

THE SARCOMA FOUNDATION OF AMERICA, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 30, 2003

ROSS WISDOM CPA, PLLC

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INDEPENDENT AUDITORS REPORT

Board of Directors
The Sarcoma Foundation of America, Inc.
26120 Kings Valley Road
Damascus, MD 20872

We have audited the accompanying balance sheet of The Sarcoma Foundation of America, Inc. (a nonprofit organization) as of December 30, 2003, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Sarcoma Foundation of America, Inc. As of December 31, 2003 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Ross Wisdom
Certified Public Accountant, PLLC

New York, New York
March 4, 2004

THE SARCOMA FOUNDATION OF AMERICA, INC.
BALANCE SHEET
DECEMBER 31, 2003

ASSETS

Current assets

| | |
|----------------------------|---------------|
| Cash - Maryland - savings | \$188,987 |
| Cash - Maryland - checking | 1,896 |
| Cash - New York - checking | <u>14,504</u> |

Total current assets 205,387

Total assets \$205,387

LIABILITIES & NET ASSETS

Current liabilities

| | |
|------------------|--------------|
| Accrued expenses | <u>2,750</u> |
|------------------|--------------|

Total current liabilities 2,750

Net Assets

| | |
|-----------------------------------|----------|
| Unrestricted net assets | 202,637 |
| Temporarily restricted net assets | <u>0</u> |

Total unrestricted net assets 202,637

Total liabilities & net assets \$205,387

See accountant's review report.
The accompanying notes are an integral part of these statements.

THE SARCOMA FOUNDATION OF AMERICA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

| | |
|--|--------------------------------|
| Support and revenue | |
| Special events | 236,257 |
| Less direct expenses | (122,990) |
| Contributions | 72,064 |
| Grants | 70,000 |
| Interest income | 234 |
| | <hr/> |
| Total support & revenue | 255,565 |
| | <hr/> |
| Expenses | |
| Programs | 76,387 |
| Management and general | 6,420 |
| Fundraising expenses | 1,593 |
| | <hr/> |
| Total expenses | 84,400 |
| | <hr/> |
| Increase in net assets - unrestricted | 171,165 |
| | <hr/> |
| Net assets, beginning of year | 31,472 |
| | <hr/> |
| Net assets, end of year | <u><u>\$202,637</u></u> |

See accountant's review report.
The accompanying notes are an integral part of these statements.

THE SARCOMA FOUNDATION OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003

| | Total | Program Services | Management and General | Fundraising Expenses |
|------------------------|-----------------|-----------------------------|---------------------------------------|---------------------------------|
| Grants | \$70,000 | \$70,000 | | |
| Accounting fees | 4,750 | | 4,750 | |
| Bank charges | 1,014 | | 1,014 | |
| Convention services | 272 | | | 272 |
| Filing fees | 135 | | 135 | |
| Newsletter | 1,650 | 825 | | 825 |
| Office & miscellaneous | 4,000 | 3,598 | 402 | |
| Telephone | 1,191 | 1,072 | 119 | |
| Website | 892 | 892 | | |
| Public relations | 496 | | | 496 |
| Total expenses | \$84,400 | \$76,387 | \$6,420 | \$1,593 |

See accountant's review report.

The accompanying notes are an integral part of these statements.

THE SARCOMA FOUNDATION OF AMERICA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash flows from operating activities

| | |
|--|--------------------------------|
| Increase in net assets | \$171,165 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Increase in accrued expenses | <u>2,750</u> |
| Net cash provided by operating activities | <u>173,915</u> |
| Increase in cash | 173,915 |
| Cash, beginning of year | <u>31,472</u> |
| Cash, end of year | <u><u>\$205,387</u></u> |

See accountant's review report
The accompanying notes are an integral part of these statements.

THE SARCOMA FOUNDATION OF AMERICA, INC.
Notes To Financial Statements
For The Year Ended December 31, 2003

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Summary of Significant Accounting Policies

The Sarcoma Foundation of America, Inc. is an organization formed to advocate and provide medical research funding for the development of novel therapies against sarcoma.

The Organization was incorporated as a not-for-profit corporation under Maryland law and has been recognized as a tax-exempt charitable organization under section 501(c)(3) of the Internal Revenue Code and is registered in New York, Pennsylvania, Georgia, Washington state and Massachusetts.

Basis of Presentation

The financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains & losses are recognized when earned or incurred and classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations, maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

THE SARCOMA FOUNDATION OF AMERICA, INC.
Notes To Financial Statements
For The Year Ended December 31, 2003
(Continued)

Income Taxes

The Organization has qualified as a tax-exempt organization under 501 (c)(3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 - SPECIAL EVENTS

During the year the organization ran or benefited from a series of special events. The total amount received amounted to \$236,257. Related expenses were as follows:

| | |
|--|------------------|
| Food and beverage | \$ 37,988 |
| Entertainment | 3,000 |
| Postage, stationery and Miscellaneous | 5,044 |
| Travel | 699 |
| Flowers | 1,340 |
| Consultants | <u>74,919</u> |
| Total | <u>\$122,990</u> |

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Sarcoma Foundation of America maintains several bank accounts. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$100,000. Cash at one institution exceeded Federally insured limits. The amount in-excess of the FDIC limit totaled \$88,987 as of December 31, 2003.