



TAX | ASSURANCE | CONSULTING

SARCOMA FOUNDATION OF AMERICA, INC

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018



SARCOMA FOUNDATION OF AMERICA, INC.

YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sarcoma Foundation of America, Inc.
Damascus, Maryland

We have audited the accompanying financial statements of Sarcoma Foundation of America, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, 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.

Auditor's 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 from 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 auditor's 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 Sarcoma Foundation of America, Inc. as of December 31, 2018, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018, the Organization adopted new accounting guidance in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

E. Cohen and Company, CPAs

September 6, 2019

SARCOMA FOUNDATION OF AMERICA, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,662,534
Contributions receivable	128,623
Prepaid expenses	44,353
Investments	<u>4,604,188</u>
Total current assets	<u>6,439,698</u>
Property and equipment	
Machinery and equipment	36,652
Furniture	13,443
Website	<u>39,000</u>
Total property and equipment	89,095
Accumulated depreciation	<u>(66,251)</u>
Net property and equipment	<u>22,844</u>
Other assets	
Contributions receivable	25,000
Deposits	<u>4,016</u>
Total other assets	<u>29,016</u>
Total assets	<u><u>\$ 6,491,558</u></u>

SARCOMA FOUNDATION OF AMERICA, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2018

LIABILITIES AND NET ASSETS

Current liabilities	
Grants payable	\$ 528,168
Accrued expenses	131,648
Accounts payable	<u>40,508</u>
Total liabilities	<u>700,324</u>
Net assets	
Without donor restrictions	
Designated by the board	894,804
Designated by the board for endowment	<u>166,496</u>
Total designated by the board	1,061,300
Undesignated	<u>1,749,249</u>
Total without donor restrictions	2,810,549
With donor restrictions	<u>2,980,685</u>
Total net assets	<u>5,791,234</u>
Total liabilities and net assets	<u><u>\$ 6,491,558</u></u>

SARCOMA FOUNDATION OF AMERICA, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grants and contributions	\$ 1,043,791	\$ 55,317	\$ 1,099,108
Special events, less direct benefit to donors of \$434,410	1,661,885	25,000	1,686,885
Investment loss, net	(134,139)	(3,430)	(137,569)
Other revenue	78,258	-	78,258
Net assets released from restrictions	456,846	(456,846)	-
Total revenues	3,106,641	(379,959)	2,726,682
Expenses			
Program services	2,121,655	-	2,121,655
Management and general	316,480	-	316,480
Fundraising	338,822	-	338,822
Total expenses	2,776,957	-	2,776,957
Change in net assets	329,684	(379,959)	(50,275)
Net assets, beginning of year	2,480,865	3,360,644	5,841,509
Net assets, end of year	\$ 2,810,549	\$ 2,980,685	\$ 5,791,234

SARCOMA FOUNDATION OF AMERICA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program Services	Management and General	Fundraising	Total
Grants	\$ 1,403,168	\$ -	\$ -	\$ 1,403,168
Payroll, payroll taxes and benefits	317,962	132,705	57,197	507,864
Professional fees	133,720	100,140	82,069	315,929
Special events	-	-	106,862	106,862
Printing and reproduction	3,930	2,392	67,929	74,251
Telephone and internet	55,806	5,430	2,340	63,576
Office expense	36,605	10,097	4,352	51,054
Promotional materials	37,951	6,572	2,832	47,355
Occupancy	28,192	11,767	5,071	45,030
Software	20,090	8,384	3,614	32,088
Travel	22,001	9,615	-	31,616
Depreciation	18,800	7,846	3,382	30,028
Conferences and meetings	4,440	12,656	-	17,096
Dues and subscriptions	12,050	1,513	-	13,563
Registration fees	8,249	3,443	1,484	13,176
Registry	9,299	-	-	9,299
Repairs and maintenance	5,136	2,144	924	8,204
Insurance	4,256	1,776	766	6,798
Total expenses	\$ 2,121,655	\$ 316,480	\$ 338,822	\$ 2,776,957

SARCOMA FOUNDATION OF AMERICA, INC.

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

Cash flows from operating activities	
Changes in net assets	\$ (50,275)
Adjustments to reconcile changes in net assets to cash provided by operating activities	
Realized and unrealized loss on investments	233,718
Depreciation	30,028
Net change in:	
Contributions receivable	75,358
Prepaid expenses	24,119
Deposits	930
Grants payable	90,554
Accrued expenses	101,364
Accounts payable	(12,432)
Deferred revenue	(6,200)
	<hr/>
Net cash provided by operating activities	487,164
	<hr/>
Cash flows from investing activities	
Purchase of property and equipment	(8,632)
Purchase of investments	(849,946)
Proceeds from sale of investments	427,263
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Net cash used in investing activities	(431,315)
	<hr/>
Net increase in cash	55,849
Cash and cash equivalents, beginning of year	1,606,685
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Cash and cash equivalents, end of year	\$ 1,662,534
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SARCOMA FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

1. Organization and summary of significant accounting policies

Organization

Sarcoma Foundation of America, Inc. (the Organization) was incorporated on August 10, 2000, under the laws of the State of Maryland. The Organization has been approved for tax exempt status under Section 501(c)(3) of the internal Revenue Code.

The mission of Sarcoma Foundation of America, Inc. is to advocate for sarcoma patients by funding research and by increasing awareness about the disease. The organization raises money to privately fund grants for sarcoma researchers and conducts education and advocacy efforts on behalf of sarcoma patients.

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when obligations are incurred.

Basis of presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and cash equivalents

Cash equivalents are defined as highly-liquid short-term debt instruments whose maturity dates do not extend past three months from the original date of purchase. As of December 31, 2018, the organization held \$619,594 of such investments.

SARCOMA FOUNDATION OF AMERICA, INC

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

1. Organization and summary of significant accounting policies (continued)

Financial risk

The Organization maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant financial risk on cash. Amounts in excess of federally insured limits at December 31, 2018 approximated \$621,000.

The Organization invests in professionally managed portfolios that contain various investment securities. Such investments are exposed to various market risks, such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amount reported in the financial statements.

Contributions receivable and allowance for doubtful accounts

Contributions receivables are carried at their original amount less an estimate for doubtful accounts based on review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectable. Recoveries of receivables previously written off are recorded when received. Management believes all receivables as of December 31, 2018, are fully collectible. Contributions receivable reported as non-current are collectible in one to five years.

Investments

Investments are carried at fair value as of the date of the statement of financial position, which may differ from the amount ultimately realized at the time of sale. Realized and unrealized gains and losses are reflected in the statement of activities.

Property and equipment

All purchases of property and equipment in excess of \$500 are capitalized at cost and depreciated using the straight-line method over their estimated useful lives ranging from three to seven years. Costs of repairs and maintenance are expensed as incurred.

Endowment funds

The Organization follows FASB ASC 958 relating to endowments. Management has determined that the Organization's funds with donor-imposed restrictions, and funds designated by the Board of Directors, meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and FASB ASC 958.

SARCOMA FOUNDATION OF AMERICA, INC

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

1. Organization and summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period to which they relate. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Donated equipment and materials, if any, are reflected in the accompanying financial statements at their estimated fair values at the date of donation.

Income taxes

No provision has been made for income taxes, since the Organization has been determined to be exempt from income tax pursuant to Internal Revenue Code (IRC) Section 501(c)(3). There was no unrelated business taxable income during the year.

The Organization adopted the FASB ASC 740-10, *Income Taxes*, which requires an assessment of uncertainty in income taxes and certain financial statement disclosures relating to unrecognized tax benefits. For the year ended December 31, 2018, the Organization has determined that no material uncertain tax positions exist requiring either recognition or disclosure in the financial statements. No returns are currently under examination.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses present the natural classification detail of expenses by function. Costs that can be identified with a particular program or supporting function are charged directly to that program function. Expenses that are not specifically identified are allocated among programs and supporting services based on management's best estimate of allocation of hours.

Change in accounting principle

On August 18, 2016, the FASB issued Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

SARCOMA FOUNDATION OF AMERICA, INC

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

1. Organization and summary of significant accounting policies (continued)

Pending accounting standards

Effective for its annual financial statements for 2021 and thereafter, the Organization expects to adopt new accounting standards issued by FASB that will require significant changes in accounting for leases under which the Organization is a lessee. Upon adoption, among other effects, the Organization will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes will entail certain retrospective adjustments.

The quantitative effects on the Organization's future financial statements of these changes and related retrospective adjustments have not yet been determined.

2. Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Total assets at year end	\$ 6,491,558
Less: Prepaid expenses and other assets	(48,369)
Property and equipment, net	(22,844)
Net assets with donor restrictions	(2,980,685)
Net assets with board designations	<u>(1,061,300)</u>
Financial assets available for general expenditure	<u>\$ 2,378,360</u>

The Organization's working capital and cash flows fluctuate during the year attributable mainly to the timing of annual cash receipts from special events and contributions.

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes. Income from the board-designated endowment is intended to be used for specific purposes. Donor-restricted endowment funds are not available for general expenditure. Although the Organization does not intend to spend from their board-designated endowment, these amounts could be made available if necessary.

3. Investments

Investments at December 31, 2018, consist of mutual funds, marketable securities and corporate bonds in the amount of \$4,604,188.

SARCOMA FOUNDATION OF AMERICA, INC

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

3. Investments (continued)

Investment revenues are reported net of related investment expenses in the statement of activities. Investment income consisted of the following for the year ended December 31, 2018:

Realized and unrealized loss	\$ (233,718)
Dividends and interest	123,699
Investment fees	<u>(27,550)</u>
Investment loss, net	<u>\$ (137,569)</u>

Return objective and risk parameters: The overall Organization's objective is to earn a long-term, risk-adjusted total rate of return to support the designated programs. The Organization recognizes and accepts that pursuing such a goal involves risk and potential volatility. The Organization targets a diversified asset allocation that places a greater emphasis on mutual funds to achieve its long-term return objectives within prudent risk constraints. The Organization has established a portfolio asset allocation. While the asset allocation can be adjusted from time to time, it is designed to serve for long-time horizons based upon long-term expected returns. The Organization has a preference for simple investment structures which will have lower cost, easier oversight, and less complexity for internal financial management and auditing. Investments are available for sale and have been classified as current assets.

4. Fair value measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

SARCOMA FOUNDATION OF AMERICA, INC

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

4. Fair value measurements (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable inputs for the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018.

Mutual fund: Valued at daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Marketable securities: Valued at the closing quoted market price.

Corporate bonds: Valued at present value of future interest payments and the bond's value upon maturity.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2018. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

	Investments at Fair Value as of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 3,096,520	\$ 3,096,520	\$ -	\$ -
Marketable securities	1,266,622	1,266,622	-	-
Corporate bonds	241,046	-	241,046	-
Total	\$ 4,604,188	\$ 4,363,142	\$ 241,046	\$ -

For the year ended December 31, 2018, there were no significant transfers between Levels 1, 2, or 3.

SARCOMA FOUNDATION OF AMERICA, INC

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

5. Commitments

The Organization leases its main facility under a non-cancelable operating lease which extends through April 30, 2019. Rent expense under the operating lease for the year ended December 31, 2018 was \$41,377. Future minimum lease payments under the lease are \$13,669 during the calendar-year 2019.

Subsequent to December 31, 2018, the Organization continued their current operating lease month-to-month before signing a new operating lease to increase the location's square footage. The Organization will continue to pay month-to-month until the new space is substantially completed. Once substantially completed, the lease will be effective for 78 months.

The Organization has committed to the Sarcoma Alliance for Research through Collaboration (SARC) an annual contribution of \$80,000 over a five-year period, beginning in 2019, for a total of \$400,000 to support the Specialized Program in Research Excellence. This grant is contingent upon SARC receiving approval of additional funding from the National Cancer Institute (NCI). Management expects SARC to receive this funding; however, the Organization is not obligated to pay the annual contributions to SARC until SARC has shown they have received approval of the annual NCI funding. At the time the grant was awarded, the President of Sarcoma Foundation of America was a member of the board of directors of SARC, accordingly; this is a related party transaction. As of December 31, 2018, the President of Sarcoma Foundation of America was not on the SARC Board of Directors.

6. Retirement plan

The Organization has a SIMPLE IRA plan covering all employees that earn over \$5,000 during the plan year. Employees are eligible to make elective deferrals following the date of hire. Employer non-elective contributions are 2% of each participants' eligible compensation up to Internal Revenue Service (IRS) compensation limits. The Organization's non-elective contribution for the year ended December 31, 2018 was \$7,343.

7. Related party transactions

During 2017, a \$100,000 pledge was made from a related party, of which \$50,000 was collected during 2017. There was no payment received during 2018. The contribution receivable of \$50,000 at December 31, 2018 is expected to be received over a two-year period.

8. Net assets with donor restrictions

Net assets with donor restrictions include donor-restricted funds and other funds, which are only available for certain program activities. Net assets with donor restrictions were released from restriction during the year ended December 31, 2018, due to the purpose for the restriction being accomplished.

SARCOMA FOUNDATION OF AMERICA, INC

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

8. Net assets with donor restrictions (continued)

Net assets restricted for purpose as of December 31, 2018, are as follows:

Aronsohn Memorial Fund for ULMS Research	\$ 2,413,467
Aronsohn Memorial Fund for General Sarcoma Research	343,483
Donor restricted endowment - corpus	126,378
Donor restricted endowment - investment gain/loss	(2,643)
Donor restricted endowment - pledge not received	50,000
Jay Vernon Jackson Memorial Research Award	50,000
Total	<u>\$ 2,980,685</u>

9. Board-designated

The board has designated reserves for the following purposes as of December 31, 2018:

STL Cure Sarcoma Research Award Fund	\$ 89,716
RTCS Cure Sarcoma Research Award Fund	442,292
Spring for Sarcoma Award Fund	100,000
Zach Cohen Award Fund	162,796
Pittsburgh Cure Sarcoma Research Award Fund	100,000
Board-designated endowment - corpus	169,298
Board-designated endowment - investment gain/loss	(2,802)
Total	<u>\$ 1,061,300</u>

10. Endowment

The Organization's endowment funds consist of funds established for supporting innovative research proposals whose results could lead to the development of new and better drugs or biologic agents for the treatment of sarcoma. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's Board has interpreted UPMIFA to mean that the recognition of donated funds as endowment funds applies to temporarily restricted endowments, where the principal is available for expenditure with a prudent annual draw devoted to specific activities or general operations, as specified by the donor. The Organization's Board has also established a board-designated endowment.

SARCOMA FOUNDATION OF AMERICA, INC

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

10. Endowment (continued)

As a result of this interpretation, the Organization classifies as net assets with donor restrictions the original value of gifts donated to the donor-restricted endowment, the original value of subsequent gifts to the donor-restricted endowment, and accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The earnings on the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the purposes of the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, and the other resources of the Organization.

The Organization has a policy of appropriating for distribution when income and earnings from the principal exceed the sum of \$50,000 for research grants. If the income and earnings have not exceeded \$50,000, appropriations may be made for partial grants supplemented with other funding sources. When the total assets of the endowment reach the sum of \$1,000,000, the endowment shall annually distribute a management fee of one percent of the total assets in the endowment. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, and the possible effects of inflation.

The Organization is authorized to reduce the corpus by the amount of net realized and unrealized losses incurred by the endowment in any year in which there are such losses.

Endowment net asset composition by type of fund:

	Without donor restrictions	With donor restrictions	Total
<u>December 31, 2018</u>			
Donor-restricted endowment funds	\$ -	\$ 123,735	\$ 123,735
Board-designated endowment funds	166,496	-	166,496
Total funds	<u>\$ 166,496</u>	<u>\$ 123,735</u>	<u>\$ 290,231</u>

SARCOMA FOUNDATION OF AMERICA, INC

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

10. Endowment (continued)

The changes in endowment net assets for 2018 were as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2018	\$ 171,042	\$ 102,165	\$ 273,207
Investment return:			
Investment income	3,686	2,780	6,466
Net realized/unrealized loss	<u>(8,232)</u>	<u>(6,210)</u>	<u>(14,442)</u>
Total investment return	(4,546)	(3,430)	(7,976)
Contributions	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Endowment net assets, December 31, 2018	<u>\$ 166,496</u>	<u>\$ 123,735</u>	<u>\$ 290,231</u>

11. In-kind contributions

During the year ended December 31, 2018, the Organization received donated items valued at approximately \$114,000 for various silent auctions. In addition to the silent auction items, the Organization was also given \$4,500 worth of bags which were used for the Zach Cohen Golf Event. The Organization received \$22,205 in donated advertising services during the year ended December 31, 2018. No other amounts have been included in the financial statements for donated services for financial oversight and bookkeeping as none meet the requirements for recording such services.

12. Concentration

Two donors represented approximately 42% of the Organization's outstanding contributions receivable balance at December 31, 2018. Management believes credit risk with regard to these donors is limited as a majority of these funds have been subsequently collected.

13. Subsequent events

Management has evaluated events or transactions that occurred after December 31, 2018 through September 6, 2019, the date the financial statements were available to be issued. Management of the Organization has determined that there were no subsequent events or transactions that should be disclosed in the financial statements with the exception stated in Note 5.