

**ZERO - The End of Prostate Cancer**

Financial Statements  
and Independent Auditors' Report

December 31, 2017 and 2016

# ZERO - The End of Prostate Cancer

Financial Statements  
December 31, 2017 and 2016

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
ZERO - The End of Prostate Cancer

We have audited the accompanying financial statements of ZERO - The End of Prostate Cancer ("ZERO"), which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities and cash flows for the years 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 controls 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 audits. We conducted our audits 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 ZERO as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 19-20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The word "Rogers" is written in a large, stylized cursive font, followed by a plus sign and the words "Company PLLC" in a smaller, more straightforward cursive font.

Vienna, Virginia  
April 13, 2018

## ZERO - The End of Prostate Cancer

### Statements of Financial Position December 31, 2017 and 2016

	2017	2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 979,472	\$ 1,091,466
Contributions receivable, current portion	131,020	80,353
Prepaid expenses	72,784	99,168
Employee receivable and other receivable	393	678
	<hr/>	<hr/>
Total current assets	1,183,669	1,271,665
Contributions receivable, long-term, net	55,410	-
Investments	1,396,621	1,248,837
Property and equipment, net	166,311	230,010
Security deposit	13,218	13,218
	<hr/>	<hr/>
Total assets	<u>\$ 2,815,229</u>	<u>\$ 2,763,730</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 146,249	\$ 322,522
Grants payable	713,341	561,479
	<hr/>	<hr/>
Total current liabilities	859,590	884,001
Deferred rent	101,557	95,863
Charitable gift annuities	5,126	6,150
	<hr/>	<hr/>
Total liabilities	<u>966,273</u>	<u>986,014</u>
<b>Net Assets</b>		
Unrestricted	1,703,956	1,726,244
Temporarily restricted	145,000	51,472
	<hr/>	<hr/>
Total net assets	<u>1,848,956</u>	<u>1,777,716</u>
Total liabilities and net assets	<u>\$ 2,815,229</u>	<u>\$ 2,763,730</u>

See accompanying notes.

## ZERO - The End of Prostate Cancer

Statement of Activities  
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 4,410,738	\$ 205,000	\$ 4,615,738
In-kind contributions	440,004	-	440,004
Registration income	287,813	-	287,813
Interest and dividends	27,774	-	27,774
Net realized and unrealized gain	127,650	-	127,650
Merchandise sales	797	-	797
Net assets released from restrictions	111,472	(111,472)	-
<b>Total revenue and support</b>	<b>5,406,248</b>	<b>93,528</b>	<b>5,499,776</b>
<b>Expenses</b>			
Program services:			
Patient support	168,009	-	168,009
Research and awareness	3,974,867	-	3,974,867
Advocacy	480,461	-	480,461
<b>Total program services</b>	<b>4,623,337</b>	<b>-</b>	<b>4,623,337</b>
Supporting services:			
Management and general	319,963	-	319,963
Fundraising	485,236	-	485,236
<b>Total supporting services</b>	<b>805,199</b>	<b>-</b>	<b>805,199</b>
<b>Total expenses</b>	<b>5,428,536</b>	<b>-</b>	<b>5,428,536</b>
<b>Change in Net Assets</b>	<b>(22,288)</b>	<b>93,528</b>	<b>71,240</b>
<b>Net Assets, beginning of year</b>	<b>1,726,244</b>	<b>51,472</b>	<b>1,777,716</b>
<b>Net Assets, end of year</b>	<b>\$ 1,703,956</b>	<b>\$ 145,000</b>	<b>\$ 1,848,956</b>

See accompanying notes.

## ZERO - The End of Prostate Cancer

Statement of Activities  
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 4,338,902	\$ 50,000	\$ 4,388,902
In-kind contributions	600,571	-	600,571
Registration income	307,656	-	307,656
Interest and dividends	31,045	-	31,045
Net realized and unrealized gain	33,994	-	33,994
Merchandise sales	725	-	725
Net assets released from restrictions	152,500	(152,500)	-
<b>Total revenue and support</b>	<b>5,465,393</b>	<b>(102,500)</b>	<b>5,362,893</b>
<b>Expenses</b>			
Program services:			
Patient support	322,330	-	322,330
Research and awareness	4,084,607	-	4,084,607
Advocacy	467,957	-	467,957
<b>Total program services</b>	<b>4,874,894</b>	<b>-</b>	<b>4,874,894</b>
Supporting services:			
Management and general	385,467	-	385,467
Fundraising	551,668	-	551,668
<b>Total supporting services</b>	<b>937,135</b>	<b>-</b>	<b>937,135</b>
<b>Total expenses</b>	<b>5,812,029</b>	<b>-</b>	<b>5,812,029</b>
<b>Change in Net Assets</b>	<b>(346,636)</b>	<b>(102,500)</b>	<b>(449,136)</b>
<b>Net Assets, beginning of year</b>	<b>2,072,880</b>	<b>153,972</b>	<b>2,226,852</b>
<b>Net Assets, end of year</b>	<b>\$ 1,726,244</b>	<b>\$ 51,472</b>	<b>\$ 1,777,716</b>

See accompanying notes.

## ZERO - The End of Prostate Cancer

### Statements of Cash Flows For the Years Ended December 31, 2017 and 2016

	2017	2016
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 71,240	\$ (449,136)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gain	(127,650)	(33,994)
Depreciation and amortization	75,173	63,487
Change in discount on contributions receivable	4,590	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(110,667)	100,041
Prepaid expenses	26,384	89,996
Employee receivable and other receivable	285	(32)
Increase (decrease) in:		
Accounts payable and accrued expenses	(176,273)	235,773
Grants payable	151,862	(13,223,820)
Deferred rent	5,694	35,020
Charitable gift annuities	(1,024)	(1,024)
	(80,386)	(13,183,689)
<b>Net cash used in operating activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(11,474)	(196,917)
Purchases of investments	(743,850)	(256,241)
Proceeds from sales of investments	723,716	239,090
	(31,608)	(214,068)
<b>Net cash used in investing activities</b>		
<b>Net Decrease in Cash and Cash Equivalents</b>	(111,994)	(13,397,757)
<b>Cash and Cash Equivalents, beginning of year</b>	1,091,466	14,489,223
<b>Cash and Cash Equivalents, end of year</b>	\$ 979,472	\$ 1,091,466

*See accompanying notes.*



# **ZERO - The End of Prostate Cancer**

Notes to Financial Statements  
December 31, 2017 and 2016

## **1. Nature of Operations**

Zero - The End of Prostate Cancer (“ZERO”) was formerly known as ZERO - The Project to End Prostate Cancer before changing its name on June 6, 2012. Prior to that date, the organization had been known since May 8, 2008 as National Prostate Cancer Coalition Fund (NPCCF). NPCCF, incorporated under the laws of the District of Columbia on July 7, 1998, was the surviving organization from a merger on December 21, 1998 between NPCCF and National Prostate Cancer Coalition, Inc. (NPCCI), an organization incorporated under the laws of the state of Florida on September 6, 1996.

ZERO’s activities and programs are created to advance research, encourage action, provide patient support, and promote education and awareness of prostate cancer. Programs are funded primarily through contributions from individuals, foundations, and corporations.

### Program Description

ZERO is the leading national nonprofit with the mission to end prostate cancer. ZERO advances research, improves the lives of men and families, and inspires action. ZERO is building Generation ZERO, the first generation of men free from prostate cancer, through its national run/walk series, education and patient support programs, and grassroots advocacy. ZERO is a 501(c)(3) philanthropic organization, ranked four stars by Charity Navigator and accredited by the Better Business Bureau, with regional chapters across the country. For more information, visit [www.zerocancer.org](http://www.zerocancer.org).

ZERO’s patient support programs help men navigate their diagnosis and treatment options with a free, customized service that connects them with the resources they need including financial assistance and emotional support. ZERO also provides comprehensive treatment and education information to patients and their families throughout their prostate cancer journeys via ZERO’s website and robust social media, webinars, and widely distributed videos and printed materials. ZERO’s national platform of events, including the ZERO Prostate Cancer Run/Walk series, the Team ZERO endurance program, and the ZERO Prostate Cancer Summit, is activating the prostate cancer community and increasing research funding while raising awareness and protecting access to care.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting and Presentation

ZERO's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions.

#### Classification of Net Assets

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of ZERO's operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of ZERO or by the passage of time.

#### 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Cash Equivalents

For the purpose of the statements of cash flows, ZERO considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition of cash equivalents are amounts held in investment portfolios, which are included in investments in the accompanying statements of financial position.

#### Contributions Receivable

Contributions receivable primarily consist of pledges from corporations, foundations, and individuals. Management expects all contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If management determines the receivable to be uncollectable, it is directly charged off at that time.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 2. Summary of Significant Accounting Policies (continued)

#### Contributions Receivable (continued)

All contributions receivable at December 31, 2017 and 2016 are reflected at either net realizable value or at net present value based on projected cash flows. When contributions are receivable beyond one year, ZERO's policy is to discount those receivables to net present value. Amounts receivable in more than one year initially recorded in the year ended December 31, 2017 were discounted at an average annual rate of 2.64%, using a rate that considers market and credit risk. At December 31, 2016, all contributions receivable were due within one year.

#### Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses are included in the accompanying statements of activities.

#### Property and Equipment

ZERO capitalizes all property and equipment acquisitions of \$1,000 and above. Property and equipment are carried at cost, if purchased, or fair value at date of donation, if contributed. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years. Expenditures for maintenance and repairs are charged to expenses as incurred.

#### Charitable Gift Annuities

Annuity obligations arising from split-interest gifts are recognized as charitable gift annuities in the accompanying statements of financial position. The initial liabilities resulting from these gifts are measured at fair value using the present value of the future payments to be made to beneficiaries. These liabilities are subsequently remeasured at the present value of future payments to beneficiaries based on changes in life expectancy and other actuarial assumptions.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to give. ZERO reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Revenue from all other sources is recognized when earned.

#### In-Kind Contributions

In-kind contributions consist primarily of advertising, legal fees, promotional items, and meals. These donations are utilized in ZERO's programmatic activities and are recorded at their fair value at the time of donation.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Advertising Expense

ZERO expenses advertising costs as incurred. ZERO spent \$421,757 and \$645,668 on advertising during the years ended December 31, 2017 and 2016, respectively, of which \$356,500 and \$497,309 was donated, respectively.

#### Allocation of Joint Costs

For the years ended December 31, 2017 and 2016, ZERO did not incur any joint costs for program event activities.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 2. Summary of Significant Accounting Policies (continued)

#### Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2020.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The update changes the manner by which nonprofit organizations classify net assets as well as improves information presented in financial statements and notes about nonprofit organization liquidity, financial performance, and cash flows. The guidance is effective beginning in 2018.

#### Subsequent Events

In preparing these financial statements, ZERO has evaluated events and transactions for potential recognition or disclosure through April 13, 2018, the date the financial statements were available to be issued.

### 3. Concentration of Credit Risk

ZERO maintains cash and cash equivalents, and investments at financial institutions in the Washington, DC metropolitan area. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). At times, deposits may exceed federally insured limits. Management believes the risk in these situations to be minimal.

### 4. Chapters

ZERO has 4 regional Chapters (“the Chapters”) that were established to carry on continuing activities in support of ZERO’s mission in the regions outside the Washington, DC metro area, including efforts on runs/walks within each of the Chapters’ geographical region and also cultivating education and awareness events within their regions. The Chapters cover four regions, and include the West Coast Chapter, Mid-Atlantic Chapter, Midwest Chapter, and Texas Chapter. The Chapters are related, controlled entities that are not included in the accompanying financial statements as their operations are immaterial to ZERO. Net assets of all Chapters totaled \$0 at both December 31, 2017 and 2016.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 5. Contributions Receivable

Contributions receivable are promised as follows at December 31:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 131,020	\$ 80,353
Receivable in one to five years	<u>60,000</u>	<u>-</u>
Total contributions receivable	191,020	80,353
Less: discount to net present value	<u>(4,590)</u>	<u>-</u>
Contributions receivable, net	<u><u>\$ 186,430</u></u>	<u><u>\$ 80,353</u></u>

### 6. Investments and Fair Value Measurements

Investment income consists of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 27,774	\$ 31,045
Net realized and unrealized gain	<u>127,650</u>	<u>33,994</u>
Total investment income	<u><u>\$ 155,424</u></u>	<u><u>\$ 65,039</u></u>

ZERO follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. ZERO recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 6. Investments and Fair Value Measurements (continued)

#### Level 1 Investments

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 assets include money market funds, fixed income securities, bonds, and mutual funds held as investments.

#### Level 2 Investments

When quoted market prices for similar assets are available in markets that are not active, securities are classified within Level 2 of the valuation hierarchy. Level 2 includes hedge funds and hard assets held as alternative investments. The hedge funds and hard assets are measured in quantifiable units at quoted market prices on a monthly basis by the broker, and the broker's pricing methodology is assessed when determining the fair value hierarchy. Due to the frequency of the availability of market quotations, the hedge funds and hard assets are categorized as Level 2 in the valuation hierarchy.

The following table presents ZERO's fair value hierarchy for those assets measured on a recurring basis at December 31, 2017:

	Level 1	Level 2	Level 3	Total fair value
Cash and money market funds	\$ 518,065	\$ -	\$ -	\$ 518,065
Fixed income bonds:				
U.S. fixed income	400,425	-	-	400,425
Non-U.S. fixed income	98,466	-	-	98,466
Global fixed income	19,112	-	-	19,112
Mutual funds:				
Large cap	132,968	-	-	132,968
Equities	121,014	-	-	121,014
Alternative assets:				
Hedge funds	-	106,571	-	106,571
<b>Total investments</b>	<b>\$ 1,290,050</b>	<b>\$ 106,571</b>	<b>\$ -</b>	<b>\$ 1,396,621</b>

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 6. Investments and Fair Value Measurements (continued)

The following table presents ZERO's fair value hierarchy for those assets measured on a recurring basis at December 31:

	Level 1	Level 2	Level 3	Total fair value
Cash and money market funds	\$ 68,664	\$ -	\$ -	\$ 68,664
Fixed income bonds:				
U.S. fixed income	466,072	-	-	466,072
Non-U.S. fixed income	19,068	-	-	19,068
Global fixed income	18,926	-	-	18,926
Mutual funds:				
Large cap	313,840	-	-	313,840
U.S. mid cap	35,713	-	-	35,713
Equities	231,659	-	-	231,659
Alternative assets:				
Hedge funds	-	94,895	-	94,895
Total investments	<u>\$ 1,153,942</u>	<u>\$ 94,895</u>	<u>\$ -</u>	<u>\$ 1,248,837</u>

### 7. Property and Equipment

Property and equipment consists of the following at December 31:

	2017	2016
Database	\$ 150,978	\$ 135,978
Furniture and equipment	88,666	89,945
Website	156,545	179,528
Total property and equipment	396,189	405,451
Less: accumulated depreciation and amortization	<u>(229,878)</u>	<u>(175,441)</u>
Property and equipment, net	<u>\$ 166,311</u>	<u>\$ 230,010</u>



## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 8. Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following at December 31:

	<u>2017</u>	<u>2016</u>
Purpose restricted	\$ 25,000	\$ 51,472
Time restricted	<u>120,000</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 145,000</u>	<u>\$ 51,472</u>

Temporarily restricted net assets were released from restrictions as follows for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Purpose restricted	\$ 51,472	\$ 92,500
Time restricted	<u>60,000</u>	<u>60,000</u>
Total temporarily restricted net assets released from restrictions	<u>\$ 111,472</u>	<u>\$ 152,500</u>

### 9. Commitments and Contingencies

#### Operating Leases

ZERO entered into an operating lease for office space, which commenced on August 5, 2009 and was scheduled to expire on August 4, 2019. During the year ended December 31, 2015, ZERO entered into an amended lease with the same landlord for a new office space, which commenced on July 27, 2015 and expires July 31, 2025. The amended lease includes incentives and an annual escalation clause of 2.75%, as defined in the lease agreement. ZERO is responsible for its prorated share of real estate taxes and operating expenses. Under accounting principles generally accepted in the United States of America (GAAP), all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent in the accompanying statements of financial position.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 9. Commitments and Contingencies (continued)

#### Operating Leases (continued)

In July 2015, ZERO entered into an operating lease agreement for office equipment. The lease requires monthly payments of \$208 and expires in June 2018.

Future minimum lease payments under all leases are as follows for the years ending December 31:

2018	\$	158,568
2019		161,646
2020		166,091
2021		170,658
2022		175,352
Thereafter		<u>475,007</u>
Total future minimum lease payments	\$	<u><u>1,307,322</u></u>

Occupancy expense was \$170,048 and \$162,554 for the years ended December 31, 2017 and 2016, respectively.

### 10. Line of Credit

ZERO has a secured line of credit (LOC) with a bank, initially expiring September 30, 2017. On March 16, 2017, the LOC was increased to \$1,000,000 and renewed through June 30, 2018. Under the terms of the agreement, ZERO may repay the LOC with interest at either the adjusted LIBOR rate plus 2.30% or a fixed rate per annum equal to the offered rate applicable to such LOC. The bank has a security interest in and a lien upon all marketable securities maintained by ZERO at the bank. There was no outstanding balance on the LOC at December 31, 2017 and 2016.

### 11. Retirement Plan

In 2005, ZERO adopted a Section 403(b) Retirement Plan (“the Plan”). All regular full-time and part-time employees who work seventeen-and-one-half (17.5) hours or more weekly are eligible to participate in the Plan through salary deferrals. Participation in the Plan begins on the first day of employment, and employees become eligible for employer matching contributions after attaining one year of service. Upon eligibility, participants are immediately vested in employer matching contributions.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 11. Retirement Plan (continued)

During the year ended December 31, 2015, ZERO began contributing 100% of the first 3% of compensation a participant contributes to the Plan and 50% of the next 2% of compensation a participant contributes to the Plan. The maximum annual employer contribution for a participant is 4% of a participant's annual salary. Total contribution expense was \$52,274 and \$46,792 for the years ended December 31, 2017 and 2016, respectively.

### 12. Consultants

Consultant expenses are allocated as follows for the years ended December 31:

	2017	2016
	<u>                    </u>	<u>                    </u>
Programs:		
Run/walk	\$ 182,705	\$ 189,607
Advocacy	199,749	185,000
Patient Support	105,556	42,006
Communications	<u>1,260</u>	<u>2,400</u>
Total consultant expenses	<u>\$ 489,270</u>	<u>\$ 419,013</u>

### 13. In-Kind Contributions

#### Donated Services

During the years ended December 31, 2017 and 2016, ZERO received donated advertising, legal, and other professional fees amounting to \$386,649 and \$542,913, respectively, which are included in in-kind contributions in the accompanying statements of activities.

#### Donated Goods

ZERO received promotional items, meals, and various gifts and giveaways for its race programs, which are recorded in the accompanying statements of activities at their estimated fair value at the date of receipt. Donated goods for the years ended December 31, 2017 and 2016 were \$53,355 and \$57,658, respectively.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
December 31, 2017 and 2016

### 13. In-Kind Contributions (continued)

In-kind contributions consisted of the following for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Advertising	\$ 356,500	\$ 497,309
Gifts and giveaways	14,149	23,546
Legal services	28,849	32,269
Race programs and special events	40,506	46,447
Medical services	<u>-</u>	<u>1,000</u>
Total in-kind contributions	<u>\$ 440,004</u>	<u>\$ 600,571</u>

### 14. Income Taxes

ZERO is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). ZERO is, however, subject to income taxes on any unrelated business income. In addition, the Internal Revenue Service has determined that ZERO is not a private foundation within the meaning of IRC Section 509(a).

Management has evaluated all tax positions and has concluded that ZERO has taken no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.

**SUPPLEMENTARY INFORMATION**

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**ZERO - The End of Prostate Cancer**

Schedule of Functional Expenses  
For the Year Ended December 31, 2017

	Program Services			Supporting Services		Total Expenses	
	Patient Support	Research and Awareness	Advocacy	Total Program Services	Management and General		Fundraising
Salaries	\$ 36,382	\$ 1,185,831	\$ 109,147	\$ 1,331,360	\$ 212,159	\$ 275,718	\$ 1,819,237
Payroll taxes	-	82,209	10,343	92,552	14,464	19,321	126,337
Benefits	5,067	178,066	15,201	198,334	25,903	39,835	264,072
Consultants	126,120	187,771	175,379	489,270	-	-	489,270
Advertising and public relations	110	749,999	1,939	752,048	281	3,476	755,805
Printing and publications	290	16,086	4,963	21,339	62	21,525	42,926
Postage	40	32,007	1,202	33,249	2,138	8,911	44,298
Travel	-	136,150	122,246	258,396	6,968	9,725	275,089
Occupancy	-	110,497	13,561	124,058	20,298	25,692	170,048
Equipment and facilities rental	-	131,734	850	132,584	1,239	2,639	136,462
Licenses and permits	-	2,458	6	2,464	9	11	2,484
Entry fees	-	120,063	-	120,063	-	-	120,063
Insurance	-	14,938	657	15,595	2,501	1,244	19,340
Telephone service	-	19,509	2,384	21,893	4,371	4,517	30,781
Depreciation and amortization	-	49,000	6,013	55,013	8,767	11,393	75,173
Dues and state registration	-	89,789	12,331	102,120	14,809	45,409	162,338
Office supplies	-	6,475	878	7,353	2,078	1,509	10,940
Professional fees	-	130,281	1,712	131,993	1,767	2,296	136,056
Bank and credit card fees	-	46,687	1,128	47,815	895	11,003	59,713
Race timing	-	66,964	-	66,964	-	-	66,964
Medical supplies	-	5,658	-	5,658	-	54	5,712
Medical testing expense	-	3,959	-	3,959	-	-	3,959
Website and database management	-	13,224	32	13,256	542	31	13,829
Miscellaneous	-	3,986	489	4,475	712	927	6,114
Grants	-	591,526	-	591,526	-	-	591,526
<b>Total Expenses</b>	<b>\$ 168,009</b>	<b>\$ 3,974,867</b>	<b>\$ 480,461</b>	<b>\$ 4,623,337</b>	<b>\$ 319,963</b>	<b>\$ 485,236</b>	<b>\$ 5,428,536</b>

**ZERO - The End of Prostate Cancer**

Schedule of Functional Expenses  
For the Year Ended December 31, 2016

	Program Services				Supporting Services		Total Expenses
	Patient Support	Research and Awareness	Advocacy	Total Program Services	Management and General	Fundraising	
Salaries	\$ 103,626	\$ 1,083,425	\$ 104,131	\$ 1,291,182	\$ 253,978	\$ 338,660	\$ 1,883,820
Payroll taxes	7,152	75,147	6,878	89,177	17,508	23,265	129,950
Benefits	14,989	185,873	9,818	210,680	23,410	40,088	274,178
Consultants	42,006	192,007	185,000	419,013	-	-	419,013
Advertising and public relations	72,692	956,050	9,111	1,037,853	3,785	15,195	1,056,833
Printing and publications	10,258	27,705	575	38,538	1,156	4,706	44,400
Postage	1,783	37,183	87	39,053	1,592	7,014	47,659
Travel	998	158,646	125,608	285,252	8,148	11,619	305,019
Occupancy	-	112,270	-	112,270	21,914	28,370	162,554
Equipment and facilities rental	-	152,474	403	152,877	1,438	2,891	157,206
Licenses and permits	-	4,012	-	4,012	-	-	4,012
Entry fees	-	210,480	-	210,480	-	-	210,480
Insurance	-	14,302	-	14,302	6,095	1,426	21,823
Telephone service	-	23,120	-	23,120	6,039	5,837	34,996
Depreciation and amortization	-	43,848	-	43,848	8,559	11,080	63,487
Dues and state registration	-	74,387	25,129	99,516	23,531	47,925	170,972
Office supplies	-	7,484	258	7,742	3,884	1,658	13,284
Professional fees	31,080	87,060	300	118,440	1,946	2,519	122,905
Bank and credit card fees	-	50,207	363	50,570	1,058	8,250	59,878
Race timing	-	68,166	-	68,166	-	-	68,166
Medical supplies	-	7,751	-	7,751	-	-	7,751
Medical testing expense	17,746	-	-	17,746	-	-	17,746
Website and database management	-	9,091	-	9,091	677	204	9,972
Miscellaneous	-	3,759	296	4,055	749	-	4,804
Grants	20,000	500,160	-	520,160	-	961	521,121
<b>Total Expenses</b>	<b>\$ 322,330</b>	<b>\$ 4,084,607</b>	<b>\$ 467,957</b>	<b>\$ 4,874,894</b>	<b>\$ 385,467</b>	<b>\$ 551,668</b>	<b>\$ 5,812,029</b>