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INDEPENDENT AUDITORS REPORT

Board of Directors
The Sarcoma Foundation of America, Inc.
9884 Main Street P.O. Box 458
Damascus, MD 20872

We have audited the accompanying statements of financial position of The Sarcoma Foundation of America, Inc. (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 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, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Ross Wisdom CPA PLLC

New York, New York
August 20, 2009

Ross Wisdom CPA, PLLC
Certified Public Accountant

THE SARCOMA FOUNDATION OF AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 and 2007

	2008	2007
ASSETS		
<u>Current assets</u>		
Cash - checking	\$280,390	\$68,419
Cash - savings	1,007,735	787,473
Total cash (note 2)	1,288,125	855,892
Grants and pledges receivable (note 3)	90,315	183,755
Investments (note 4)	286,134	355,547
Total current assets	1,664,574	1,395,194
<u>Fixed assets</u>		
Machinery and equipment	6,510	6,150
Computer equipment	10,489	8,001
Furniture and fixtures	9,551	8,099
Less: Accumulated depreciation	(12,947)	(8,361)
Total fixed assets (net) (note 1)	13,603	13,889
<u>Other assets</u>		
Prepaid expenses and security deposits (note 5)	26,624	26,614
Total assets	\$1,704,801	\$1,435,697
LIABILITIES & NET ASSETS		
<u>Current liabilities</u>		
Accrued expenses	\$36,479	\$9,931
Grants payable (note 6)	218,317	321,635
Credit card payable	135	312
Total current liabilities	254,931	331,878
<u>Net Assets</u>		
Unrestricted net assets	1,185,548	931,522
Temporarily restricted net assets (note 1)	264,322	172,297
Total unrestricted net assets	1,449,870	1,103,819
Total liabilities & net assets	\$1,704,801	\$1,435,697

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

THE SARCOMA FOUNDATION OF AMERICA, INC.
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 and 2007

	2008	2007
UNRESTRICTED NET ASSETS		
Support and revenue		
Special events	\$782,162	\$706,655
Less direct expenses (note 7)	(222,973)	(328,693)
Donations and contributions	277,651	516,548
Interest and dividend income	44,637	49,758
Other income	15,187	525
	896,664	944,793
Net assets released from restrictions	150,745	100,000
	1,047,409	1,044,793
Total unrestricted revenue, gains and other support		
Expenses		
Programs	408,024	799,795
Management and general	167,269	151,756
Fundraising expenses	217,788	84,279
Unrealized gains and losses (note 4)	302	496
	793,383	1,036,326
Total expenses		
Increased in unrestricted net assets	254,026	8,467
Unrestricted net assets, beginning of year	931,522	923,055
Unrestricted net assets, end of year	1,185,548	931,522
 TEMPORARILY RESTRICTED NET ASSETS		
Special events contributions	145,987	35,421
Donations and contributions	96,783	102,886
Net assets released from restrictions	(150,745)	(100,000)
	92,025	38,307
Increase (decrease) in temporarily restricted net assets		
Temporarily restricted net assets, beginning of year	172,297	133,990
Temporarily restricted net assets, end of year	264,322	172,297
Net assets, end of year	\$1,449,870	\$1,103,819

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

THE SARCOMA FOUNDATION OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008

	Total	Program Services	Management and General	Fundraising Expenses
Grants (note 9)	\$238,349	\$238,349		
Salaries and wages	186,160	78,641	\$68,696	\$38,823
Employee benefits	18,419	7,781	6,797	3,841
Payroll taxes	14,350	6,062	5,295	2,993
Accounting fees	6,285		6,285	
Advetising	3,450		735	2,715
Bank and credit card charges	8,589		8,589	
Conferences and conventions	5,283		3,621	1,662
Depreciation	4,586		4,586	
Filing fees	4,424		4,424	
Insurance	6,444		6,444	
Interest expense	4,743		4,743	
Legal and professional fees	1,985	1,985		
Marketing	36,475	3,043		33,432
Membership fees	5,150		5,150	
Miscellaneous	562		362	200
Office supplies and expense	4,740	28	2,370	2,342
Outside services	4,905			4,905
Patient registry	56,824	56,824		
Payroll service fees	1,662	702	613	347
Postage and mailings	3,501	349	1,981	1,171
Printing and publications	4,916	1,058	492	3,366
Professional fundraising fees	103,629			103,629
Rent	19,171		19,171	
Repairs and maintenance	3,543		3,543	
Security	2,158			2,158
Space rental	9,497			9,497
Staff development	2,225		2,225	
Telephone	2,064	217	1,695	152
Travel	15,958	1,991	7,712	6,255
Utilities	1,740		1,740	
Website and internet service	11,294	10,994		300
Total expenses	\$793,081	\$408,024	\$167,269	\$217,788

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

THE SARCOMA FOUNDATION OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007

	Total	Program Services	Management and General	Fundraising Expenses
Grants (note 9)	\$638,302	\$638,302		
Salaries and wages	142,410	71,888	\$61,536	\$8,986
Employee benefits	11,714	4,342	6,829	543
Payroll taxes	11,488	5,662	5,118	708
Accounting fees	5,770		5,770	
Bank and credit card charges	7,356		7,356	
Business gifts	66		66	
Conferences and conventions	1,307		1,257	50
Depreciation	3,869		3,869	
Filing fees	4,009		4,009	
Insurance	4,277		4,277	
Interest expense	4,699		4,699	
Legal and professional fees	21,114	17,022		4,092
Marketing	17,300	8,650	8,650	
Membership fees	3,925		3,925	
Miscellaneous	422		422	
Office supplies and expense	3,261		2,846	415
Patient registry	37,941	37,941		
Payroll service fees	1,543	778	668	97
Postage and mailings	3,948	2,247	1,508	193
Printing and publications	4,774	3,823	748	203
Professional fundraising fee	62,784			62,784
Rent	18,547		18,547	
Repairs and maintenance	1,142		1,142	
Staff development	519		519	
Telephone	2,087		1,517	570
Travel	14,441	4,437	4,366	5,638
Utilities	2,112		2,112	
Website and internet service	4,703	4,703		
Total expenses	\$1,035,830	\$799,795	\$151,756	\$84,279

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

THE SARCOMA FOUNDATION OF AMERICA, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Increase in net assets	\$346,051	\$46,774
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	4,586	3,869
Decrease in grants receivable	93,440	(73,755)
Increase in prepaid expenses	(10)	(12,005)
Decrease in grants payable	(103,318)	321,635
increase in accrued expenses	26,371	2,480
Net cash provided by operating activities	367,120	288,998
Cash flows from investing activities		
Acquisition of fixed assets	(4,300)	(880)
Cash flows from financing activities	0	0
(Acquisition)/sale of investments	69,413	135,769
Increase in cash	432,233	423,887
Cash, beginning of year	855,892	432,005
Cash, end of year	\$1,288,125	\$855,892

SUPPLEMENTAL DISCLOSURES

Interest paid	\$4,743
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

THE SARCOMA FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2008

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

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 California, Connecticut, Florida, Georgia, Illinois, Kentucky, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Virginia, Washington state and Wisconsin.

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. As of December 31, 2008 and 2007 temporarily restricted net assets consisted of the following donor specified grants:

THE SARCOMA FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Temporarily Restricted Net Assets (continued)

	<u>2008</u>	<u>2007</u>
ARIAD Research Grant	\$ 50,000	
Blake Cadkin Research Grant	34,582	
Florida 5K Run Research Grant	31,043	
Fund-A-Grant	26,500	
Marny Tobin Research Grant	25,000	\$ 35,513
Mary Beth Knox Research Grant	25,000	11,039
PharmaMar Research Grant	25,000	
Ziopharm Research Grant	25,000	
Shelby Richter Research Grant		25,000
Brian Rybarczyk Research Grant		25,000
Monte Carlo Fundraiser (Brian Monaghan)		25,000
Lori Capon Research Grant		16,245
Kim Pohlman Research Grant		15,000
ASCO Cancer Foundation Research Grant	14,842	
Robin Suvillan Research Grant		10,000
Denis Fedorov Research Grant		9,500
Rusell Sawicki Research Grant	7,355	0
Total	<u>\$ 264,322</u>	<u>\$ 172,297</u>

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
December 31, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Awards and grants

The organization makes awards and grants for medical research for the development of novel therapies against sarcoma. The amount for which the organization is obligated is recorded upon grant's approval. Awards and grants payable beyond one year are reported at the present value of their estimated future cash flows and have been discounted at rates ranging from 2.25% to 2.50%. These rates approximate the rates of return on U.S. government securities at the origination of the awards and grants.

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.

Statement of Cash Flows

The organization considers all short-term investments with an original maturity of three month or less to be cash equivalents.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

THE SARCOMA FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Purchases of property & equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the expected useful lives of the assets.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are considered to be all highly liquid debt instruments with a maturity date of 90 days or less from the date of purchase. At December 31, 2008 and 2007 these accounts consisted primarily of cash in bank as follows:

	<u>2008</u>	<u>2007</u>
Sandy Spring Bank	\$ 106,480	\$ 458,525
Citibank	152,472	70,840
Paypal	13,456	20,098
Sandy Spring Bank Investments-MMKT & CD'S	813,587	306,379
Provident Bank	101,249	
Damascus Community Bank	100,000	
Wachovia Securities - MMKT	881	
Uvest Financial Services	0	50
Total	<u>\$1,288,125</u>	<u>\$ 855,892</u>

NOTE 3 - GRANTS AND PLEDGES RECEIVABLE

This account consists of grants and pledges receivable as follows:

	<u>2008</u>	<u>2007</u>
Capon Family - 2009 Advanced Clinical Research Award in Sarcoma Research	\$ 85,054	\$ 183,755
Other receivables	5,261	0
Total	<u>\$ 90,315</u>	<u>\$ 183,755</u>

THE SARCOMA FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2008

NOTE 4 - INVESTMENTS:

Investments in marketable securities are presented in the financial statements at fair market value in accordance with SFAS 124. At December 31, 2008 and 2007 the aggregate fair market value was as follows:

	<u>2008</u>	<u>2007</u>
Corporate bonds	\$ 286,134	\$ 355,254
Equities	0	293
<u>Total</u>	<u>\$ 286,134</u>	<u>\$ 355,547</u>

This includes net unrealized losses for the year ended December 31, 2008 and 2007 of (\$302) and \$(496).

NOTE 5 - PREPAID EXPENSES AND OTHER ASSETS AND DEPOSITS

Prepaid expenses and other assets consists of 2008 special event venue advance payment paid as of December 31, 2008 of \$25,000 and other assets and deposits of \$1,624.

NOTE 6 - GRANTS AND AWARDS PAYABLE

The organization is obligated under its grants and award agreements (see note 9) as of December 31, 2008 for \$224,166 at a present value of \$218,317. The discount of \$5,849 will be recognized as grants and awards expense in fiscal years 2009 as the discount is amortized using an effective yield over the expected life of the grant contract. As of December 31, 2008 the grants and awards are payable as follows:

ASCO Cancer Foundation (AACRA)	\$ 166,666
ASCO Cancer Foundation (YIAG)	57,500
Total	224,166
Discount	(5,849)
Total 2009 grants payable	<u>\$ 218,317</u>

THE SARCOMA FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2008

NOTE 7 - SPECIAL EVENTS

During the years December 31, 2008 and 2007 the organization ran or benefited from a series of special events. The total amount received amounted to \$ 928,149 (\$782,162 unrestricted and \$145,987 temporarily restricted) for year 2008 and \$ 742,076 (\$706,655 unrestricted and \$35,421 temporarily restricted) for year 2007. Related expenses were as follows:

	<u>2008</u>	<u>2007</u>
Auction expenses	\$ 7,644	\$ 50,275
Conferences and meetings	1,387	2,019
Consultants		35,493
Entertainment	14,633	14,432
Fees	5,782	6,121
Flowers	3,382	4,715
Food, beverage and catering		4,518
Gift bag merchandise (donated)		65,375
Hotels and lodging	7,137	
Photographers & audiovisual	16,376	820
Postage, supplies and miscellaneous	11,129	3,022
Printing	12,766	12,415
Telephone		264
Travel	9,145	9,920
Venue	133,592	119,304
Total expenses	<u>\$ 222,973</u>	<u>\$ 328,693</u>

The above amounts do not include exchange transactions of \$48,166 (note 8)

NOTE 8 - EXCHANGE TRANSACTIONS AND CONTRIBUTED MERCHANDISE

Exchange transactions are reciprocal transfers in which each party receives and sacrifices something of equal value as opposed to a nonreciprocal transaction (i.e., a contribution) in which a donor provides resources to support the Organization's mission and expects to receive nothing of value in exchange. Costs of exchange transactions that benefit the recipient of the exchange and are not directly related to the Organization mission are reported as exchange expenses. Items donated and sold at fundraising events amounted to \$48,166.

THE SARCOMA FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2008

NOTE 9 - GRANTS DISBURSEMENTS AND ALLOCATION

During the years December 31, 2008 and 2007 the organization awarded and disbursed research grants to the following organizations:

	<u>2008</u>	<u>2007</u>
1) ASCO Cancer Foundation	\$ 166,667	\$ 166,667
2) Baylor College of Medicine	25,000	
3) British Columbia Cancer Agency	25,000	
4) Children's Reseach Institute		25,000
5) Lombardi Comprehensive Cancer Center	25,000	
6) Massachusetts General Hospital	25,000	
7) Memorial Sloan-Kettering Cancer Center	25,000	
8) New York University School of Medicine		25,000
9) NIH/National Cancer Center Institute		25,000
10) Peter MacCallum Cancer Center Research		25,000
11) Vanderbilt University Medical Center		25,000
12) University of California Los Angeles	25,000	
13) University of California San Francisco School of Medicine	25,000	
14) University of Utah	0	25,000
Totals cash grants disbursed	<u>341,667</u>	<u>316,667</u>
Grants approved, not disbursed *	<u>218,317</u>	<u>321,635</u>
Total grants to be disbursed	<u>559,984</u>	<u>638,302</u>
Grants expense not disbursed year 2007	(321,635)	0
Total grant expense	<u>\$ 238,349</u>	<u>\$ 638,302</u>

*On August 15, 2007 The Sarcoma Foundation of America signed a grant agreement with the ASCO Cancer Foundation (an affiliate of the American Society of Clinical Oncology) to grant \$500,000 payable over three years in annual installments of \$166,666.67 each for The ASCO Foundation's 2008 Annual Advanced Clinical Research Award in Sarcoma research. Accordingly, this grant has been accrued and expensed at \$488,302 (\$500,000 net of a present value adjustment \$11,698, also see note 6) of which \$166,667 was disbursed during the year ended December 31, 2008, \$166,667 during the year December 31, 2007 and \$167,666 (net present value of \$160,817) has been approved for disbursement in year 2009. On November 11, 2008 the organization signed another agreement with the ASCO Foundation to grant an additional \$57,500 for the ASCO Cancer Foundation's 2009 Young Investigator Award Grant in Sarcoma research.

THE SARCOMA FOUNDATION OF AMERICA, INC.
Notes to Financial Statements
December 31, 2008

NOTE 10 - 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 \$250,000. Cash at these institutions does not exceed federally insured limits for year ended December 31, 2008. Sandy Spring Bank Investments amount of \$813,587 includes various certificates of deposits at various bank and a money market account which does not exceed federally insured limits for the year ended December 31, 2008.

NOTE 11 - DONATED SERVICES

During the year ended December 31, 2008 contributed services were received by the organization related to their annual gala. No amounts have been reflected in the financial statements for those contributed services since they do not meet the criteria for recognition in the financial statements under SFAS No. 116, Accounting for Contributions Received and Contributions Made.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The organization has not negotiated a new lease with the landlord. The organization has a monthly base rent of \$1,527 for office space located at 9884 Main Street, Damascus, MD.

NOTE 13 - RELATED PARTY TRANSACTIONS

There were no related party transactions identified for the year ended December 31, 2008.

NOTE 14 - SUBSEQUENT EVENTS

No subsequent events of material nature came to our attention warranting adjustment or disclosure.