

**ZERO - The End of Prostate Cancer**

Financial Statements  
and Independent Auditors' Report

March 31, 2020

# ZERO - The End of Prostate Cancer

Financial Statements  
March 31, 2020

## Contents

Independent Auditors' Report.....	1-2
<i>Financial Statements</i>	
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements.....	7-20

## 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 statement of financial position as of March 31, 2020; the related statements of activities, functional expenses, and cash flows for the fifteen months 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ZERO as of March 31, 2020, and the changes in its net assets and its cash flows for the fifteen months then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, ZERO adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

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 standard cursive font.

Vienna, Virginia  
October 28, 2020

## ZERO - The End of Prostate Cancer

### Statement of Financial Position March 31, 2020

#### Assets

##### Current assets:

Cash and cash equivalents	\$ 136,727
Contributions receivable	8,268
Investments, short-term	2,886,050
Prepaid expenses	149,867
Employee receivable and other receivable	1,422

Total current assets	3,182,334
Investments, long-term	72,380
Property and equipment, net	122,609
Security deposit	11,240

Total assets	<u>\$ 3,388,563</u>
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#### Liabilities and Net Assets

#### Liabilities

##### Current liabilities:

Accounts payable and accrued expenses	\$ 165,578
Grants payable	477,604

Total current liabilities	643,182
Deferred rent	100,197
Charitable gift annuities	2,822

Total liabilities	<u>746,201</u>
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#### Net Assets

Without donor restrictions	2,372,362
With donor restrictions	270,000

Total net assets	<u>2,642,362</u>
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Total liabilities and net assets	<u>\$ 3,388,563</u>
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## ZERO - The End of Prostate Cancer

Statement of Activities  
For the Fifteen Months Ended March 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 7,562,927	\$ 270,000	\$ 7,832,927
In-kind contributions	163,908	-	163,908
Registration income	381,892	-	381,892
Special events	134,478	-	134,478
Investment return, net	97,835	-	97,835
Merchandise sales	7,014	-	7,014
Other income	150	-	150
Net assets released from restrictions	140,000	(140,000)	-
<b>Total revenue and support</b>	<b>8,488,204</b>	<b>130,000</b>	<b>8,618,204</b>
<b>Expenses</b>			
Program services:			
Patient support	494,353	-	494,353
Education and awareness	4,740,385	-	4,740,385
Research	286,986	-	286,986
Advocacy	1,315,605	-	1,315,605
<b>Total program services</b>	<b>6,837,329</b>	<b>-</b>	<b>6,837,329</b>
Supporting services:			
Management and general	419,522	-	419,522
Fundraising	837,701	-	837,701
<b>Total supporting services</b>	<b>1,257,223</b>	<b>-</b>	<b>1,257,223</b>
<b>Total expenses</b>	<b>8,094,552</b>	<b>-</b>	<b>8,094,552</b>
<b>Change in Net Assets</b>	<b>393,652</b>	<b>130,000</b>	<b>523,652</b>
<b>Net Assets, beginning of period</b>	<b>1,978,710</b>	<b>140,000</b>	<b>2,118,710</b>
<b>Net Assets, end of period</b>	<b>\$ 2,372,362</b>	<b>\$ 270,000</b>	<b>\$ 2,642,362</b>

See accompanying notes.

**ZERO - The End of Prostate Cancer**

Statement of Functional Expenses  
For the Fifteen Months Ended March 31, 2020

	Program Services					Supporting Services		Total Expenses
	Patient Support	Education and Awareness	Research	Advocacy	Total Program Services	Management and General	Fundraising	
Salaries	\$ 169,098	\$ 1,997,726	\$ -	\$ 315,962	\$ 2,482,786	\$ 225,190	\$ 463,339	\$ 3,171,315
Payroll taxes	11,892	141,151	-	22,220	175,263	16,187	32,585	224,035
Benefits	38,365	319,507	-	42,447	400,319	57,103	71,751	529,173
Consultants	125,552	398,134	-	387,287	910,973	3,826	156	914,955
Advertising and public relations	-	586,156	-	28,990	615,146	449	14,547	630,142
Printing and publications	1,605	90,823	-	11,157	103,585	1,145	49,257	153,987
Postage	345	40,846	-	41,192	82,383	3,267	24,891	110,541
Travel	669	203,827	-	223,205	427,701	23,616	13,947	465,264
Occupancy	12,254	143,556	-	22,897	178,707	16,665	33,578	228,950
Equipment and facilities rental	315	125,010	-	169,894	295,219	419	33,688	329,326
Licenses and permits	-	53,864	-	-	53,864	-	-	53,864
Entry fees	-	88,621	-	-	88,621	-	-	88,621
Insurance	678	24,991	-	1,266	26,935	902	1,952	29,789
Telephone service	1,877	21,990	-	3,507	27,374	2,501	5,144	35,019
Depreciation and amortization	3,521	41,248	-	6,579	51,348	4,689	9,648	65,685
Dues and state registration	4,159	83,464	-	21,337	108,960	28,449	61,466	198,875
Office supplies	2,092	28,605	-	3,840	34,537	12,083	6,324	52,944
Professional fees	121,931	96,368	-	12,347	230,646	21,042	-	251,688
Bank and credit card fees	-	106,784	-	1,478	108,262	534	15,428	124,224
Race timing	-	59,804	-	-	59,804	-	-	59,804
Website and database management	-	-	-	-	-	1,455	-	1,455
Grants	-	87,910	286,986	-	374,896	-	-	374,896
<b>Total Expenses</b>	<b>\$ 494,353</b>	<b>\$ 4,740,385</b>	<b>\$ 286,986</b>	<b>\$ 1,315,605</b>	<b>\$ 6,837,329</b>	<b>\$ 419,522</b>	<b>\$ 837,701</b>	<b>\$ 8,094,552</b>

See accompanying notes.

## ZERO - The End of Prostate Cancer

Statement of Cash Flows  
For the Fifteen Months Ended March 31, 2020

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 523,652
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Net realized and unrealized gain	(24,893)
Donated securities	(12,549)
Depreciation and amortization	65,685
Change in operating assets and liabilities:	
Decrease (increase) in:	
Contributions receivable	142,021
Prepaid expenses	(76,058)
Employee receivable and other receivable	(988)
Decrease in:	
Accounts payable and accrued expenses	(14,808)
Grants payable	(621,212)
Deferred rent	(2,843)
Charitable gift annuities	(1,280)
Net cash used in operating activities	<u>(23,273)</u>
<b>Cash Flows from Investing Activities</b>	
Purchases of property and equipment	(106,541)
Purchases of investments	(1,524,339)
Proceeds from sales of investments	<u>1,541,768</u>
Net cash used in investing activities	<u>(89,112)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(112,385)
<b>Cash and Cash Equivalents, beginning of period</b>	<u>249,112</u>
<b>Cash and Cash Equivalents, end of period</b>	<u><u>\$ 136,727</u></u>

See accompanying notes.



# ZERO - The End of Prostate Cancer

Notes to Financial Statements

March 31, 2020

## 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, ZERO 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.

On December 5, 2019, ZERO’s Board of Directors voted to change ZERO’s fiscal year end from December 31 to March 31 of each year to better coincide with its operational activities. This change in reporting cycle began on April 1, 2020.

### 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  
March 31, 2020

### 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

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – 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 that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### 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 statement 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 statement of financial position.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
March 31, 2020

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

#### 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 March 31, 2020 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. All receivables at March 31, 2020 were due within one year.

#### Investments

Investments consist of money market funds, fixed income bonds, mutual funds, and alternative investments, including hedge funds and an investment in a privately held investment. Investments in marketable securities are recorded at fair value based on quoted market prices.

The investment in a privately held corporation has no readily-determinable market value and is valued at fair value as estimated by the general partners and corporations. Because of inherent uncertainty of valuation, it is reasonably possible that estimated values may differ significantly from the values that would have been used as ready market for the securities existed, and the differences could be material. In addition, certain investments may also have risk associated with concentrations of investments in one geographic region and in certain industries. The privately held corporation's ability to liquidate certain investments may be inhibited since the issuers may be privately held or the corporation may own a relatively large portion of the issuers' equity securities.

All realized and unrealized gains and losses, and investment management fees, are reported as a component of net investment return in the accompanying statement of activities.

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

Notes to Financial Statements

March 31, 2020

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

#### 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 statement 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

All contributions to ZERO are considered to be available for unrestricted use unless specifically restricted by the donor. ZERO reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Revenue from registrations and special events is generally recognized as earned in the period in which the events take place or the service is provided. Registrations that are applicable to the following year are included in deferred revenue in the accompanying statement of financial position.

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.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
March 31, 2020

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

#### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and change in net assets. Expenses are allocated among the programs and support services based on the functions they directly benefit or upon management's estimates of the proportion of the expenses applicable to each function.

#### Advertising Expense

ZERO expenses advertising costs as incurred. ZERO spent \$216,550 on advertising during the fifteen months ended March 31, 2020, of which \$113,385 was donated.

#### Allocation of Joint Costs

For the fifteen months ended March 31, 2020, ZERO did not incur any joint costs for program event activities.

#### Adopted Accounting Pronouncements

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. ZERO has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. ZERO has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
March 31, 2020

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

#### Recently Issued Accounting Pronouncements

In February 2016, the FASB issued 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 statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in fiscal year 2022.

#### Subsequent Events

In preparing these financial statements, ZERO has evaluated events and transactions for potential recognition or disclosure through October 28, 2020, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States and around the world has caused business disruption due to mandatory lockdowns implemented in most states in order to slow down the spread of the virus. ZERO's management has been monitoring the situation and implementing certain changes in its operations and upcoming events in order to mitigate the impact of this pandemic. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration, and the full financial impact cannot be reasonably estimated at this time.

Subsequent to year-end, ZERO applied for a loan under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 coronavirus, for which ZERO qualified. After the loans are granted, the Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities). The loan was granted to ZERO on April 21, 2020 in the amount of \$582,750 and it is management's intention to use the entire loan amount for qualifying expenses in order to apply for full forgiveness. Once the loan is, in part or wholly, forgiven and legal release is received, ZERO will reduce the liability by the amount forgiven and record a gain on extinguishment in the statement of activities, which is expected to occur in fiscal year 2021. If ZERO is not approved for full forgiveness by the SBA, the loan would bear interest at a fixed rate of 1.00%, which is payable monthly commencing on November 23, 2020 and matures on April 21, 2022.

# ZERO - The End of Prostate Cancer

Notes to Financial Statements  
March 31, 2020

### 3. Liquidity and Availability

ZERO strives to maintain liquid financial assets sufficient to cover short-term general expenditures. Management periodically reviews ZERO's liquid asset needs and adjusts the cash and cash equivalent balances as necessary. Amounts in excess of operating liquidity are invested in various short-term and highly liquid securities.

Additionally, ZERO considers net assets with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The financial assets that are available for general expenditures within one year of the statement of financial position date comprise the following at March 31, 2020:

Cash and cash equivalents	\$	136,727
Contributions receivable		8,268
Short-term investments		2,886,050
Employee receivable and other receivable		<u>1,422</u>
Total available for general expenditures	\$	<u><u>3,032,467</u></u>

### 4. 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.

### 5. Chapters

ZERO has 8 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 regions, and also cultivating education and awareness events within their regions. The Chapters cover four regions, and include the Mid-Atlantic Chapter, Midwest Chapter, Texas Chapter, East Coast Metro Chapter, Southern California Chapter, Northern California Chapter, Pacific Northwest Chapter, and the New England 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 March 31, 2020.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements

March 31, 2020

### 6. Investments and Fair Value Measurements

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.

#### 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 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 held as alternative investments. The hedge funds 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 are categorized as Level 2 in the valuation hierarchy.



## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
March 31, 2020

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

#### Level 3 Investments

In cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. Level 3 consists of an investment in a corporation, where ZERO has less than 0.5% ownership of voting interest. Investment in private company stock is determined using techniques consistent with both the market and income approaches, based on the estimates and assumptions in the absence of observable market data. The market approach considers comparable companies, comparable transactions, and company-specific information, including, but not limited to, restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers and acquisitions, and the current financial position and operating results. The income approach considers the projected operating performance of the portfolio company. The value of these assets is based on unobservable inputs and ZERO's own assumptions, and is therefore classified within Level 3.

The following table presents ZERO's fair value hierarchy for those assets measured on a recurring basis at March 31, 2020:

	Level 1	Level 2	Level 3	Total fair value
Money market funds	\$ 4,631	\$ -	\$ -	\$ 4,631
Fixed income bonds:				
U.S. fixed income	1,977,167	-	-	1,977,167
Non-U.S. fixed income	196,560	-	-	196,560
Mutual funds:				
Large cap	476,959	-	-	476,959
Equities	168,390	-	-	168,390
Alternative investments:				
Hedge funds	-	62,343	-	62,343
Privately held investment	-	-	72,380	72,380
Total investments	<u>\$ 2,823,707</u>	<u>\$ 62,343</u>	<u>\$ 72,380</u>	<u>\$ 2,958,430</u>

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
March 31, 2020

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

The following table presents ZERO's activity for its investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Privately Held Investment</u>
Balance, December 31, 2018	\$ 80,755
Unrealized loss	<u>(8,375)</u>
Balance, March 31, 2020	<u>\$ 72,380</u>

The net investment return consists of the following for the fifteen months ended March 31, 2020:

Interest and dividends	\$ 83,562
Realized gain	19,612
Unrealized gain	5,281
Investment management fees	<u>(10,620)</u>
Total investment return, net	<u>\$ 97,835</u>

### 7. Property and Equipment

Property and equipment consists of the following at March 31, 2020:

Database	\$ 150,978
Furniture and equipment	123,909
Website	<u>241,166</u>
Total property and equipment	516,053
Less: accumulated depreciation and amortization	<u>(393,444)</u>
Property and equipment, net	<u>\$ 122,609</u>

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
March 31, 2020

### 8. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at March 31, 2020:

Purpose restricted	\$	-
Time restricted		<u>270,000</u>
Total net assets with donor restrictions	\$	<u><u>270,000</u></u>

Net assets with donor restrictions were released from restrictions as follows for the fifteen months ended March 31, 2020:

Purpose restricted	\$	80,000
Time restricted		<u>60,000</u>
Total net assets released from restrictions	\$	<u><u>140,000</u></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 statement of financial position.

In July 2015, ZERO entered into an operating lease agreement for office equipment. The lease required monthly payments of \$208 and expired in June 2018. The lease continues on a month-to-month basis under the same required monthly rental payments.

In 2019, ZERO entered into a new operating lease agreement for additional office equipment. The lease term is 63 months and contains fixed quarterly rental payments of approximately \$784.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
March 31, 2020

### 9. Commitments and Contingencies (continued)

#### Operating Leases (continued)

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

2021	\$	167,220
2022		171,818
2023		176,543
2024		181,398
2025		186,387
Thereafter		<u>15,672</u>
Total future minimum lease payments	\$	<u>899,038</u>

Occupancy expense was \$204,170 for the fifteen months ended March 31, 2020.

### 10. Line of Credit

ZERO has a secured line of credit (LOC with a bank) through August 31, 2020. Under the terms of the agreement, ZERO may repay the LOC with interest at either the adjusted LIBOR rate plus 1.9% 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 March 31, 2020.

### 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  
March 31, 2020

### 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 \$142,702 for the fifteen months ended March 31, 2020.

### 12. Consultants

Consultant expenses are allocated as follows for the fifteen months ended March 31, 2020:

Programs:		
Event management	\$	349,473
Advocacy		387,287
Patient Support		125,552
Communications		47,831
Other		4,812
		<hr/>
Total consultant expenses	\$	<u>914,955</u>

### 13. In-Kind Contributions

#### Donated Services

During the fifteen months ended March 31, 2020, ZERO received donated advertising, legal, and other professional fees amounting to \$134,385, which are included in in-kind contributions in the accompanying statement of activities.

#### Donated Goods

ZERO received promotional items, meals, and various gifts and giveaways for its race programs, which are recorded in the accompanying statement of activities at their estimated fair value at the date of receipt. Donated goods for the fifteen months ended March 31, 2020 were \$29,523.

## ZERO - The End of Prostate Cancer

Notes to Financial Statements  
March 31, 2020

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

In-kind contributions consisted of the following for the fifteen months ended March 31, 2020:

Advertising	\$	113,385
Entertainment		20,000
Race programs and special events		29,523
Medical services		<u>1,000</u>
Total in-kind contributions	\$	<u><u>163,908</u></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.