships			Eliminations	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE										
Contributions	\$ 2,945,589	\$ 410,500	\$ 3,356,089	\$ -	\$ -	\$ -	\$ (2,714,271)	\$ 231,318	\$ 410,500	\$ 641,818
Administrative fees	-	-	-	1,261,079	-	1,261,079	-	1,261,079	-	1,261,079
Net investment return	2,577,584	-	2,577,584	1,548,578	-	1,548,578	-	4,126,162	-	4,126,162
Public funds	3,033,689	-	3,033,689	-	-	-	-	3,033,689	-	3,033,689
Non-public funds for services	1,605,221	-	1,605,221	-	-	-	-	1,605,221	-	1,605,221
Other income	15	-	15	-	-	-	-	15	-	15
Released from restrictions	581,815	(581,815)	-	-	-	-	-	581,815	(581,815)	-
TOTAL SUPPORT AND REVENUE	10,743,913	(171,315)	10,572,598	2,809,657	-	2,809,657	(2,714,271)	10,839,299	(171,315)	10,667,984
EXPENSES										
Program services	5,327,185	-	5,327,185	3,697,267	-	3,697,267	(2,714,271)	6,310,181	-	6,310,181
Supporting services										
Management and general	670,664	-	670,664	214,600	-	214,600	-	885,264	-	885,264
Fundraising	93,784	-	93,784	-	-	-	-	93,784	-	93,784
TOTAL EXPENSES	6,091,633	-	6,091,633	3,911,867	-	3,911,867	(2,714,271)	7,289,229	-	7,289,229
CHANGE IN NET ASSETS	4,652,280	(171,315)	4,480,965	(1,102,210)	-	(1,102,210)	-	3,550,070	(171,315)	3,378,755
NET ASSETS AT BEGINNING OF YEAR	24,898,080	1,915,410	26,813,490	497,138	-	497,138	-	25,395,218	1,915,410	27,310,628
NET ASSETS AT END OF YEAR	\$ 29,550,360	\$ 1,744,095	\$ 31,294,455	\$ (605,072)	\$ -	\$ (605,072)	\$ -	\$ 28,945,288	\$ 1,744,095	\$ 30,689,383

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
SCHEDULE OF FUNCTIONAL EXPENSES FOR THE HOPE FOUNDATION, INC.
For the year ended December 31, 2020

	Program Services	Supporting Services Management & General	Fundraising	2020 Total
Employee Compensation				
Salaries	\$ 2,575,251	\$ 359,734	\$ 59,729	\$ 2,994,714
Pension	229,113	32,004	5,313	266,430
Other employee benefits	422,358	58,999	9,796	491,153
Payroll taxes	190,085	26,553	4,409	221,047
	<u>3,416,807</u>	<u>477,290</u>	<u>79,247</u>	<u>3,973,344</u>
Other Expenses				
Grants awarded	1,388,680	-	-	1,388,680
Office	95,620	50,096	-	145,716
Occupancy	109,071	28,752	-	137,823
Travel	113,844	5,475	-	119,319
Meetings and conferences	103,080	-	-	103,080
Insurance	-	13,795	-	13,795
Advertising	-	19,147	-	19,147
Information technology	55,665	23,936	-	79,601
Accounting fees	-	12,283	-	12,283
Legal fees	-	3,498	-	3,498
Other professional fees	37,006	4,709	-	41,715
Depreciation	1,681	443	-	2,124
All other	5,731	31,240	14,537	51,508
	<u>\$ 5,327,185</u>	<u>\$ 670,664</u>	<u>\$ 93,784</u>	<u>\$ 6,091,633</u>

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
SCHEDULE OF FUNCTIONAL EXPENSES FOR SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
For the year ended December 31, 2020

	Program Services	Supporting Services Management & General	Fundraising	2020 Total
Employee Compensation				
Salaries	\$ 266,234	\$ 66,559	\$ -	\$ 332,793
Pension	20,430	5,107	-	25,537
Other employee benefits	44,398	11,100	-	55,498
Payroll taxes	20,050	5,013	-	25,063
	<u>351,112</u>	<u>87,779</u>	<u>-</u>	<u>438,891</u>
Other Expenses				
Office	-	26,271	-	26,271
Occupancy	-	52,971	-	52,971
Travel	148	-	-	148
Insurance	-	6,855	-	6,855
Advertising	-	-	-	-
Information technology	-	6,256	-	6,256
Accounting fees	-	12,282	-	12,282
Legal fees	-	9,385	-	9,385
Other professional fees	631,347	-	-	631,347
Depreciation	-	5,390	-	5,390
Contributions	2,714,271	-	-	2,714,271
All other	389	7,411	-	7,800
	<u>\$ 3,697,267</u>	<u>\$ 214,600</u>	<u>\$ -</u>	<u>\$ 3,911,867</u>