# SARC

## Financial Statements

**December 31, 2025 (With Summarized Comparative Information for 2024)**

YEO & YEO

BUSINESS SUCCESS PARTNERS

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# Independent Auditors' Report

Management and Board of Directors
SARC
Ann Arbor, Michigan

**Opinion**

We have audited the accompanying financial statements of SARC (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SARC as of December 31, 2025, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SARC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SARC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SARC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SARC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Report on Summarized Comparative Information**

We have previously audited SARC's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 16, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Yeo & Yeo, P.C.

Ann Arbor, Michigan
April 29, 2026

# SARC
## Statement of Financial Position
## December 31, 2025
## (With Summarized Comparative Information for 2024)

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash | **$ 191,446** | $ 142,815 |
| Investments | **2,532,532** | 3,128,358 |
| Clinical trials receivable | **213,907** | 623,425 |
| Prepaid expenses | **29,633** | 20,289 |
| **Total assets** | **$ 2,967,518** | $ 3,914,887 |
| **Liabilities and Net Assets** | | |
| Current liabilities | | |
| Accounts payable | **$ 178,289** | $ 310,780 |
| Accrued expenses | **14,128** | 11,107 |
| Total current liabilities | **192,417** | 321,887 |
| Net assets | | |
| Without donor restrictions | | |
| Undesignated | **891,806** | 992,742 |
| Board designated for projects in progress | **-** | 91,800 |
| Total without donor restrictions | **891,806** | 1,084,542 |
| With donor restrictions | | |
| Purpose restrictions | **1,883,295** | 2,508,458 |
| Total net assets | **2,775,101** | 3,593,000 |
| **Total liabilities and net assets** | **$ 2,967,518** | $ 3,914,887 |

# SARC
## Statement of Activities
### For the Year Ended December 31, 2025
### (With Summarized Comparative Information for 2024)

| | Without Donor Restrictions | With Donor Restrictions | Total 2025 | Total 2024 |
|---|---|---|---|---|
| **Support and revenue** | | | | |
| Clinical study revenue | $ - | $ 1,279,368 | **$ 1,279,368** | $ 1,867,442 |
| Government grants | - | 169,250 | **169,250** | 341,981 |
| Donations | 188,462 | 228,787 | **417,249** | 355,189 |
| Miscellaneous income | 50,800 | - | **50,800** | 52,362 |
| Contributed nonfinancial assets | 68,000 | - | **68,000** | 59,829 |
| Investment income, net | 128,609 | - | **128,609** | 167,618 |
| Net assets released from restrictions | 2,302,568 | (2,302,568) | **-** | - |
| Total support and revenue | 2,738,439 | (625,163) | **2,113,276** | 2,844,421 |
| **Expenses** | | | | |
| Program services | 1,988,412 | - | **1,988,412** | 2,355,847 |
| Management and general | 857,365 | - | **857,365** | 958,959 |
| Fundraising | 85,398 | - | **85,398** | 206,414 |
| Total expenses | 2,931,175 | - | **2,931,175** | 3,521,220 |
| Change in net assets | (192,736) | (625,163) | **(817,899)** | (676,799) |
| Net assets beginning of year | 1,084,542 | 2,508,458 | **3,593,000** | 4,269,799 |
| **Net assets end of year** | $ 891,806 | $ 1,883,295 | **$ 2,775,101** | $ 3,593,000 |

# SARC
## Statement of Functional Expenses
## For the Year Ended December 31, 2025
## (With Summarized Comparative Information for 2024)

| | Program Services | Management and General | Fundraising | Total 2025 | Total 2024 |
|---|---|---|---|---|---|
| Salaries and employee benefits | $ 252,295 | $ 651,127 | $ 57,698 | **$ 961,120** | $ 1,069,970 |
| Contracted services - clinical trials | 1,062,428 | - | - | **1,062,428** | 1,298,765 |
| Travel | 40,687 | 16,787 | 500 | **57,974** | 124,739 |
| Office expenses | - | 3,929 | 490 | **4,419** | 11,854 |
| Professional services | 191,682 | 97,484 | - | **289,166** | 326,752 |
| Conferences and meetings | 116,087 | 2,315 | - | **118,402** | 253,034 |
| Honorariums | 1,000 | - | - | **1,000** | - |
| Insurance | 22,216 | 29,435 | - | **51,651** | 53,334 |
| Miscellaneous | 42,606 | 2,607 | 23,785 | **68,998** | 74,941 |
| Information technology | 259,411 | 53,681 | 2,925 | **316,017** | 307,831 |
| Total | $ 1,988,412 | $ 857,365 | $ 85,398 | **$ 2,931,175** | $ 3,521,220 |

# SARC
## Statement of Cash Flows
## For the Year Ended December 31, 2025
## (With Summarized Comparative Information for 2024)

| | 2025 | 2024 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets | **$ (817,899)** | $ (676,799) |
| Items not requiring cash | | |
| Unrealized (gain) loss on investments | **38,147** | (14,462) |
| Realized gain on investments | **(29,517)** | (15,157) |
| Changes in operating assets and liabilities | | |
| Clinical trials receivable | **409,518** | 381,767 |
| Prepaid expenses | **(9,344)** | 12,271 |
| Accounts payable | **(132,491)** | (55,676) |
| Accrued expenses | **3,021** | (254) |
| Net cash used by operating activities | **(538,565)** | (368,310) |
| **Cash flows from investing activities** | | |
| Proceeds on sale of investments | **925,000** | 950,000 |
| Purchase of investments | **(337,804)** | (887,380) |
| Net cash provided by investing activities | **587,196** | 62,620 |
| Net change in cash | **48,631** | (305,690) |
| Cash - beginning of year | **142,815** | 448,505 |
| **Cash - end of year** | **$ 191,446** | $ 142,815 |

## Note 1 - Organization

SARC (the "Organization") is a private nonprofit organization that receives and administers funds for the development and support of research for the prevention, treatment, and cures of sarcomas – a cancer of the bone and connective tissue of the body. Through the collaboration with its members, the Organization provides a forum for working together to develop new strategies including the dissemination of up-to-date information about sarcoma research with the goal of improving the treatment and outcome for sarcoma patients.

## Note 2 - Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. These accounting principles conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

### Basis of Presentation

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

<u>Net assets without donor restrictions</u> – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for specific clinical trials.

<u>Net assets with donor restrictions</u> – Net assets subject to donor- (or certain grantor-) 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 those 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 statement of activities as net assets released from restrictions.

### Comparative Financial Information

The financial information for the year ended December 31, 2024 is presented for comparative purposes and is not intended to be a complete financial statement presentation.

### Cash

The Organization considers all highly liquid investments held in demand deposit accounts with an original maturity of less than three months to be considered cash and cash equivalents. At December 31, 2025, all of the Organization's actual bank balance of $198,199 was insured by the FDIC.

### Investments

Investments are stated at fair value. Donated investments are reflected as contributions at their fair values at date of receipt. Investment income is reported net of direct investment expenses.

### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

The Organization initially records unconditional promises to give at fair value using the income approach and subsequently amortizes them using the original discount rate. If the original promise to give is due in less than one year it is recorded at net realizable value.

**Clinical Trials Receivable**
Clinical trials receivable consists of conditional and unconditional contributions due from other organizations and governments, less an allowance for credit losses. The Organization provides for losses on clinical trials receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of its customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management has not made any allowance for probable losses.

**Revenue Recognition**
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 Services and Goods**
The Organization records the value of donated goods as contributions using estimated fair values at the date of receipt. The Organization's policy is to utilize, rather than monetize, donated services and goods.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

**Prepaid Expenses**
Prepaid expenses are amounts paid in advance for future expenses. All amounts are expected to be utilized in the next fiscal year.

**Functional Allocation of Expenses**
The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries and benefits. Salaries and benefits are allocated based on a time and cost study of where efforts are made.

**Income Tax Status**
The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Organization has no unrelated business income.

**Use of Estimates**
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**Reclassification**
The Organization changed its presentation for certain expenses included on the statement of functional expenses for the year ended December 31, 2024 to be consistent with the December 31, 2025 presentation. Net assets and changes in net assets are unaffected by this change.

**Date of Management's Review**
Subsequent events were evaluated through April 29, 2026, which is the date the financial statements were available to be issued.

## Note 3 - 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:

| | 2025 | 2024 |
|---|---|---|
| Cash | $ 191,446 | $ 142,815 |
| Investments | 2,532,532 | 3,128,358 |
| Clinical trials receivable | 213,907 | 623,425 |
| Total financial assets - end of year | 2,937,885 | 3,894,598 |
| Less: Financial assets unavailable for general expenditures within one year, due to: | | |
| Contractual or donor-imposed restrictions | | |
| Restricted by donor with time or purpose restrictions | (1,883,295) | (2,508,458) |
| Board designations: | | |
| Amounts set aside for trials | - | (91,800) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 1,054,590 | $ 1,294,340 |

The Organization's goal is generally to maintain financial assets to meet one year of operating expenses.

## Note 4 - Investments

Fair value of debt and equity securities with fair values determined by Level 1 inputs using quoted prices in active markets for identical assets at December 31, 2025 and 2024 consist of:

| | 2025 | 2024 |
|---|---|---|
| Available for sale | | |
| Cash and mutual funds | $ 100,840 | $ 169,904 |
| Exchange-traded funds | 107,698 | - |
| U.S. Treasury bills | 2,323,994 | 2,958,454 |
| | $ 2,532,532 | $ 3,128,358 |

Investment income is composed of the following at December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Dividends and interest | $ 138,039 | $ 139,049 |
| Realized gain (loss) | 29,517 | 15,157 |
| Unrealized gain (loss) | (38,147) | 14,462 |
| Less: investment fees | (800) | (1,050) |
| Total investment income | $ 128,609 | $ 167,618 |

## Note 5 - Conditional Promises to Give

During fiscal year ended December 31, 2025, the Organization received conditional promises to give related to federal and non-federal grants. Payment of the grants is contingent upon meeting certain barriers such as the progress of studies, spending the funds for the designated allowable purpose, or various compliance requirements in accordance with 2 CFR 200. The conditional promises to give consisted of the following as of December 31, 2025:

| Funding Source | Condition/ Grant Purpose | Contract/Grant Amount | Spent to Date | Conditional Promise to Give |
|---|---|---|---|---|
| Department of Defense | Sarcoma testing/research | $ 4,260,169 | $ 1,170,028 | $ 3,090,141 |
| Bayer Pharmaceuticals | Sarcoma testing/research | 2,938,172 | 2,438,537 | 499,635 |
| Merck Sharp & Dohme | Sarcoma testing/research | 1,000,000 | 781,955 | 218,045 |
| Duke University | Sarcoma testing/research | 1,812,500 | 1,604,968 | 207,532 |
| National Institute of Health | Sarcoma testing/research | 2,022,769 | 1,893,131 | 129,638 |
| Lilly | Sarcoma testing/research | 4,156,905 | 3,481,180 | 675,725 |
| Cogent | Sarcoma testing/research | 1,000,000 | 652,606 | 347,394 |
| DFCI | Sarcoma testing/research | 708,214 | 561,032 | 147,182 |
| Immunocore | Sarcoma testing/research | 2,816,189 | 573,169 | 2,243,020 |
| | | $ 20,714,918 | $ 13,156,606 | $ 7,558,312 |

**Note 6 - Board Designated Net Assets**

The Organization's board designates amounts for specific purposes during the year. Since the amounts resulted from internal designation and are not donor-restricted, the amounts are reported as designated for projects in progress. The following is a summary of designated balances as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Scientific Symposium | $ - | $ 91,800 |

**Note 7 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Subject to expenditure for specified purpose: | | |
| Clinical trials | $ 1,635,031 | $ 2,236,268 |
| GISTT Summit | 16,503 | 28,677 |
| SARCTalk Podcast | 29,352 | 15,198 |
| Rhabdomyosarcoma research | 10,000 | - |
| SARC Multidisciplinary Tumor Board | - | 191 |
| Sarcoma Centers Registry | - | 98,278 |
| Sarcoma Research Council | 9,260 | 13,737 |
| Strategic Advances in Sarcoma Science Conference | 125,106 | 98,643 |
| Member Scientific Meetings | 58,043 | 17,466 |
| | $ 1,883,295 | $ 2,508,458 |

## Note 8 - Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Expiration of time restrictions | | |
| Sarcoma Centers Registry | $ - | $ 73,850 |
| Satisfaction of purpose restrictions: | | |
| Clinical Trials | 1,888,208 | 2,276,835 |
| NIH Specialized Programs of Research Excellence (SPOREs) | - | 2,535 |
| GISTT Summit | 37,174 | 97,323 |
| SARCTalk Podcast | 15,846 | 17,844 |
| SARC Multidisciplinary Tumor Board | 191 | 9,809 |
| Sarcoma Centers Registry | 101,845 | 185,588 |
| Sarcoma Research Council | 19,977 | 37,371 |
| Strategic Advances in Sarcoma Science Conference | 80,337 | 185,485 |
| Member Scientific Meetings | 158,990 | 103,828 |
| Catalyst Award | - | 410 |
| | $ 2,302,568 | $ 2,990,878 |

## Note 9 - Revenue from Contracts with Customers

The following summarizes revenue by type for the years ended December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Revenue from contracts with customers | $ 49,325 | $ 44,800 |
| Clinical study revenue | 1,279,368 | 1,867,442 |
| Government grants | 169,250 | 341,981 |
| Donations | 417,249 | 355,189 |
| Miscellaneous income | 1,475 | 7,562 |
| Contributed nonfinancial assets | 68,000 | 59,829 |
| Investment income, net | 128,609 | 167,618 |
| Total revenue | $ 2,113,276 | $ 2,844,421 |

The revenue from contracts with customers for the years ended December 31, 2025 and 2024 consist of:

| | 2025 | 2024 |
|---|---|---|
| Revenue earned at a point in time | $ 49,325 | $ 44,800 |

Revenue earned at a point in time consists of meeting registration fees. Generally, the registration fees must be prepaid and therefore the revenues and cash flows related to these programs are not subject to uncertainty. The meetings are typically one-day or one-weekend events and therefore the performance obligation is typically satisfied when the attendee attends the event; if the attendee does not attend the entire event, revenue is still earned if some portion of the event was attended.

There were no contract assets or liabilities for the years ended December 31, 2025 and 2024.

There were no changes in judgements related to revenue recognition for the years ended December 31, 2025 and 2024.

## Note 10 - Contributed Nonfinancial Assets

Contributed nonfinancial assets for the year ended December 31, 2025 were:

| Category | Revenue Recognized | Utilization in Programs/Activities | Donor Restrictions | Valuation Techniques and Inputs |
|---|---|---|---|---|
| Use of venue | $ 32,000 | Program | No associated donor restrictions | Contributed use of rooms is valued based on the FMV daily rate that would have been charged to SARC if invoiced. |
| Supplies | 5,000 | Program | No associated donor restrictions | Supplies are valued at FMV at the rate that would have been charged to SARC if invoiced. |
| Services | 31,000 | Program | No associated donor restrictions | Contributed services from medical professionals are valued at the estimated fair value based on current rates for similar services. |
| Volunteer services | - | Program | No associated donor restrictions | Criteria for recording revenue are not met; approximately 2,577 hours were donated. |
| | $ 68,000 | | | |

Contributed nonfinancial assets for the year ended December 31, 2024 were:

| Category | Revenue Recognized | | Utilization in Programs/Activities | Donor Restrictions | Valuation Techniques and Inputs |
|---|---|---|---|---|---|
| Use of venue | $ | 36,000 | Program | No associated donor restrictions | Contributed use of rooms is valued based on the FMV daily rate that would have been charged to SARC if invoiced. |
| Travel | | 8,829 | Program | No associated donor restrictions | Travel costs are valued at FMV at time of purchase of travel arrangements. |
| Services | | 15,000 | Program | No associated donor restrictions | Contributed services from medical professionals are valued at the estimated fair value based on current rates for similar services. |
| Volunteer services | | - | Program | No associated donor restrictions | Criteria for recording revenue are not met; approximately 3,081 hours were donated. |
| | $ | 59,829 | | | |

## Note 11 - Retirement Plan

The Organization has adopted a defined contribution retirement plan with John Hancock, which allows employees to defer compensation (pretax and post-tax) up to the amount allowed by the Internal Revenue Service. The plan also allows the Organization, as employer, to make matching contributions. Employees are eligible to make contributions on the first day of employment and become eligible to receive matching contributions after 12 months of employment. The Organization contributes a two for one matching contribution for each employee who contributes to the plan up to the first 5% of their compensation.

The following is a summary of the plan's assets for December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Total assets, beginning of year | $ 1,126,387 | $ 895,110 |
| Employer contributions | 68,833 | 71,126 |
| Employee contributions | 69,405 | 76,674 |
| Investment gain (loss) | 196,937 | 119,198 |
| Distributions | (101,316) | (23,417) |
| Administration fees | (16,798) | (12,304) |
| Total assets, end of year | $ 1,343,448 | $ 1,126,387 |

## Note 12 - Related Party Transactions

Several members of the Organization's board are healthcare professionals and researchers. One board member is affiliated with an organization that provided study-related services. During the years ended December 31, 2025 and 2024, the Organization paid $39,847 and $0, respectively, to this affiliated organization. Amounts due at year-end totaled $4,481 and $0.