

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

**REPORT ON CONSOLIDATED
FINANCIAL STATEMENTS
(with supplementary information)**

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC as of December 31, 2021, and the changes in their net assets and their 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 Consolidated Financial Statements section of our report. We are required to be independent of The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC 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.

Prior Period Adjustment

As discussed in Note 9 to the consolidated financial statements, beginning net assets were restated to reflect changes to certain liability accounts. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC'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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary 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 supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary 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 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2022, on our consideration of The Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC's internal control over financial reporting and on our tests of their 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 Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC'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 Hope Foundation, Inc. and SWOG Clinical Trials Partnerships, LLC's internal control over financial reporting and compliance.

Manes Costeiran PC

September 14, 2022

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 5,010,079
Accounts receivable, net of allowance	3,837,835
Promises to give	50,000
Prepaid expenses	152,378
Investments	<u>57,947,677</u>

Total current assets 66,997,969

Property and equipment, less accumulated depreciation 38,382

TOTAL ASSETS \$ 67,036,351

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued liabilities	\$ 6,919,383
Public funds - site/study liability	740,147
Assets held for others	<u>19,159,635</u>

TOTAL LIABILITIES 26,819,165

NET ASSETS

Without donor restrictions	38,282,291
With donor restrictions	<u>1,934,895</u>

TOTAL NET ASSETS 40,217,186

TOTAL LIABILITIES AND NET ASSETS \$ 67,036,351

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 92,495	\$ 516,700	\$ 609,195
Administrative fees	1,332,631	-	1,332,631
Investment return, net	4,527,180	-	4,527,180
Public funds (federal awards)	3,690,510	-	3,690,510
Non-public funds for services	1,355,142	-	1,355,142
Other income	18,250	-	18,250
Net assets released from restrictions	325,900	(325,900)	-
TOTAL REVENUE AND SUPPORT	<u>11,342,108</u>	<u>190,800</u>	<u>11,532,908</u>
EXPENSES			
Program services	6,598,460	-	6,598,460
Management and general	991,642	-	991,642
Fundraising	120,852	-	120,852
TOTAL EXPENSES	<u>7,710,954</u>	<u>-</u>	<u>7,710,954</u>
CHANGE IN NET ASSETS	3,631,154	190,800	3,821,954
NET ASSETS (restated), beginning of year	<u>34,651,137</u>	<u>1,744,095</u>	<u>36,395,232</u>
NET ASSETS, end of year	<u>\$ 38,282,291</u>	<u>\$ 1,934,895</u>	<u>\$ 40,217,186</u>

See notes to consolidated financial statements.

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related				
Salaries	\$ 2,909,662	\$ 433,806	\$ 80,517	\$ 3,423,985
Retirement	261,880	38,770	7,322	307,972
Other employee benefits	578,631	86,422	15,970	681,023
Payroll taxes	227,219	33,813	6,305	267,337
	<u>3,977,392</u>	<u>592,811</u>	<u>110,114</u>	<u>4,680,317</u>
Grants awarded	1,379,089	-	-	1,379,089
Office	56,691	56,042	-	112,733
Occupancy	110,375	98,498	-	208,873
Travel	87,345	710	-	88,055
Meetings and conferences	214,336	-	-	214,336
Staff and board development	-	19,462	-	19,462
Insurance	-	18,305	-	18,305
Advertising	-	25,858	-	25,858
Information technology	70,441	61,807	-	132,248
Telecommunications	49,120	3,437	-	52,557
Accounting fees	-	24,752	-	24,752
Legal fees	-	1,968	-	1,968
Other professional fees	588,362	7,398	-	595,760
Dues and subscriptions	-	13,916	-	13,916
Bank fees	-	24,174	-	24,174
Depreciation	1,685	7,104	-	8,789
Miscellaneous	63,624	35,400	10,738	109,762
	<u>6,598,460</u>	<u>991,642</u>	<u>120,852</u>	<u>7,710,954</u>
TOTAL EXPENSES	<u>\$ 6,598,460</u>	<u>\$ 991,642</u>	<u>\$ 120,852</u>	<u>\$ 7,710,954</u>

See notes to consolidated financial statements.

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

INCREASE (DECREASE) IN CASH AND CASH	
EQUIVALENTS AND RESTRICTED CASH	
Cash flows from operating activities	
Change in net assets	<u>\$ 3,821,954</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	8,789
Realized and unrealized gains on investments	(2,680,148)
Changes in	
Accounts receivable, net of allowance	(1,550,854)
Promises to give - receivables	(50,000)
Prepaid expenses	(35,461)
Accounts payable and accrued liabilities	4,307,272
Public funds - site/study liability	(137,695)
Assets held for others	<u>(738,413)</u>
Total adjustments	<u>(876,510)</u>
Net cash provided by operating activities	<u>2,945,444</u>
Cash flows from investing activities	
Purchases of investments	(16,080,766)
Proceeds from sale of investments	<u>14,570,694</u>
Net cash used by investing activities	<u>(1,510,072)</u>
NET CHANGE IN CASH AND CASH	
EQUIVALENTS AND RESTRICTED CASH	1,435,372
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	
Beginning of year	<u>3,574,707</u>
End of year	<u><u>\$ 5,010,079</u></u>

See notes to consolidated financial statements.

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

NOTE 1 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES

The Hope Foundation, Inc. (the Foundation), operates primarily for scientific and educational purposes, and is funded principally by contributions and public funds 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 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 statement 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 (Southwest Oncology Group) 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".

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, except for tax on "Unrelated Business Income" as defined. No provision for income taxes is required.

In preparation of tax returns, tax positions are taken based on interpretation of federal, state and local tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

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.

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

NOTE 1 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES (continued)

The Organization participates in various grant funded programs, which are subject to audit by grantor agencies and could generate expenditure disallowance under terms of the grants. Any disallowed claims, including amounts already used, may constitute a liability to the Organization. Management maintains that any liability for reimbursement of grant funds to a grantor agency resulting from an audit would not be material to the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization follows a policy of placing its cash and cash equivalents with various FDIC insured financial institutions. Although such cash balances may exceed the federally insured limits at certain times during the year and at year-end, they are, in the opinion of management, subject to minimal risk. Concentrations of credit risk with respect to receivables is limited by the Organization which has established policies for extending credit based upon factors surrounding the credit risk of specific customers, historical trends and other information.

The Organization evaluates events and transactions that occur after the year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through September 14, 2022, which is the date the financial statements were available to be issued.

The extent of the impact of COVID-19 on the Organizations operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organizations customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organizations financial condition and results of operations is uncertain.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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.

Cash and Cash Equivalents

The Organization considers liquid investments with maturities of three months or less as cash equivalents.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

The Organization reports unconditional promises to give as revenue (net realizable value) in the period received. Promises to give are evaluated for collectability and discounted when appropriate.

Accounts Receivable

Accounts receivable represent consideration from third-parties, of which the Organization has an unconditional right to receive. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Currently, no allowance for doubtful accounts is considered necessary. Changes to the valuation allowance have not been material to the financial statements. Beginning and ending balances for accounts receivable are reported as follows for the year ended December 31, 2021:

Beginning of year	<u><u>\$ 2,286,981</u></u>
End of year	<u><u>\$ 3,837,835</u></u>

Property and Equipment

Purchases of property and equipment are recorded at cost and are depreciated over the estimated useful lives using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred. Property and equipment with a cost of \$2,000 or more and a useful life greater than one year are capitalized.

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 consolidated statement of financial position. Net investment return is reported in the consolidated statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Assets Held for Others

The Organization acts as 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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets, revenues, gains and 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 grantor restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished.

Revenue Recognition

Administration 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. Principle 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 judgement 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.

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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contribution Revenue

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

Disaggregation of Revenue

The following schedule shows the Organization's revenues disaggregated according to the timing of transfer of goods or services for the year ended December 31, 2021:

Contract revenue recognized over time	
Administrative fees	\$ 1,332,631
Non-public funds for services	1,355,142
Contributions	609,195
Investment return, net	4,527,180
Public funds	3,690,510
Other income	<u>18,250</u>
Total revenue and support	<u><u>\$ 11,532,908</u></u>

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing program and other activities have been reported in the consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses presents the natural classification of expenses that are allocated to program or supporting functions of the Organization. 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. Allocated expenses primarily consist of payroll and related, which are allocated by estimates of time and effort, as well as occupancy and depreciation expense, which are allocated by estimates of square-footage. All other allocated expenses utilize management’s estimated use of resources.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following reflects the Organization’s financial assets as of December 31, 2021, which are deemed available for general expenditures within one year of the date of the consolidated statement of financial position. Amounts not available include donor-imposed restrictions and assets held for others.

Cash and cash equivalents	\$ 5,010,079
Accounts receivable, net of allowance	3,837,835
Promises to give	50,000
Investments	<u>57,947,677</u>
 Total financial assets	 66,845,591
 Less donor imposed restrictions	 (1,934,895)
Less financial assets held for others	<u>(19,159,635)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 45,751,061</u></u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting enough revenue to cover general expenditures.

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

NOTE 4 - INVESTMENTS

Accounting standards establish a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of the hierarchy are described below:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used to determine how an asset is measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Limited Partnerships and Limited Liability Companies: The values of the limited partnerships and limited liability companies are calculated based on net asset value per share (or its equivalent) provided by the investment manager.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

NOTE 4 - INVESTMENTS (continued)

The following is a market value summary by the level of the inputs used in evaluating the Organization's assets carried at fair value at December 31, 2021. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

Investments measured at fair value	
Level 1 measurement	
Mutual funds	
Equity	\$ 23,762,384
Fixed income	23,290,806
Balanced	<u>1,399,162</u>
Total investments measured at fair value	<u>48,452,352</u>
Investments measured at net asset value	
Limited partnerships	
Real estate	1,614,236
Hedge fund	2,167,921
Limited liability company	<u>5,713,168</u>
Total investments measured at net asset value	<u>9,495,325</u>
Total investments	<u>\$ 57,947,677</u>

The following shows the redemption terms for investments measured at net asset value as of December 31, 2021:

Investment	Value	Redemption Frequency	Redemption Period
Seaport Global Property Securities Fund Limited Partnership	\$ 1,614,236	Monthly	15 business days
PIMCO Tactical Opportunities Offshore Fund Limited Partnership	2,167,921	Limited (1)	95 business days
Parametric Defensive Equity Fund, LLC Performance	5,713,168	Monthly	5 business days

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

There are no unfunded commitments pertaining to the investments measured at net asset value.

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

NOTE 4 - INVESTMENTS (continued)

Investment return consists of the following for the year ended December 31, 2021:

Interest and dividends	\$	2,000,529
Realized gains		866,885
Unrealized gains		1,813,263
Investment fees		<u>(153,497)</u>
Investment return, net	\$	<u><u>4,527,180</u></u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31 consist of the following:

	<u>Useful Life</u> <u>(in years)</u>	
Furniture and equipment	3 - 7	\$ 380,472
Leasehold improvements	3 - 7	<u>56,140</u>
Less accumulated depreciation		<u>(398,230)</u>
Total net property and equipment		<u><u>\$ 38,382</u></u>

NOTE 6 - 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. Employees are eligible to participate in the employer contribution upon employment. Participants receive a matching employer contribution, based on a percentage of their employee contribution, which is currently 200% of employee deferral up to 5% of employee compensation subject to contribution limitations. The Organization recognized contribution expenses of \$307,972 during the year ended December 31, 2021.

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

NOTE 7 - LEASE COMMITMENTS

The Organization leases its administrative offices, the SWOG operations center and various office equipment under non-cancelable operating leases. Total rent and occupancy expense under lease agreements totaled \$208,873 for the year ended December 31, 2021. Future minimum operating lease payments are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 220,249
2023	201,231
2024	151,348
2025	50,942

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions released during the year ended December 31, 2021, consists of the following:

Blanke GI	\$ 6,000
Breast Committee	500
Charles Coltman Fellowship	40,546
Group Meeting Support	45,525
MU NCORP Program	71,481
Patient Education Web	1,542
Quality Assurance and Education	8,067
Recruitment and Retention Committee	39,750
Robert Livingston	500
S1007 BCRF	23,119
SWOG Stats and Operations	8,930
Young Investigators	<u>79,940</u>
	<u><u>\$ 325,900</u></u>

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

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions for the year ended December 31, 2021 , consists of the following:

Adolescent Young Adult (AYA)	\$ 166,758
Breast Committee	1,000
Group Meeting Support	235,721
GU Fellowship	111,209
GU Uro-Oncology Investigators	22,035
Innovation Working Group	24,277
Lymphoma Committee Support	128,496
Melanoma Prevention Working Group	627
Modality and Imaging Network	68,254
MU NCORP Program	253,519
NCTN Leadership	9,824
Quality Assurance and Education	79,988
Recruitment and Retention Committee	250,704
Robert Livingston	41,944
S0819 Accrual Enhancement	3,601
S0819 Investigator Education	13,398
S0820 CPP PACES	98
S1007 BCRF	11,881
S1207 Accrual	27,768
S1400 Accrual	28,735
S1616 Site Payments	95,874
SEED	50,000
SWOG Latin America Incitive	200
SWOG Breast Committee Fellowship	60,000
SWOG Committee Fellowship	50,000
SWOG Leadership Development	132,452
SWOG Stats and Operations	23,019
Young Investigators	43,513
	<hr/>
	<u><u>\$ 1,934,895</u></u>

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

NOTE 9 - PRIOR PERIOD ADJUSTMENT

The Organization furthered its review of completed studies performed and determined that significant resources categorized as “assets held for others” were not fully released and recognized as revenue in prior years. As a result, assets held for others (a liability) was overstated and net assets were understated in prior years as they relate to activities performed by SWOG Clinical Trials Partnerships, LLC. Management has addressed this by restating assets held for others and net assets as of December 31, 2020.

The following summarizes the impact of the restatement:

	The Hope Foundation		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets (as previously reported), December 31, 2020	\$ 29,550,360	\$ 1,744,095	\$ 31,294,455
	SWOG Clinical Trials Partnerships		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets (as previously reported), December 31, 2020	\$ (605,072)	\$ -	\$ (605,072)
Prior period adjustment related to recognition of assets held for others	5,705,849	-	5,705,849
Net assets (restated), December 31, 2020	\$ 5,100,777	\$ -	\$ 5,100,777
	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets (as previously reported), December 31, 2020	\$ 28,945,288	\$ 1,744,095	\$ 30,689,383
Prior period adjustment	5,705,849	-	5,705,849
Net assets (restated), December 31, 2020	\$ 34,651,137	\$ 1,744,095	\$ 36,395,232

SUPPLEMENTARY INFORMATION

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	The Hope Foundation, Inc.	SWOG Clinical Trials Partnerships, LLC	Eliminations	Consolidated Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,163,127	\$ 3,846,952	\$ -	\$ 5,010,079
Accounts receivable, net of allowance	649,148	3,188,687	-	3,837,835
Promises to give	50,000	-	-	50,000
Prepaid expenses	152,378	-	-	152,378
Investments	36,450,220	21,497,457	-	57,947,677
Intercompany receivables	165,709	1,343	(167,052)	-
	<u>38,630,582</u>	<u>28,534,439</u>	<u>(167,052)</u>	<u>66,997,969</u>
Property and equipment, less accumulated depreciation	<u>8,615</u>	<u>29,767</u>	<u>-</u>	<u>38,382</u>
TOTAL ASSETS	<u><u>\$ 38,639,197</u></u>	<u><u>\$ 28,564,206</u></u>	<u><u>\$ (167,052)</u></u>	<u><u>\$ 67,036,351</u></u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 796,433	\$ 6,122,950	\$ -	\$ 6,919,383
Public funds - site/study liability	740,147	-	-	740,147
Intercompany payables	1,343	165,709	(167,052)	-
Assets held for others	-	19,159,635	-	19,159,635
	<u>1,537,923</u>	<u>25,448,294</u>	<u>(167,052)</u>	<u>26,819,165</u>
TOTAL LIABILITIES	<u>1,537,923</u>	<u>25,448,294</u>	<u>(167,052)</u>	<u>26,819,165</u>
NET ASSETS				
Without donor restrictions				
Undesignated	35,166,379	3,115,912	-	38,282,291
With donor restrictions	<u>1,934,895</u>	<u>-</u>	<u>-</u>	<u>1,934,895</u>
TOTAL NET ASSETS	<u>37,101,274</u>	<u>3,115,912</u>	<u>-</u>	<u>40,217,186</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 38,639,197</u></u>	<u><u>\$ 28,564,206</u></u>	<u><u>\$ (167,052)</u></u>	<u><u>\$ 67,036,351</u></u>

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
DECEMBER 31, 2021

	The Hope Foundation, Inc.			SWOG Clinical Trials Partnerships, LLC			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
REVENUE AND SUPPORT										
Contributions	\$ 2,545,708	\$ 516,700	\$ 3,062,408	\$ -	\$ -	\$ -	\$ (2,453,213)	\$ 92,495	\$ 516,700	\$ 609,195
Administrative fees	-	-	-	1,332,631	-	1,332,631	-	1,332,631	-	1,332,631
Investment return, net	4,114,938	-	4,114,938	412,242	-	412,242	-	4,527,180	-	4,527,180
Public funds (federal awards)	3,690,510	-	3,690,510	-	-	-	-	3,690,510	-	3,690,510
Non-public funds for services	1,355,142	-	1,355,142	-	-	-	-	1,355,142	-	1,355,142
Other income	18,250	-	18,250	-	-	-	-	18,250	-	18,250
Net assets released from restrictions	325,900	(325,900)	-	-	-	-	-	325,900	(325,900)	-
TOTAL REVENUE AND SUPPORT	12,050,448	190,800	12,241,248	1,744,873	-	1,744,873	(2,453,213)	11,342,108	190,800	11,532,908
EXPENSES										
Program services	5,639,762	-	5,639,762	3,411,911	-	3,411,911	(2,453,213)	6,598,460	-	6,598,460
Management and general	673,815	-	673,815	317,827	-	317,827	-	991,642	-	991,642
Fundraising	120,852	-	120,852	-	-	-	-	120,852	-	120,852
TOTAL EXPENSES	6,434,429	-	6,434,429	3,729,738	-	3,729,738	(2,453,213)	7,710,954	-	7,710,954
CHANGE IN NET ASSETS	5,616,019	190,800	5,806,819	(1,984,865)	-	(1,984,865)	-	3,631,154	190,800	3,821,954
NET ASSETS (restated), beginning of year	29,550,360	1,744,095	31,294,455	5,100,777	-	5,100,777	-	34,651,137	1,744,095	36,395,232
NET ASSETS, end of year	\$ 35,166,379	\$ 1,934,895	\$ 37,101,274	\$ 3,115,912	\$ -	\$ 3,115,912	\$ -	\$ 38,282,291	\$ 1,934,895	\$ 40,217,186

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
SCHEDULE OF FUNCTIONAL EXPENSES FOR THE HOPE FOUNDATION, INC.
DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and related				
Salaries	\$ 2,593,019	\$ 354,645	\$ 80,517	\$ 3,028,181
Retirement	235,803	32,251	7,322	275,376
Other employee benefits	514,312	70,342	15,970	600,624
Payroll taxes	203,041	27,769	6,305	237,115
Total salaries and related	3,546,175	485,007	110,114	4,141,296
Grants awarded	1,379,089	-	-	1,379,089
Office	56,691	15,463	-	72,154
Occupancy	110,375	35,408	-	145,783
Travel	85,884	710	-	86,594
Meetings and conferences	214,336	-	-	214,336
Staff and board development	-	15,651	-	15,651
Insurance	-	11,450	-	11,450
Advertising	-	25,858	-	25,858
Information technology	70,441	-	-	70,441
Telecommunications	49,120	-	-	49,120
Accounting fees	-	12,376	-	12,376
Legal fees	-	1,968	-	1,968
Other professional fees	62,342	7,398	-	69,740
Dues and subscriptions	-	12,444	-	12,444
Bank fees	-	14,140	-	14,140
Depreciation	1,685	542	-	2,227
Miscellaneous	63,624	35,400	10,738	109,762
TOTAL EXPENSES	<u>\$ 5,639,762</u>	<u>\$ 673,815</u>	<u>\$ 120,852</u>	<u>\$ 6,434,429</u>

THE HOPE FOUNDATION, INC. AND SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
SCHEDULE OF FUNCTIONAL EXPENSES FOR SWOG CLINICAL TRIALS PARTNERSHIPS, LLC
DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and related				
Salaries	\$ 316,643	\$ 79,161	\$ -	\$ 395,804
Retirement	26,077	6,519	-	32,596
Other employee benefits	64,319	16,080	-	80,399
Payroll taxes	24,178	6,044	-	30,222
Total salaries and related	431,217	107,804	-	539,021
Contributions	2,453,213	-	-	2,453,213
Office	-	40,579	-	40,579
Occupancy	-	63,090	-	63,090
Travel	1,461	-	-	1,461
Staff and board development	-	3,811	-	3,811
Insurance	-	6,855	-	6,855
Information technology	-	61,807	-	61,807
Telecommunications	-	3,437	-	3,437
Accounting fees	-	12,376	-	12,376
Other professional fees	526,020	-	-	526,020
Dues and subscriptions	-	1,472	-	1,472
Bank fees	-	10,034	-	10,034
Depreciation	-	6,562	-	6,562
TOTAL EXPENSES	\$ 3,411,911	\$ 317,827	\$ -	\$ 3,729,738