

ROSS WISDOM CPA, PLLC

29 BROADWAY, SUITE 1412
NEW YORK, NY 10006-3249
212-986-0892
FAX 212-861-1970


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, 2004, 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, 2004 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 CPA, PLLC

New York, New York
August 10, 2005

THE SARCOMA FOUNDATION OF AMERICA, INC.
BALANCE SHEET
DECEMBER 31, 2004

ASSETS

Current assets

Cash in bank	\$191,621
Cash - Paypal account	29,553
Cash - Certificates of deposit	<u>100,231</u>
Total current assets	<u>321,405</u>

Fixed assets

Machinery & equipment	2,007
Less: accumulated depreciation	<u>(322)</u>
Net fixed assets	<u>1,685</u>

Other assets

Security deposits	<u>9,000.00</u>
	<u>9,000.00</u>
Total assets	<u>\$332,090</u>

LIABILITIES & NET ASSETS

Current liabilities

Accrued expenses	<u>4,750</u>
Total current liabilities	<u>4,750</u>

Net Assets

Unrestricted net assets	327,340
Temporarily restricted net assets	<u>0</u>
Total unrestricted net assets	<u>327,340</u>
Total liabilities & net assets	<u>\$332,090</u>

See accountant's audit 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, 2004

Support and revenue

Special events	\$162,641
Less direct expenses	<u>(96,716)</u>
Net income from special events	65,925
Contributions	233,348
Grants	45,324
Interest income	<u>591</u>
Total support & revenue	<u>345,188</u>

Expenses

Programs	194,168
Management and general	25,302
Fundraising expenses	<u>1,015</u>
Total expenses	<u>220,485</u>

Increase in net assets - unrestricted	124,703
Net assets, beginning of year	<u>202,637</u>
Net assets, end of year	<u><u>\$327,340</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, 2004

	Total	Program Services	Management and General	Fundraising Expenses
Grants	\$135,000	\$135,000		
Accounting fees	2,222		2,222	
Audit fee	4,750		4,750	
Advertising	400			400
Bank charges	1,147		1,147	
Conferences & meetings	1,078	539	539	
Consultants	61,249	55,124	6,125	
Depreciation	322		322	
Filing fees	978		978	
Insurance	2,780		2,780	
Legal & professional fees	1,730		1,730	
Membership fees	3,000		3,000	
Office & miscellaneous	1,435		1,435	
Public relations	500			500
Telephone	1,179	1,061	118	
Travel	1,561	1,405	156	
Website	1,154	1,039		115
Total expenses	\$220,485	\$194,168	\$25,302	\$1,015

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, 2004

Cash flows from operating activities

Increase in net assets	\$124,703
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	322
Increase in other assets	(9,000)
Increase in accrued expenses	2,000
Net cash provided by operating activities	<u>118,025</u>

Cash flows from investing activities

Acquisition of equipment	<u>(2,007)</u>
Net cash used by Investing activities	<u>(2,007)</u>

Increase in cash	116,018
Cash, beginning of year	<u>205,387</u>
Cash, end of year	<u><u>\$321,405</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, 2004
(Continued)

Income Taxes

The Organization has qualified as a publicly supported tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and had no unrelated business tax 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 \$ 162,641. Related expenses were as follows:

Food, beverage and catering	\$ 32,524
Entertainment	9,360
Postage, stationery and Supplies	5,387
Flowers	1,320
Consultants	<u>48,125</u>
 Total expenses	 <u>\$ 96,716</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 \$183,250 as of December 31, 2004.

THE SARCOMA FOUNDATION OF AMERICA, INC.
Notes To Financial Statements
For The Year Ended December 31, 2004

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

I. 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.

Fixed assets are recorded at cost and depreciation is provided over the estimated useful lives of the respective assets on a straight -line basis.

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.