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## **Independent Auditors' Report**

Management and Board of Directors  
SARC  
Ann Arbor, Michigan

We have audited the accompanying financial statements of SARC, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SARC as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the SARC December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Yeo & Yeo, P.C.*

Ann Arbor, Michigan  
May 14, 2021

**SARC**  
**Statement of Financial Position**  
**December 31, 2020**  
**(With Sumarized Comparative Information for 2019)**

	2020	2019
<b>Assets</b>		
Current assets		
Cash	\$ 4,764,162	\$ 4,751,604
Restricted cash	-	120,570
Clinical trials receivable	547,026	199,529
Promises to give, current portion	1,367,500	1,149,778
Prepaid expenses	22,372	11,190
Total current assets	6,701,060	6,232,671
Property and equipment, net	5,534	128,408
Promises to give, net of current portion	617,577	1,821,926
<b>Total assets</b>	<b>\$ 7,324,171</b>	<b>\$ 8,183,005</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 570,483	\$ 432,349
Accrued payroll and related liabilities	12,621	5,300
Refundable advance	5,000	10,000
Total current liabilities	588,104	447,649
Net assets		
Without donor restrictions		
Undesignated	1,770,233	2,144,882
Designated for projects in progress	302,389	302,389
Total without donor restrictions	2,072,622	2,447,271
With donor restrictions		
Purpose restrictions	2,645,945	2,188,307
Time-restricted for future periods	2,017,500	3,099,778
Total with donor restrictions	4,663,445	5,288,085
Total net assets	6,736,067	7,735,356
<b>Total liabilities and net assets</b>	<b>\$ 7,324,171</b>	<b>\$ 8,183,005</b>

**SARC**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**  
**(With Sumarized Comparative Information for 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
<b>Support and revenue</b>				
Clinical study revenue	\$ -	\$ 1,788,847	\$ 1,788,847	\$ 1,119,887
Government grants	-	677,328	677,328	130,301
Donations	108,818	31,027	139,845	3,133,943
Miscellaneous income	939	-	939	13,273
Interest income	5,839	-	5,839	20,314
Realized gain on investments	-	-	-	11,706
Realized loss on property and equipment	(121,028)	-	(121,028)	-
Forgiveness of PPP loan	136,772	-	136,772	-
Net assets released from restrictions	<u>3,121,842</u>	<u>(3,121,842)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,253,182</u>	<u>(624,640)</u>	<u>2,628,542</u>	<u>4,429,424</u>
<b>Expenses</b>				
Program services	2,584,861	-	2,584,861	2,214,924
Management and general	<u>1,042,970</u>	<u>-</u>	<u>1,042,970</u>	<u>1,028,215</u>
Total expenses	<u>3,627,831</u>	<u>-</u>	<u>3,627,831</u>	<u>3,243,139</u>
Change in net assets	(374,649)	(624,640)	(999,289)	1,186,285
Net assets beginning of year	<u>2,447,271</u>	<u>5,288,085</u>	<u>7,735,356</u>	<u>6,549,071</u>
<b>Net assets end of year</b>	<u>\$ 2,072,622</u>	<u>\$ 4,663,445</u>	<u>\$ 6,736,067</u>	<u>\$ 7,735,356</u>

**SARC**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2020**  
**(With Sumarized Comparative Information for 2019)**

	Program Services	Management and General	Total	
			2020	2019
Salaries, taxes and benefits	\$ 499,829	\$ 562,392	\$ 1,062,221	\$ 949,581
Clinical trial direct expenses	2,003,599	-	2,003,599	1,777,301
Travel	-	-	-	31,513
Office expenses	15,596	21,717	37,313	57,095
Professional services	7,536	316,146	323,682	166,854
Conferences and meetings	20,023	1,029	21,052	78,909
Depreciation	-	1,845	1,845	7,040
Honorariums	5,500	-	5,500	2,500
Insurance	-	70,020	70,020	62,024
Public relations	-	-	-	120
Rent	-	33,736	33,736	67,472
Website	32,778	36,085	68,863	42,730
Total	<u>\$ 2,584,861</u>	<u>\$ 1,042,970</u>	<u>\$ 3,627,831</u>	<u>\$ 3,243,139</u>

**SARC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2020**  
**(With Sumarized Comparative Information for 2019)**

	2020	2019
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (999,289)	\$ 1,186,285
Items not requiring cash		
Depreciation	1,845	7,040
Contribution of marketable securities	-	(518,735)
Realized gain on sale of marketable securities	-	(11,706)
Realized loss on sale of property and equipment	121,029	-
Forgiveness of PPP loan	(136,772)	-
Change in present value discount on promises to give	(95,651)	128,074
Changes in operating assets and liabilities		
Clinical trials receivable	(347,497)	(65,320)
Promises to give	1,082,278	(1,686,973)
Prepaid expenses	(11,182)	3,727
Accounts payable	138,134	206,846
Accrued payroll and related liabilities	7,321	(1,107)
Refundable advance	(5,000)	(28,427)
Net cash used by operating activities	<u>(244,784)</u>	<u>(780,296)</u>
<b>Cash flows from financing activities</b>		
Proceeds from sale of contributed marketable securities	-	530,441
Proceeds from PPP loan	<u>136,772</u>	<u>-</u>
Net cash provided by financing activities	<u>136,772</u>	<u>530,441</u>
Net change in cash	(108,012)	(249,855)
Cash and restricted cash - beginning of year	<u>4,872,174</u>	<u>5,122,029</u>
<b>Cash and restricted cash - end of year</b>	<u>\$ 4,764,162</u>	<u>\$ 4,872,174</u>
<b>Cash and restricted cash</b>		
Cash	\$ 4,764,162	\$ 4,751,604
Restricted cash	<u>-</u>	<u>120,570</u>
<b>Total cash and restricted cash</b>	<u>\$ 4,764,162</u>	<u>\$ 4,872,174</u>