

**ROSS WISDOM CPA, PLLC**

29 BROADWAY, SUITE 1412  
NEW YORK, NY 10006-3249  
212-986-0892  
FAX 212-661-1970

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, 2009 and 2008, 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, 2009 and 2008 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.

New York, New York  
July 14, 2010

  
Ross Wisdom CPA, PLLC  
Certified Public Accountant

THE SARCOMA FOUNDATION OF AMERICA, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2009 and 2008

ASSETS	2009	2008
<u>Current assets</u>		
Cash - checking	\$224,171	\$280,390
Cash - savings	767,218	1,007,735
Total cash (note 2)	991,389	1,288,125
Grants and pledges receivable (note 3)	9,771	90,315
Investments (note 4)	593,830	286,134
<b>Total current assets</b>	<b>1,594,990</b>	<b>1,664,574</b>
<u>Fixed assets</u>		
Machinery and equipment	7,519	6,510
Computer equipment	10,489	10,489
Furniture and fixtures	9,551	9,551
Less: Accumulated depreciation	(17,457)	(12,947)
<b>Total fixed assets (net) (note 1)</b>	<b>10,102</b>	<b>13,603</b>
<u>Other assets</u>		
Prepaid expenses and security deposits (note 5)	24,586	26,624
<b>Total assets</b>	<b>\$1,629,678</b>	<b>\$1,704,801</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<u>Current liabilities</u>		
Accrued expenses	\$37,097	\$36,479
Grants payable (note 6)		218,317
Credit card payable	780	135
<b>Total current liabilities</b>	<b>37,877</b>	<b>254,931</b>
<u>Net assets</u>		
Unrestricted net assets	1,359,757	1,185,548
Temporarily restricted net assets (note 1)	232,044	264,322
<b>Total unrestricted net assets</b>	<b>1,591,801</b>	<b>1,449,870</b>
<b>Total liabilities &amp; net assets</b>	<b>\$1,629,678</b>	<b>\$1,704,801</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

**THE SARCOMA FOUNDATION OF AMERICA, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2009 and 2008**

	2009	2008
<b>UNRESTRICTED NET ASSETS</b>		
Support and revenue		
Special events	\$962,133	\$782,162
Less direct expenses (note 7)	(299,423)	(222,973)
Donations and contributions	333,635	277,651
Interest and dividend income	36,937	44,637
Other income	38	15,187
Unrealized gains and losses (note 4)	11,232	
	<b>1,044,552</b>	<b>896,664</b>
Net assets released from restrictions	32,278	150,745
	<b>1,076,830</b>	<b>1,047,409</b>
Expenses		
Programs	507,950	406,024
Management and general	199,068	167,269
Fundraising expenses	193,856	217,788
Realized gains and losses (net)	1,747	
Unrealized gains and losses (note 4)		302
	<b>902,621</b>	<b>793,383</b>
Increased in unrestricted net assets	174,209	254,026
Unrestricted net assets, beginning of year	1,185,548	931,522
Unrestricted net assets, end of year	<b>1,359,757</b>	<b>1,185,548</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Special events contributions	166,419	145,987
Donations and contributions	50,000	96,783
Net assets released from restrictions	(248,697)	(150,745)
	<b>(32,278)</b>	<b>92,025</b>
Temporarily restricted net assets, beginning of year	264,322	172,297
Temporarily restricted net assets, end of year	<b>232,044</b>	<b>264,322</b>
Net assets, end of year	<b>\$1,591,801</b>	<b>\$1,449,870</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

**THE SARCOMA FOUNDATION OF AMERICA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2009**

	Total	Program Services	Management and General	Fundraising Expenses
Grants (note 9)	\$255,849	\$255,849		
Salaries and wages	225,830	80,915	\$78,691	\$66,224
Employee benefits	21,181	7,625	7,413	6,143
Payroll taxes	16,981	6,113	5,943	4,925
Pension expense	4,606	1,658	1,612	1,336
Accounting fees	6,260		6,260	
Advertising and promotion	2,180			2,180
Bank and credit card charges	3,324		3,324	
Conferences and conventions	2,153		1,476	677
Depreciation	4,510		4,510	
Filing fees	5,424		5,424	
Fundraising supplies	301			301
Insurance	5,656		5,656	
Interest expense	6,370		6,370	
Legal and professional fees	7,844		7,844	
Marketing	23,493	4,663	5,417	13,413
Membership fees	5,125		5,125	
Miscellaneous	433		433	
Office supplies and expenses	4,044		3,923	121
Outside services	2,898			2,898
Patient registry	121,556	121,556		
Payroll service fees	1,734	624	607	503
Postage and mailings	11,800	7,954	1,928	1,918
Printing and publications	16,006	9,840	1,112	5,054
Professional fundraising fees	79,978			79,978
Recruitment	737		737	
Rent	19,787		19,787	
Repairs and maintenance	3,886		3,886	
Space rental	221			221
Staff development	403		403	
Telephone	2,346	605	1,595	146
Travel	11,763	1,094	5,883	4,786
Utilities	2,690		2,690	
Website and internet service	23,505	9,454	11,019	3,032
<b>Total expenses</b>	<b>\$900,874</b>	<b>\$507,950</b>	<b>\$199,068</b>	<b>\$193,856</b>

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	
Advertising and promotion	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 expenses	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
<b>Total expenses</b>	<b>\$793,081</b>	<b>\$408,024</b>	<b>\$167,269</b>	<b>\$217,788</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

THE SARCOMA FOUNDATION OF AMERICA, INC.  
STATEMENT OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Increase in net assets	\$141,931	\$346,051
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	4,510	4,586
Decrease in grants receivable	(80,545)	93,440
Increase in prepaid expenses	(2,037)	(10)
Decrease in grants payable	(218,317)	(103,318)
Increase in accrued expenses	1,263	26,371
Net cash provided by operating activities	(153,195)	367,120
Cash flows from investing activities		
Acquisition of fixed assets	1,009	(4,300)
Cash flows from financing activities	0	0
(Acquisition)/sale of investments	(144,550)	69,413
Increase in cash	(296,736)	432,233
Cash, beginning of year	1,288,125	855,892
Cash, end of year	\$991,389	\$1,288,125
 SUPPLEMENTAL DISCLOSURES		
Interest paid	\$6,370	\$4,743

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

THE SARCOMA FOUNDATION OF AMERICA, INC.  
Notes to Financial Statements  
December 31, 2009

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, Maryland, 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, 2009 and 2008 temporarily restricted net assets consisted of the following donor specified grants:

THE SARCOMA FOUNDATION OF AMERICA, INC.  
Notes to Financial Statements  
December 31, 2009

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

Temporarily Restricted Net Assets (continued)

	<u>2009</u>		<u>2008</u>
Alexander Burdo/ZIOPHARM Research Grant	\$ 25,000		
ARIAD and Merck Research Grant	25,000	\$	50,000
ASCO Cancer Foundation Research Grant			14,842
Blake Cadkin Memorial Research Grant	9,582		34,582
Dominic Rizzi Memorial Research Award	65,476		
Florida 5K Run Research Grant			31,043
Fund-A-Grant			26,500
Jay V. Jackson Memorial Research Award	25,000		
Mandell/Kropp Run for Sarcoma Cure Research Grant	43,828		
Marny Tobin Research Grant			25,000
Mary Beth Knox Research Grant			25,000
PharmaMar Research Grant			25,000
Rae of Hope Walk/Run in Memory of Rae Lynn Yates	13,158		
Richard and Kathy Lobo Research Award	25,000		
Rusell Sawicki Research Grant			7,355
ZIOPHARM Research Grant	0		25,000
<b>Total</b>	<b><u>\$ 232,044</u></b>		<b><u>\$ 264,322</u></b>

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, 2009

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 the 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 a 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, 2009

**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, 2009 and 2008 these accounts consisted primarily of cash in bank as follows:

	<u>2009</u>	<u>2008</u>
Sandy Spring Bank	\$ 269,488	\$ 106,480
Citibank	105,153	152,472
Paypal	1	13,456
Sandy Spring Bank Investments-MMKT & CD'S	335,314	813,587
M&T Bank	102,567	101,249
Damascus Community Bank	175,633	100,000
Wells Fargo	3,233	881
<b>Total</b>	<b><u>\$ 991,389</u></b>	<b><u>\$1,288,125</u></b>

**NOTE 3 - GRANTS AND PLEDGES RECEIVABLE**

This account consists of grants and pledges receivable as follows:

	<u>2009</u>	<u>2008</u>
Capon Family - 2009 Advanced Clinical Research Award in Sarcoma Research	\$	\$ 85,054
Other receivables	9,771	5,261
<b>Total</b>	<b><u>\$ 9,771</u></b>	<b><u>\$ 90,315</u></b>

**THE SARCOMA FOUNDATION OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2009**

**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, 2009 and 2008 the aggregate fair market value was as follows:

	<u>2009</u>	<u>2008</u>
Corporate bonds	\$ 593,830	\$ 286,134
<b><u>Total</u></b>	<b><u>\$ 593,830</u></b>	<b><u>\$ 286,134</u></b>

This includes net unrealized gains and losses for the year ended December 31, 2009 and 2008 of \$9,623 and \$(302).

**NOTE 5 - PREPAID EXPENSES AND OTHER ASSETS AND DEPOSITS**

Prepaid expenses and other assets consist of 2009 special event venue advance payments paid as of December 31, 2009 of \$20,500 and other assets and deposits of \$4,075.

**NOTE 6 - GRANTS AND AWARDS PAYABLE**

The organization is obligated under its grants and award agreements (see note 9) as of December 31, 2009 for \$224,166 at a present value of \$218,317. The discount of \$5,849 was 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, 2009 the grants and awards are payable as follows:

ASCO Cancer Foundation (AACRA)	\$ 166,666
ASCO Cancer Foundation (YIAG)	57,500
Total	<u>224,166</u>
Grants disbursed	(218,317)
Discount	( 5,849)
<b>Total 2009 grants payable</b>	<b><u>\$ 0</u></b>

THE SARCOMA FOUNDATION OF AMERICA, INC.  
Notes to Financial Statements  
December 31, 2009

**NOTE 7 - SPECIAL EVENTS**

During the years December 31, 2009 and 2008 the organization ran or benefited from a series of special events. The total amount received amounted to \$ 1,128,552 (\$962,133 unrestricted and \$166,419 temporarily restricted) for the year 2009, and \$ 928,149 (\$782,162 unrestricted and \$145,897 temporarily restricted) for the year 2008. Related expenses were as follows:

	<u>2009</u>	<u>2008</u>
Advertising and promotion	\$ 6,102	
Auction expenses	32,076	\$ 7,644
Conferences and meetings	743	1,387
Entertainment	600	14,633
Fees	9,064	5,782
Flowers	2,949	3,382
Food, beverage and catering	1,055	
Hotels and lodging		7,137
Insurance	1,680	
Outside services	6,051	
Photographers & audiovisual	18,616	16,376
Postage, supplies and miscellaneous	9,257	11,129
Printing	17,943	12,766
Security	1,927	
Travel	15,423	9,145
Venue	139,104	133,592
<b>Total expenses</b>	<b><u>\$ 262,590</u></b>	<b><u>\$ 222,973</u></b>

The above amounts do not include exchange transactions of \$36,833 for 2009 and \$48,166 for 2008(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 \$36,833.

**THE SARCOMA FOUNDATION OF AMERICA, INC.**  
**Notes to Financial Statements**  
**December 31, 2009**

**NOTE 9 - GRANTS DISBURSEMENTS AND ALLOCATION**

During the years December 31, 2009 and 2008 the organization awarded and disbursed research grants to the following organizations:

	<u>2009</u>	<u>2008</u>
1) ASCO Cancer Foundation	\$ 166,666	\$ 166,667
2) Baylor College of Medicine	25,000	25,000
3) British Columbia Cancer Agency		25,000
4) Cedars-Sinai Medical Center	25,000	
5) Dana-Farber Cancer Institute	25,000	
6) Fred Hutchinson Cancer Research Center	25,000	
7) Kansas State University	25,000	
8) Lombardi Comprehensive Cancer Center		25,000
9) Massachusetts General Hospital	50,000	25,000
10) M.D. Anderson Cancer Center	25,000	
11) Memorial Sloan-Kettering Cancer Center		25,000
12) Moffitt Cancer Center	25,000	
13) University of California Los Angeles		25,000
14) University of California San Francisco		25,000
15) Vanderbilt University Medical Center	25,000	0
<b>Totals cash grants disbursed</b>	<b>416,666</b>	<b>341,667</b>
Grants approved, not disbursed *	0	218,317
<b>Total grants to be disbursed</b>	<b>416,667</b>	<b>559,984</b>
Grants expensed not disbursed year 2008	(160,817)	(321,635)
<b>Total grant expense</b>	<b><u>\$ 255,849</u></b>	<b><u>\$ 238,349</u></b>

\*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, 2009. Sandy Spring Bank Investment's amount of \$813,587 includes various certificates of deposits at various banks and a money market accounts which does not exceed federally insured limits for the year ended December 31, 2009.

**NOTE 11 - DONATED SERVICES**

During the year ended December 31, 2009 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, 2009.

**NOTE 14 - SUBSEQUENT EVENTS**

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