

ZERO - THE PROJECT TO END PROSTATE CANCER
AUDITED FINANCIAL STATEMENTS
December 31, 2010 and 2009

ZERO - THE PROJECT TO END PROSTATE CANCER
AUDITED FINANCIAL STATEMENTS
December 31, 2010 and 2009

Report of Independent Auditors.....	1
Statements of Financial Position	2
Statements of Activities.....	3-4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-13



Drolet + Associates PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
ZERO - The Project to End Prostate Cancer
Washington, DC

Report of Independent Auditors

We have audited the accompanying statements of financial position of ZERO - The Project to End Prostate Cancer (ZERO) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of ZERO's management. 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. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ZERO - The Project to End Prostate Cancer as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Drolet + Associates, PLLC

Washington, DC
June 2, 2011

ZERO - THE PROJECT TO END PROSTATE CANCER
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 234,713	\$ 273,698
Contributions receivable	78,048	169,250
Employee receivable and other receivable	3,600	167
Prepaid expenses	10,462	857
Inventory	16,303	3,471
TOTAL CURRENT ASSETS	343,126	447,443
PROPERTY AND EQUIPMENT		
Property and equipment	131,147	129,719
Screening vehicles	395,514	395,514
Website development	31,350	-0-
Less accumulated depreciation	(370,773)	(310,566)
TOTAL PROPERTY AND EQUIPMENT	187,238	214,667
CONTRIBUTION RECEIVABLE - net of current portion and discount	176,526	-0-
SECURITY DEPOSIT	6,344	6,318
TOTAL ASSETS	\$ 713,234	\$ 668,428
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 116,551	\$ 89,815
Deferred revenue	43,090	-0-
TOTAL CURRENT LIABILITIES	159,641	89,815
DEFERRED RENT	14,691	4,515
TOTAL LIABILITIES	174,332	94,330
NET ASSETS		
Unrestricted	243,828	404,848
Temporarily restricted	295,074	169,250
TOTAL NET ASSETS	538,902	574,098
TOTAL LIABILITIES AND NET ASSETS	\$ 713,234	\$ 668,428

The accompanying notes are an integral part of these financial statements.

ZERO - THE PROJECT TO END PROSTATE CANCER
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

			2010
	Unrestricted	Temporarily Restricted	Total
REVENUES			
Grants and contributions:			
Individuals	\$ 253,229	\$ 239,574	\$ 492,803
Foundations and Organizations	134,610		134,610
Corporations	433,610	55,500	489,110
Special event programs	1,096,896		1,096,896
In-kind contributions	791,761		791,761
Interest and dividends	122		122
Merchandise sales	1,307		1,307
Other	1,200		1,200
Net assets released from restrictions	169,250	(169,250)	-0-
TOTAL REVENUES	2,881,985	125,824	3,007,809
EXPENSES			
Programs	2,746,514		2,746,514
Management and general	103,479		103,479
Fundraising	193,012		193,012
TOTAL EXPENSES	3,043,005		3,043,005
CHANGE IN NET ASSETS	(161,020)	125,824	(35,196)
NET ASSETS, BEGINNING OF YEAR	404,848	169,250	574,098
NET ASSETS, END OF YEAR	\$ 243,828	\$ 295,074	\$ 538,902

The accompanying notes are an integral part of these financial statements.

ZERO - THE PROJECT TO END PROSTATE CANCER
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Grants and contributions:			
Individuals	\$ 254,532		\$ 254,532
Foundations and Organizations	284,132	\$ 100,000	384,132
Corporations	684,770	19,250	704,020
Special event programs	553,709	50,000	603,709
In-kind contributions	464,474		464,474
Merchandise sales	761		761
Other	207		207
Net assets released from restrictions	159,500	(159,500)	-0-
TOTAL REVENUES	2,402,085	9,750	2,411,835
EXPENSES			
Programs	2,036,018		2,036,018
Management and general	36,282		36,282
Fundraising	182,985		182,985
TOTAL EXPENSES	2,255,285		2,255,285
CHANGE IN NET ASSETS	146,800	9,750	156,550
NET ASSETS, BEGINNING OF YEAR	258,048	159,500	417,548
NET ASSETS, END OF YEAR	\$ 404,848	\$ 169,250	\$ 574,098

The accompanying notes are an integral part of these financial statements.

ZERO - THE PROJECT TO END PROSTATE CANCER
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2010

	Programs	Management & General	Fundraising	Total
Salaries	\$ 761,246	\$ 44,779	\$ 89,559	\$ 895,584
Payroll taxes	54,506	3,206	6,413	64,125
Benefits	60,950	3,585	7,171	71,706
Consultants	94,535	255	509	95,299
Temporaries and interns	1,586	93	187	1,866
Advertising and public relations	729,210	2,484	4,968	736,662
Program special events expense	324,293	18,016	18,016	360,325
Printing and publications	15,976	940	1,879	18,795
Postage	23,427	1,378	2,756	27,561
Travel	105,348	6,196	12,393	123,937
Occupancy	78,838	4,637	9,275	92,750
Insurance	33,062	443	888	34,393
Telephone service	24,389	1,435	2,869	28,693
Equipment rental and maintenance	17,099	1,006	2,012	20,117
Vehicle operating expense	102,149	779	1,558	104,486
Depreciation	51,550	3,032	6,065	60,647
Dues and state registration	20,086	1,181	6,429	27,696
Office supplies	5,859	345	689	6,893
Professional fees	52,414	3,084	6,166	61,664
Bank fees	6,987	412	822	8,221
Interest expense	117	7	14	138
Medical supplies	2,278			2,278
Medical testing expense	30,393			30,393
Website & database management	96,115	5,653	11,308	113,076
Miscellaneous	7,569	444	890	8,903
Cost of goods sold	623	37	73	733
Donation	45,029			45,029
Loss on disposal	880	52	103	1,035
TOTAL	\$ 2,746,514	\$ 103,479	\$ 193,012	\$ 3,043,005

The accompanying notes are an integral part of these financial statements.

ZERO - THE PROJECT TO END PROSTATE CANCER
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2009

	Programs	Management & General	Fundraising	Total
Salaries	\$ 655,948	\$ 15,255	\$ 91,527	\$ 762,730
Payroll taxes	46,078	1,072	6,429	53,579
Benefits	42,196	981	5,888	49,065
Consultants	92,709	60	2,863	95,632
Advertising and public relations	276,563	463	2,777	279,803
Program special events expense	348,990			348,990
Postage	17,188	400	2,398	19,986
Travel	57,164	1,329	7,977	66,470
Occupancy	49,807	1,158	6,950	57,915
Insurance	30,887	718	4,310	35,915
Telephone service	31,112	724	4,341	36,177
Equipment rental and maintenance	25,271	588	3,526	29,385
Vehicle operating expense	84,411			84,411
Depreciation	69,074	1,606	9,639	80,319
Dues and state registration	13,549	315	15,146	29,010
Office supplies	7,795	181	1,088	9,064
Professional fees	51,598	9,611	7,200	68,409
Bank fees	989	23	138	1,150
Interest expense	1,191	28	166	1,385
Medical supplies	12,427			12,427
Medical testing expense	44,946			44,946
Website & database management	70,450	1,639	9,830	81,919
Miscellaneous	5,058	117	706	5,881
Cost of goods sold	617	14	86	717
TOTAL	\$ 2,036,018	\$ 36,282	\$ 182,985	\$ 2,255,285

The accompanying notes are an integral part of these financial statements.

ZERO - THE PROJECT TO END PROSTATE CANCER
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ (35,196)	\$ 156,550
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	60,647	80,319
Loss on disposal of property and equipment	1,035	-0-
Increase in contributions receivable	(85,324)	(9,750)
Increase in employee receivable and other receivable	(3,433)	(167)
(Increase) decrease in prepaid expenses	(9,605)	980
(Increase) decrease in inventory	(12,832)	355
(Increase) decrease in deposits	(26)	2,381
Increase (decrease) in accounts payable and accrued expenses	26,736	(53,879)
Increase in deferred revenue	43,090	-0-
Increase in deferred rent	10,176	4,515
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(4,732)	181,304
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(34,758)	(44,456)
Proceeds from insurance claim	505	-0-
NET CASH USED IN INVESTING ACTIVITIES	(34,253)	(44,456)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(38,985)	136,848
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	273,698	136,850
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 234,713	\$ 273,698
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 138	\$ 1,385

The accompanying notes are an integral part of these financial statements.

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

ZERO - The Project to End Prostate Cancer (ZERO) was, formerly known as the National Prostate Cancer Coalition Fund (NPCCF). NPCCF was formerly known as the National Prostate Cancer Coalition, Inc. (NPCCI). NPCCI was originally incorporated under the laws of the state of Florida on September 6, 1996, and NPCCF was incorporated under the laws of the District of Columbia on July 7, 1998. On December 21, 1998, NPCCF merged with NPCCI. On May 8, 2008, the Board of Directors voted to change the organization's name to ZERO - The Project to End Prostate Cancer. ZERO's primary activities include increasing public awareness of prostate cancer and serving as an advocate for action, advances and change regarding the disease.

The Board of Directors voted in December 2005 to establish the Drive Against Prostate Cancer, LLC (the LLC) as a wholly owned subsidiary of ZERO. The LLC was formally established on January 23, 2006 pursuant to the Delaware Limited Liability Act and is intended as a organizational instrument to facilitate the work of the drive against prostate cancer.

In April 2006, the LLC received donated contributions of two RV vehicles valued at approximately \$395,000. For the years ended December 31, 2010 and 2009, the LLC received in-kind contributions of approximately \$92,000 and \$97,000, respectively, for qualified drivers, maintenance, fuel, storage and other operational costs of the vehicles in conducting the screening program. On July 14, 2010, the LLC was dissolved and a Certificate of Cancellation was issued. The assets of the LLC were absorbed by ZERO. All activities of the LLC through July 14, 2010 are included in the books of ZERO. The LLC is considered a disregarded entity for tax purposes and all activity is included in ZERO's filings.

Tax Status

ZERO is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). 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 Section 509(a) of the Code.

**Cash and Cash
Equivalents**

Cash equivalents consist of funds invested in interest and non-interest bearing checking and operating accounts.

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

**Contributions
Receivable**

Contributions are recognized when the donor makes an unconditional promise to give. Management expects all contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. It is management's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Inventory

Inventory consists of ZERO t-shirts, hats, water bottles and pins and is stated at cost.

**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 is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred.

Contributions

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. Restricted contributions for which the restrictions are met in the year received are considered unrestricted for financial statement purposes. 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 statement of activities as net assets released from restrictions.

Sources of Revenue

Contributions and grants are received from individuals, corporations and foundations.

**Donated Services
and Supplies**

Donated services are recognized as contributions. If the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ZERO.

**Functional
Allocation of
Expenses**

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

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

**Allocation of
Joint Costs**

In 2010, ZERO incurred joint costs of approximately \$360,000 for program events activities that included fundraising appeals. Of those costs, approximately \$324,000 was allocated to program expense, \$18,000 was allocated to fundraising expense and \$18,000 was allocated to management and general.

Reclassifications

Certain 2009 amounts have been reclassified for comparative purposes.

Estimates

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

**Accounting for
Uncertain Tax
Positions**

Financial Accounting Standards Board (FASB) Accounting Standards Codification 740, Income Taxes (ASC 740) requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. ZERO does not believe its financial statements include, or reflect, any uncertain tax positions.

**Program
Description**

ZERO's name speaks to its mission. Zero PSA. Zero prostate cancer cases. Zero prostate cancer deaths. Zero tolerance for prostate cancer. All of which leads to ZERO's goal: Generation ZERO, the first generation of men free from prostate cancer. ZERO provides comprehensive treatment information to patients and education to those at-risk through ZERO's website (www.zerocancer.org) and free electronic newsletter Aware. The Drive Against Prostate Cancer mobile medical testing program provides free prostate cancer testing across the U.S. while the Dash for Dad/Great Prostate Cancer Challenge race series, Prostate Cancer Awareness Month, the DEPEND Campaign to End Prostate Cancer, Know Your Score: Fight Prostate Cancer and the Summit to End Prostate Cancer raises awareness and engages communities in the quest to achieve Generation ZERO.

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE B - MAJOR CONTRIBUTORS (Continued)

One member of the Board of Directors contributed a total of \$100,000 to ZERO during 2010 and 2009

At December 31, 2010, approximately \$240,000 or 94% of contributions receivable was due from one contributor. At December 31, 2009, approximately \$150,000 or 89% of contributions receivable was due from one contributor.

NOTE C - CONTRIBUTIONS RECEIVABLE

ZERO has recorded contributions receivable at the present value of estimated future cash flows as of December 31, 2010 and 2009. Contributions receivable due in more than one year are discounted at a rate of approximately 2%.

ZERO had contributions receivable as follows as of December 31, 2010 and 2009:

Description	2010	2009
Receivable in less than one year	\$ 78,048	\$ 169,250
Receivable in one to five years	189,144	-0-
Total contributions receivable	267,192	169,250
Less: discount to net present value	(12,618)	-0-
Net contributions receivable	\$ 254,574	\$ 169,250

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2010 and 2009, temporarily restricted net assets consisted of the following:

Description	2010	2009
Time restriction	\$ 254,574	\$ 169,250
Purpose restriction	40,500	-0-
Total	\$ 295,074	\$ 169,250

Net assets were released from restrictions during 2010 and 2009 as follows:

Description	2010	2009
Time restriction	\$ 169,250	\$ 159,500
Total	\$ 169,250	\$ 159,500

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE E - CONCENTRATIONS OF CREDIT RISK

ZERO maintains its cash at financial institutions in the Washington DC metropolitan area. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC). At times, deposits exceed federally insured limits. Management, however, does not consider this a significant credit risk.

NOTE F - OPERATING LEASES

In 2009, the Organization moved into donated office space for the first six months of 2009. The Organization then rented on a month to month basis until a new lease was signed on August 4, 2009. The new lease commenced on August 5, 2009 and expires August 4, 2019. The lease includes an annual escalation clause as defined in the lease agreement.

During 2007, the Organization entered into an operating lease agreement for office equipment. The lease term was for three years and expired August 13, 2010.

On September 1, 2009, the Organization entered into an operating lease agreement for additional office equipment. The lease term is for three years and expires August 31, 2012.

The future minimum annual lease payments are as follows:

<i>Year ending December 31,</i>	<i>Amount</i>
2011	\$ 82,007
2012	83,399
2013	83,882
2014	86,398
2015	88,990
Thereafter	339,081
Total	\$ 763,757

Rent expense was approximately \$93,000 and \$58,000 for the years ended December 31, 2010 and 2009, respectively.

NOTE G - 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 the month following ninety (90) days after the date of hire. ZERO does not contribute to the Plan.

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE H - CONSULTANTS

For the years ended December 31, 2010 and 2009, consultant expenses are allocated as follows:

Description	2010	2009
Consultants - Drive Against Prostate Cancer	\$ 91,982	\$ 90,112
Consultants - Public Policy	1,298	-0-
Consultants - Communications	1,255	2,597
Total Programs	94,535	92,709
Management and General	255	60
Fundraising	509	2,863
Total Consultants	\$ 95,299	\$ 95,632

NOTE I - DONATED SERVICES AND SUPPLIES

For the years ended December 31, 2010 and 2009, donated services and supplies consisted of the following:

Description	2010	2009
Medical services	\$ 70,820	\$ 65,500
Legal services	-0-	7,587
Advertising	586,011	242,690
Medical supplies	14,511	25,037
Gifts & giveaways	6,910	-0-
Meals & entertainment	1,640	-0-
Events	22,961	-0-
Vehicle supplies and maintenance	88,908	\$ 79,421
Total	\$ 791,761	\$ 420,235

NOTE J - SUBSEQUENT EVENTS

Subsequent events were evaluated through June 2, 2011, which is the date the financial statements were available to be issued.