

ZERO - The End of Prostate Cancer

Financial Statements
and Independent Auditors' Report

December 31, 2016 and 2015

ZERO - The End of Prostate Cancer

Financial Statements
December 31, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The "R" is large and stylized, and the "+" is a simple cross.

Vienna, Virginia
June 6, 2017

ZERO - The End of Prostate Cancer

Statements of Financial Position December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,091,466	\$ 14,489,223
Contributions receivable	80,353	180,394
Prepaid expenses	99,168	189,164
Employee receivable and other receivable	678	646
	<u>1,271,665</u>	<u>14,859,427</u>
Total current assets	1,271,665	14,859,427
Investments	1,248,837	1,197,692
Property and equipment, net	230,010	96,580
Security deposit	13,218	13,218
	<u>13,218</u>	<u>13,218</u>
Total assets	<u>\$ 2,763,730</u>	<u>\$ 16,166,917</u>
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 322,522	\$ 86,749
Grants payable	561,479	13,785,299
	<u>884,001</u>	<u>13,872,048</u>
Total current liabilities	884,001	13,872,048
Deferred rent	95,863	60,843
Charitable gift annuities	6,150	7,174
	<u>6,150</u>	<u>7,174</u>
Total liabilities	<u>986,014</u>	<u>13,940,065</u>
Net Assets		
Unrestricted	1,726,244	2,072,880
Temporarily restricted	51,472	153,972
	<u>1,777,716</u>	<u>2,226,852</u>
Total net assets	1,777,716	2,226,852
Total liabilities and net assets	<u>\$ 2,763,730</u>	<u>\$ 16,166,917</u>

ZERO - The End of Prostate Cancer

Statement of Activities
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
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)	-
Total revenue and support	5,465,393	(102,500)	5,362,893
Expenses			
Program services:			
Patient support	322,330	-	322,330
Research and awareness	4,084,607	-	4,084,607
Advocacy	467,957	-	467,957
Total program services	4,874,894	-	4,874,894
Supporting services:			
Management and general	385,467	-	385,467
Fundraising	551,668	-	551,668
Total supporting services	937,135	-	937,135
Total expenses	5,812,029	-	5,812,029
Change in Net Assets	(346,636)	(102,500)	(449,136)
Net Assets, beginning of year	2,072,880	153,972	2,226,852
Net Assets, end of year	\$ 1,726,244	\$ 51,472	\$ 1,777,716

See accompanying notes.

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Statement of Activities
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 3,440,503	\$ 12,232,025	\$ 15,672,528
In-kind contributions	628,461	-	628,461
Registration income	297,556	-	297,556
Special events	40,841	-	40,841
Interest and dividends	32,501	-	32,501
Net realized and unrealized loss	(31,151)	-	(31,151)
Merchandise sales	1,884	-	1,884
Net assets released from restrictions	13,141,053	(13,141,053)	-
Total revenue and support	17,551,648	(909,028)	16,642,620
Expenses			
Program services:			
Patient support	11,785,233	-	11,785,233
Research and awareness	3,518,110	-	3,518,110
Advocacy	451,723	-	451,723
Total program services	15,755,066	-	15,755,066
Supporting services:			
Management and general	384,834	-	384,834
Fundraising	480,872	-	480,872
Special events	20,081	-	20,081
Total supporting services	885,787	-	885,787
Total expenses	16,640,853	-	16,640,853
Change in Net Assets	910,795	(909,028)	1,767
Net Assets, beginning of year	1,162,085	1,063,000	2,225,085
Net Assets, end of year	\$ 2,072,880	\$ 153,972	\$ 2,226,852

See accompanying notes.

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Statements of Cash Flows For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ (449,136)	\$ 1,767
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net realized and unrealized (gain) loss	(33,994)	31,151
Depreciation and amortization	63,487	50,812
Loss on disposal of assets	-	2,140
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	100,041	24,862,641
Prepaid expenses	89,996	(92,799)
Employee receivable and other receivable	(32)	2,098
Security deposit	-	(6,005)
Increase (decrease) in:		
Accounts payable and accrued expenses	235,773	(88,391)
Grants payable	(13,223,820)	(13,246,272)
Deferred rent	35,020	29,180
Charitable gift annuities	(1,024)	7,174
Net cash (used in) provided by operating activities	(13,183,689)	11,553,496
Cash Flows from Investing Activities		
Purchases of property and equipment	(196,917)	(27,911)
Purchases of investments	(256,241)	(396,299)
Proceeds from sales of investments	239,090	5,453
Net cash used in investing activities	(214,068)	(418,757)
Net (Decrease) Increase in Cash and Cash Equivalents	(13,397,757)	11,134,739
Cash and Cash Equivalents, beginning of year	14,489,223	3,354,484
Cash and Cash Equivalents, end of year	\$ 1,091,466	\$ 14,489,223
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	\$ -	\$ 278

See accompanying notes.

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Notes to Financial Statements
December 31, 2016 and 2015

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 financial assistance, 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, accredited by the Better Business Bureau, with regional chapters across the country. For more information, visit 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, 2016 and 2015

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. Temporarily restricted net assets were \$51,472 and \$153,972 at December 31, 2016 and 2015, respectively.

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.

All contributions receivable at December 31, 2016 and 2015 are due within one year and are recorded at net realizable value. When contributions are receivable beyond one year, ZERO's policy is to discount those receivables to net present value.

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Notes to Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

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.

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.

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Notes to Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

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 approximately \$646,000 and \$545,000 on advertising during the years ended December 31, 2016 and 2015, respectively, of which approximately \$497,000 and \$469,000 was donated, respectively.

Allocation of Joint Costs

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

For the year ended December 31, 2015, ZERO incurred joint costs of approximately \$104,000 for program event activities that included fundraising appeals. Of those costs, approximately \$86,000 was allocated to program expense, \$10,000 was allocated to fundraising expense, and \$8,000 was allocated to management and general.

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 calendar year 2020.

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2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements (continued)

In August 2016, 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 calendar year 2018.

Subsequent Events

In preparing these financial statements, ZERO has evaluated events and transactions for potential recognition or disclosure through June 6, 2017, the date the financial statements were available to be issued.

3. Concentrations

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.

Major Donors

During the year ended December 31, 2015, approximately \$12,000,000, or 77%, of contributions were received from one donor. There was no concentration of major donors during the year ended December 31, 2016.

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Notes to Financial Statements
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4. Investments and Fair Value Measurements

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

	2016	2015
Interest and dividends	\$ 31,045	\$ 32,501
Net realized and unrealized gain (loss)	33,994	(31,151)
Total investment income	<u>\$ 65,039</u>	<u>\$ 1,350</u>

ZERO follows FASB Accounting Standards Codification (ASC) 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.

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.

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Notes to Financial Statements
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4. 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
<u>2016:</u>				
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	\$ 1,153,942	\$ 94,895	\$ -	\$ 1,248,837
<u>2015:</u>				
Cash and money market funds	\$ 81,113	\$ -	\$ -	\$ 81,113
U.S. fixed income – bonds	427,436	-	-	427,436
Mutual funds:				
Large cap	276,157	-	-	276,157
U.S. mid cap	58,096	-	-	58,096
U.S. fixed income	18,672	-	-	18,672
Equities	233,041	-	-	233,041
Alternative assets:				
Hard assets	-	103,177	-	103,177
Total investments	\$ 1,094,515	\$ 103,177	\$ -	\$ 1,197,692

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Notes to Financial Statements
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5. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2016</u>	<u>2015</u>
Database	\$ 135,978	\$ 119,378
Furniture and equipment	89,945	79,698
Website	<u>179,528</u>	<u>49,350</u>
Total property and equipment	405,451	248,426
Less: accumulated depreciation and amortization	<u>(175,441)</u>	<u>(151,846)</u>
Property and equipment, net	<u><u>\$ 230,010</u></u>	<u><u>\$ 96,580</u></u>

6. Temporarily Restricted Net Assets

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

	<u>2016</u>	<u>2015</u>
Purpose restricted	\$ 51,472	\$ 93,972
Time restricted	<u>-</u>	<u>60,000</u>
Total temporarily restricted net assets	<u><u>\$ 51,472</u></u>	<u><u>\$ 153,972</u></u>

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

	<u>2016</u>	<u>2015</u>
Purpose restricted	\$ 92,500	\$ 13,081,053
Time restricted	<u>60,000</u>	<u>60,000</u>
Total temporarily restricted net assets released from restrictions	<u><u>\$ 152,500</u></u>	<u><u>\$ 13,141,053</u></u>

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Notes to Financial Statements
December 31, 2016 and 2015

7. Commitments and Contingencies

Operating Lease

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.

On September 1, 2009, ZERO entered into an operating lease agreement for office equipment. The lease term was for 39 months and expired on October 31, 2015, requiring monthly payments of \$246. In July 2015, ZERO entered into a new 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:

2017	\$	155,607
2018		158,568
2019		161,646
2020		166,091
2021		170,658
Thereafter		<u>650,358</u>
Total future minimum lease payments	\$	<u><u>1,462,928</u></u>

Occupancy expense was approximately \$163,000 and \$120,000 for the years ended December 31, 2016 and 2015, respectively.

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8. Line of Credit

ZERO has a secured line of credit (LOC) with a bank expiring September 30, 2017. Under the terms of the agreement, ZERO can draw up to a maximum amount of \$500,000 and 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, 2016 and 2015.

Subsequent to year-end on March 16, 2017, the LOC was increased to \$1,000,000 and renewed through June 30, 2018.

9. 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. 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 approximately \$47,000 and \$37,000 for the years ended December 31, 2016 and 2015, respectively.

10. Consultants

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

	<u>2016</u>	<u>2015</u>
Programs:		
Run/walk	\$ 189,607	\$ 328,321
Advocacy	185,000	158,000
Patient Support	42,006	2,441
Communications	<u>2,400</u>	<u>50,363</u>
Total consultant expenses	<u>\$ 419,013</u>	<u>\$ 539,125</u>

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Notes to Financial Statements
December 31, 2016 and 2015

11. In-Kind Contributions

Donated Services

During the years ended December 31, 2016 and 2015, ZERO received donated advertising, legal, and other professional fees amounting to \$542,913 and \$570,173, 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, 2016 and 2015 were \$57,658 and \$58,288, respectively.

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

	<u>2016</u>	<u>2015</u>
Advertising	\$ 497,309	\$ 469,154
Gifts and giveaways	23,546	43,707
Legal services	32,269	77,999
Race programs and special events	46,447	36,739
Medical services	1,000	862
Total in-kind contributions	<u>\$ 600,571</u>	<u>\$ 628,461</u>

12. Patient Assistance Program

During 2013, ZERO established a partnership with another not-for-profit organization to provide assistance for patients being treated for metastatic castrate-resistant prostate cancer (“the Program”). For the year ended December 31, 2015, ZERO received contributions of approximately \$12,000,000, and awarded grants of approximately \$11,500,000 related to the Program. The partnership ended in 2015, and ZERO no longer receives funds for the Program.

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Notes to Financial Statements
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13. 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 (IRS) 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

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
Total Expenses	\$ 322,330	\$ 4,084,607	\$ 467,957	\$ 4,874,894	\$ 385,467	\$ 551,668	\$ 5,812,029

ZERO - The End of Prostate Cancer

Schedule of Functional Expenses
For the Year Ended December 31, 2015

	Program Services				Supporting Services			Total Expenses
	Patient Support	Research and Awareness	Advocacy	Total Program Services	Management and General	Fundraising	Special Events	
Salaries	\$ 122,399	\$ 899,646	\$ 99,864	\$ 1,121,909	\$ 207,548	\$ 285,967	\$ -	\$ 1,615,424
Payroll taxes	8,445	62,417	7,847	78,709	14,529	19,629	-	112,867
Benefits	12,126	130,681	4,197	147,004	40,011	33,988	-	221,003
Consultants	-	329,125	150,000	479,125	30,000	30,000	-	539,125
Advertising and public relations	27,466	917,678	13,837	958,981	1,659	11,602	-	972,242
Special events expense	-	-	-	-	-	-	19,784	19,784
Printing and publications	-	12,785	5,200	17,985	-	-	-	17,985
Postage	5,674	29,868	139	35,681	884	5,581	78	42,224
Travel	-	148,181	136,719	284,900	23,898	6,737	-	315,535
Occupancy	-	83,032	-	83,032	15,644	21,660	-	120,336
Equipment and facilities rental	-	152,128	12,334	164,462	1,181	1,635	-	167,278
Licenses and permits	-	7,580	-	7,580	-	-	-	7,580
Entry fees	-	96,421	-	96,421	-	-	-	96,421
Insurance	-	8,608	-	8,608	5,413	953	-	14,974
Telephone service	-	26,822	-	26,822	7,357	6,740	-	40,919
Repairs and maintenance	-	5,520	-	5,520	1,919	1,440	-	8,879
Depreciation and amortization	-	35,113	-	35,113	6,583	9,116	-	50,812
Dues and state registration	-	36,400	19,767	56,167	14,549	30,556	-	101,272
Office supplies	-	8,685	635	9,320	6,757	2,029	-	18,106
Professional fees	89,123	147,277	-	236,400	2,410	3,337	-	242,147
Bank and credit card fees	-	44,563	500	45,063	924	6,173	219	52,379
Interest expense	-	24	-	24	248	6	-	278
Medical supplies	-	16,540	-	16,540	-	-	-	16,540
Medical testing expense	-	7,316	-	7,316	-	-	-	7,316
Website and database management	-	52,808	684	53,492	694	3,052	-	57,238
Miscellaneous	-	2,573	-	2,573	2,626	671	-	5,870
Grants	11,520,000	256,319	-	11,776,319	-	-	-	11,776,319
Total Expenses	\$ 11,785,233	\$ 3,518,110	\$ 451,723	\$ 15,755,066	\$ 384,834	\$ 480,872	\$ 20,081	\$ 16,640,853