

ZERO - THE PROJECT TO END PROSTATE CANCER

AUDITED FINANCIAL STATEMENTS

December 31, 2008 and 2007



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, 2008 and 2007, 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, 2008 and 2007, 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
September 17, 2009

ZERO - THE PROJECT TO END PROSTATE CANCER
AUDITED FINANCIAL STATEMENTS
December 31, 2008 and 2007

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

ZERO - THE PROJECT TO END PROSTATE CANCER
STATEMENTS OF FINANCIAL POSITION
December 31, 2008 and 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 136,850	\$ 1,171,370
Contributions receivable	159,500	94,995
Employee receivable	-0-	3,261
Prepaid expenses	1,837	1,018
Inventory	3,826	1,016
TOTAL CURRENT ASSETS	302,013	1,271,660
PROPERTY AND EQUIPMENT		
Property and equipment	87,553	208,086
Screening vehicles	395,514	395,514
Less accumulated depreciation	(232,537)	(301,491)
TOTAL PROPERTY AND EQUIPMENT	250,530	302,109
SECURITY DEPOSIT	8,699	8,699
TOTAL ASSETS	\$ 561,242	\$ 1,582,468
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 143,694	\$ 79,003
TOTAL CURRENT LIABILITIES	143,694	79,003
NET ASSETS		
Unrestricted	258,048	1,445,965
Temporarily restricted	159,500	57,500
TOTAL NET ASSETS	417,548	1,503,465
TOTAL LIABILITIES AND NET ASSETS	\$ 561,242	\$ 1,582,468

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, 2008

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Grants and contributions:			
Individuals	\$ 392,987		\$ 392,987
Foundations and Organizations	188,733	\$ 25,000	213,733
Corporations	573,684	134,500	708,184
Special event programs	85,587		85,587
In-kind contributions	331,253		331,253
Interest and dividends	25,714		25,714
Realized/unrealized loss on investments	(35,600)		(35,600)
Merchandise sale	8,536		8,536
Other	1,546		1,546
Net assets released from restrictions	57,500	(57,500)	-0-
TOTAL REVENUES	1,629,940	102,000	1,731,940
EXPENSES			
Program	2,386,598		2,386,598
Management and general	112,943		112,943
Fundraising	318,316		318,316
TOTAL EXPENSES	2,817,857		2,817,857
CHANGE IN NET ASSETS	(1,187,917)	102,000	(1,085,917)
NET ASSETS, BEGINNING OF YEAR	1,445,965	57,500	1,503,465
NET ASSETS, END OF YEAR	\$ 258,048	\$ 159,500	\$ 417,548

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, 2007

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Grants and contributions:			
Individuals	\$ 1,007,647		\$ 1,007,647
Foundations and Organizations	297,453	\$ 15,000	312,453
Corporations	611,715	42,500	654,215
Special event programs	4,267		4,267
In-kind contributions	402,045		402,045
Interest and dividends	70,598		70,598
Realized/unrealized loss on investments	(5,248)		(5,248)
Merchandise sale	18,335		18,335
Other	3,866		3,866
TOTAL REVENUES	2,410,678	57,500	2,468,178
EXPENSES			
Program	2,360,083		2,360,083
Management and general	98,565		98,565
Fundraising	358,119		358,119
TOTAL EXPENSES	2,816,767		2,816,767
CHANGE IN NET ASSETS	(406,089)	57,500	(348,589)
NET ASSETS, BEGINNING OF YEAR	1,852,054		1,852,054
NET ASSETS, END OF YEAR	\$ 1,445,965	\$ 57,500	\$ 1,503,465

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, 2008

	Program	Management & General	Fundraising	Total
Salaries	\$ 746,071	\$ 17,351	\$ 104,103	\$ 867,525
Payroll taxes	51,505	1,198	7,186	59,889
Benefits	51,326	1,194	7,162	59,682
Consultants	458,494	77,236	98,730	634,460
Temporaries and interns	10,179	237	1,420	11,836
Advertising and public relations	169,315	863	5,180	175,358
Printing and publications	3,714	86	518	4,318
Postage	32,417	754	4,523	37,694
Travel	118,912	2,765	16,592	138,269
Occupancy	144,360	3,357	20,144	167,861
Insurance	29,978	697	4,183	34,858
Telephone service	26,542	617	3,703	30,862
Equipment rental and maintenance	18,419	429	7,911	26,759
Vehicle operating expense	97,653			97,653
Depreciation	65,070	1,513	9,080	75,663
Dues and state registration	21,597	502	3,014	25,113
Office supplies	7,418	172	1,035	8,625
Professional fees	101,592	2,363	14,176	118,131
Bank fees	3,280	76	458	3,814
Interest expense	813	19	113	945
Medical supplies	74,494			74,494
Medical testing expense	88,336			88,336
Website & database management	53,698	1,249	7,492	62,439
Miscellaneous	2,464	57	343	2,864
Cost of goods sold	6,452	150	901	7,503
Loss on disposal	2,499	58	349	2,906
TOTAL	\$ 2,386,598	\$ 112,943	\$ 318,316	\$ 2,817,857

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, 2007

	Program	Management & General	Fundraising	Total
Salaries	\$ 782,872	\$ 27,960	\$ 121,158	\$ 931,990
Payroll taxes	54,078	1,932	8,369	64,379
Benefits	51,139	1,826	7,914	60,879
Consultants	486,708	9,577	45,250	541,535
Temporaries and interns	4,234			4,234
Advertising and public relations	264,477	19,591	42,447	326,515
Printing and publications	19			19
Postage	30,486	2,258	4,893	37,637
Travel	95,560	7,078	15,337	117,975
Occupancy	107,516	7,964	17,256	132,736
Insurance	30,393	664	1,440	32,497
Telephone service	31,812	2,356	5,106	39,274
Equipment rental and maintenance	25,861	1,916	11,980	39,757
Vehicle operating expense	102,645			102,645
Depreciation	76,210	5,645	12,231	94,086
Dues and state registration	24,473	1,813	15,589	41,875
Office supplies	8,848	655	1,420	10,923
Professional fees	42,202	3,126	6,773	52,101
Bank fees	703	1,055	5,277	7,035
Interest expense	418	31	67	516
Medical supplies	27,043			27,043
Medical testing expense	61,699			61,699
Website & database management	39,103	2,896	6,276	48,275
Miscellaneous	3,002	222	482	3,706
Cost of goods sold	5,440		11,046	16,486
Donation	3,142		17,808	20,950
TOTAL	\$ 2,360,083	\$ 98,565	\$ 358,119	\$ 2,816,767

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, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ (1,085,917)	\$ (348,589)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	75,663	94,086
Loss on disposal of property and equipment	2,906	-0-
Realized/unrealized loss on investments	35,600	5,248
(Increase) decrease in contributions receivable	(64,505)	92,218
Decrease (increase) in employee receivable	3,261	(3,261)
(Increase) decrease in prepaid expenses	(819)	17,648
(Increase) decrease in inventory	(2,810)	14,712
Decrease in deferred revenue	-0-	(666,115)
Increase (decrease) in accounts payable and accrued expenses	64,690	(60)
NET CASH USED IN OPERATING ACTIVITIES	(971,931)	(794,113)
CASH FLOWS FROM INVESTING ACTIVITIES		
Contributions received in stock	(1,130)	(34,394)
Proceeds from sale of donated stock and other securities	368,604	3,603,342
Purchase of securities	(403,074)	(2,450,962)
Purchases of property and equipment	(26,989)	(5,805)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(62,589)	1,112,181
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligations	-0-	(14,494)
NET CASH USED IN FINANCING ACTIVITIES	-0-	(14,494)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,034,520)	303,574
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,171,370	867,796
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 136,850	\$ 1,171,370
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 945	\$ 516

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

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

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 Project To End Prostate Cancer. 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, 2008 and 2007, 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. These amounts, which represent all of the activity of the LLC, are included in the books of ZERO. The Drive Against Prostate Cancer, LLC is considered a disregarded entity for tax purposes and all activity is included in ZERO 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.

**Contributions
Receivable**

Contributions are recognized when the donor makes an unconditional promise to give. At December 31, 2008 and 2007, all contributions receivable are due within one year. Management expects all contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. It is management's

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2008 and 2007

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

policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Inventory Inventory consists of ZERO wrist band bracelets, car magnets 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 in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, 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.

Reclassifications Certain 2007 amounts have been reclassified for comparative purposes.

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2008 and 2007

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

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.

Program Descriptions ZERO conducts various programs in support of its mission. The following describes ZERO's major programs.

Awareness/Communications; ZERO publicity campaigns, including the State Prostate Cancer Report Cards, Do it for Dad! and Prostate Cancer Awareness Month, have brought the risk of prostate cancer and the importance of early detection to the attention of millions of American men and their families.

Outreach/the Drive Against Prostate Cancer; Managing the nation's only prostate cancer screening clinic, ZERO reaches out to at-risk and underserved communities by offering free, complete and confidential screenings.

NOTE B - MAJOR CONTRIBUTORS

One member of the Board of Directors contributed a total of \$100,000 to ZERO during 2008 and 2007. During 2007, approximately \$783,000 or 33% of grants and contribution revenue was received from one contributor.

At December 31, 2008, approximately \$120,000 or 76% of contributions receivable was due from four contributors. At December 31, 2007, approximately \$70,000 or 71% of contributions receivable was due from three contributors.

NOTE C - TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2008 and 2007, temporarily restricted net assets consisted of the following:

Description	2008	2007
Time restriction	\$ 159,500	\$ 57,500
Total	\$ 159,500	\$ 57,500

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2008 and 2007

NOTE C - TEMPORARILY RESTRICTED NET ASSETS (Continued)

Net assets were released from restrictions during 2008 and 2007 as follows:

Description	2008	2007
Time restriction	\$ 57,500	\$ -0-
Total	\$ 57,500	\$ -0-

NOTE D - 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 concentration of credit risk.

NOTE E - OPERATING LEASES

On April 30, 2002, ZERO entered into an operating lease for office space, which commenced on November 1, 2002 and was scheduled to expire on October 31, 2012. The lease included an annual escalation clause as defined in the lease agreement. In December 2008, the lease was amended to terminate effective December 31, 2008.

Subsequent to year end, 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 a lease agreement for office equipment. The lease term is for three years and expires August 13, 2010.

The future minimum annual lease payments, which includes the lease signed subsequent to December 31, 2008 is as follows:

<i>Year ending December 31,</i>	Amount
2009	\$ 35,059
2010	79,620
2011	79,067
2012	81,439
2013	83,882
Thereafter	514,469
Total	\$ 873,536

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2008 and 2007

NOTE E - OPERATING LEASES (Continued)

Rent expense was approximately \$168,000 and \$133,000 for the years ended December 31, 2008 and 2007.

NOTE F - 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. The Organization does not contribute to the Plan.

NOTE G - TERMINATION AGREEMENT

During 2008, ZERO entered into a termination agreement (the Agreement) with the former Chief Executive Officer (CEO). Under the terms of the Agreement, the CEO resigned effective July 31, 2008 and ZERO incurred an obligation of approximately \$228,000 to be paid in one lump sum on July 31, 2008 which management believes is a discounted settlement of obligations to the former CEO over the remaining term of the original agreement.

NOTE H - CONSULTANTS

For the years ended December 31, 2008 and 2007, consultant expenses are allocated as follows:

Description	2008	2007
Consultants - Drive Against Prostate Cancer	\$ 160,473	\$ 170,348
Consultants - Partner Relations	22,925	24,335
Consultants - Public Policy	114,624	121,677
Consultants - Communications	160,472	170,348
Total Programs	458,494	486,708
Management and General	77,236	9,577
Fundraising	98,730	45,250
Total Consultants	\$ 634,460	\$ 541,535

ZERO - THE PROJECT TO END PROSTATE CANCER
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2008 and 2007

NOTE I - DONATED SERVICES AND SUPPLIES

For the years ended December 31, 2008 and 2007, donated services and supplies consisted of the following:

Description	2008	2007
Medical services	\$ 46,444	\$ 54,500
Legal services	59,677	-0-
Advertising	56,150	230,366
Medical supplies	76,906	20,516
Vehicle maintenance and repairs	92,076	\$ 96,663
Total	\$ 331,253	\$ 402,045