

THE MANKIND PROJECT USA

Financial Statements
with Report of Independent Auditors
Years ended December 31, 2014 and 2013

Traveller &

Company, LLC
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The ManKind Project USA

Financial Statements

December 31, 2014 and 2013

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Report of Independent Auditors

The Board of Directors of
The ManKind Project USA
Glendale, California

We have audited the accompanying financial statements of The ManKind Project USA (a nonprofit organization) (the "Organization") which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and 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 control 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 The ManKind Project USA as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended then ended in accordance with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statements of functional expenses are presented for purposes of additional analysis and are 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.

Traveller & Company, LLC

Centerville, Utah
May 5, 2015

The ManKind Project USA
Statements of Financial Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 751,324	\$ 340,983
Accounts receivable	49,305	11,831
Prepaid expenses	20,403	13,052
Total current assets	821,032	365,866
 Property and equipment, net	 12,719	 705
 Total assets	\$ 833,751	\$ 366,571
 Liabilities		
Accounts payable	\$ 23,561	\$ 27,605
Deferred revenue	61,352	8,410
Total liabilities	84,913	36,015
 Net Assets		
Unrestricted	506,224	269,204
Temporarily restricted	242,614	61,352
Total net assets	748,838	330,556
 Total liabilities and net assets	\$ 833,751	\$ 366,571

See Notes to Financial Statements.

The ManKind Project USA

Statements of Activities

For the years ended December 31, 2014 and 2013

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
Revenue				
Contributions	\$ 365,085	\$ 299,906	\$ 664,991	\$ 255,000
Contributions from unifying centers	334,702	–	334,702	140,537
Proceeds from fundraising events, net of direct benefit costs of \$5,105 and \$17,352, respectively	(654)	–	(654)	7,544
	699,133	299,906	999,039	403,081
Program revenue				
Training and other project fees	1,307,110	–	1,307,110	488,323
Events registration	113,425	–	113,425	50,386
	1,420,535	–	1,420,535	538,709
Other revenue	25,767	–	25,767	3,422
Net assets released from restrictions	118,644	(118,644)	–	–
Total revenues	2,264,079	181,262	2,445,341	945,212
Functional expenses:				
Program services	1,348,014	–	1,348,014	627,700
Management and general	669,679	–	669,679	178,402
Fundraising	9,366	–	9,366	48,557
Total expenses	2,027,059	–	2,027,059	854,659
Changes in net assets	237,020	181,262	418,282	90,553
Net assets – beginning of fiscal year	269,204	61,352	330,556	240,003
Net assets – end of fiscal year	\$ 506,224	\$ 242,614	\$ 748,838	\$ 330,556

See Notes to Financial Statements.

The ManKind Project USA

Statements of Cash Flows

For the years ended December 31, 2014 and 2013

	2014	2013
Operating activities:		
Changes in net assets	\$ 418,282	\$ 90,553
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,147	705
Changes in assets and liabilities:		
Accounts receivable	(37,474)	(9,586)
Prepaid expenses	(7,351)	(13,052)
Accounts payable	(4,044)	(11,684)
Deferred revenue	52,942	8,410
Due to affiliates, net	—	(65,897)
Net cash provided by (used in) operating activities	426,502	(551)
Investing activities:		
Purchase of property and equipment	(16,161)	—
Net decrease in cash and cash equivalents	(16,161)	—
Net increase (decrease) in cash and cash equivalents	410,341	(551)
Cash and cash equivalents at beginning of year	340,983	341,534
Cash and cash equivalents at end of year	\$ 751,324	\$ 340,983

See Notes to Financial Statements.

The ManKind Project USA

Notes to Financial Statements

December 31, 2014 and 2013

1. Nature of Activities

The ManKind Project USA (the “Organization”) is an Illinois nonprofit corporation which provides education and training for men, to create a safer world by creating better men. The Organization serves as the umbrella organization for twenty-eight U.S.-based local chapters (the “Chapters”).

ManKind Project International (“MKPI”) dissolved its corporation and committed through regional agreements to be a shared effort between the nine international not-for-profit/NGO corporations (know as regions) led by a Council to continue to support this work around the world.

2. Significant Accounting Policies

Basis of Presentation

The accounting policies of the Organization conform to U.S. generally accepted accounting principles. The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958*, “Financial Statements of Not-For-Profit Organizations”. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Net Assets

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets – includes contributions, fees and other forms of revenues that are not restricted by the donor or grantor as well as expenditures related to the general operations of the Organization.

Temporarily restricted net assets – includes contributions that are temporarily restricted by the donor or grantor. When the restriction expires, the net assets of this classification are reclassified to unrestricted net assets. Restricted contributions where restrictions are met in the same reporting period are classified as unrestricted.

Permanently restricted net assets – includes contributions that have been restricted by the donor in perpetuity. The Organization had no permanently restricted net assets as of December 31, 2014 and 2013.

The ManKind Project USA

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consisted of deposit accounts in financial institutions.

Revenue recognition

Contributions consisted primarily of donations from foundations, businesses and the general public. Contributions are accrued when committed to the Organization by the donor.

Program revenue is recognized as revenue when earned. The amount of program revenue collected but unearned as of December 31, 2014 and 2013 is recorded as deferred revenue.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated accordingly.

Income Tax

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code ("IRC") and corresponding state provisions. Therefore no provision has been made for federal income taxes in the accompanying financial statements. There was no unrelated business income for the years ended December 31, 2014 and 2013. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC.

The Organization's federal and state income tax and informational returns for tax years ending December 31, 2011 and subsequent remain subject to examination by the Internal Revenue Service.

Fair Value Disclosure

At December 31, 2014 and 2013, the Organization's financial instruments approximate fair value.

The ManKind Project USA

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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.

Concentration of Risk

Occasionally, the Organization's cash balances exceed FDIC-insured limits. The Organization has not experienced and does not anticipate any losses related to these balances.

Property and Equipment

Purchases of property and equipment are recorded at cost. Donated items are recorded at fair value when received. Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease for leasehold improvements as follows:

Computers	5 years
Software	3 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extended useful lives are capitalized and depreciated over the estimated remaining useful lives of the related assets.

Reclassifications

Certain 2013 balances have been reclassified to conform to the 2014 presentation. These changes did not affect the financial results of the Society.

Subsequent Events

The Organization has evaluated subsequent events through May 5, 2015, the date which the financial statements were available to be issued.

3. Accounts Receivable

The accounts receivable consisted of monies due from members. As of December 31, 2014 and 2013, all accounts were deemed to be receivable in less than one year.

The ManKind Project USA

Notes to Financial Statements

4. Property and Equipment

Property and equipment are recorded at cost and consisted of the following at December 31:

	2014	2013
Furniture and fixtures	\$ 29,473	\$ 13,312
Less accumulated depreciation	(16,754)	(12,607)
	\$ 12,719	\$ 705

Depreciation expense for the years ended December 31, 2014 and 2013 was \$4,147 and \$705, respectively.

5. Related Party Transactions

The Organization paid royalty fees to MKPI based on the size of the geographic region and based on the number of men initiated each year. In 2014 and 2013, the royalties paid were \$86,652 and \$117,754, respectively. These amounts are included in the royalties expense on the accompanying statements of functional expenses.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets and releases during the years are as follows:

	Balance December 31, 2013	Temporarily Restricted Revenue	Released from Restrictions	Balance, December 31, 2014
Corporate Registration	\$ 3,342	\$ –	\$ (3,342)	\$ –
Scholarship – Mexico	700	550	(850)	400
Diversity Scholarship	1,955	15,499	(3,735)	13,719
Finance Director	3,500	7,000	(7,000)	3,500
Fund the Plan	17,978	–	(17,978)	–
Online Training Fund	626	–	(626)	–
Unified Area	33,251	276,857	(85,113)	224,995
	\$ 61,352	\$ 299,906	\$ (118,644)	\$ 242,614

The ManKind Project USA

Notes to Financial Statements

6. Temporarily Restricted Net Assets (continued)

	Balance December 31, 2012	Temporarily Restricted Revenue	Released from Restrictions	Balance, December 31, 2013
Corporate Registration	\$ —	\$ 10,000	\$ (6,658)	\$ 3,342
Scholarship – Mexico	—	1,000	(300)	700
Diversity Scholarship	3,705	2,450	(4,200)	1,955
Finance Director	—	7,000	(3,500)	3,500
Fund the Plan	136,012	9	(118,043)	17,978
IT Fund	5,000	—	(5,000)	—
Online Training Fund	—	4,000	(3,374)	626
Unified Area	—	33,506	(255)	33,251
	<u>\$ 144,717</u>	<u>\$ 57,965</u>	<u>\$ (141,330)</u>	<u>\$ 61,352</u>

7. Board Designated Net Assets

Board designated net assets are included in unrestricted net assets and consisted of the following at December 31:

	2014	2013
Multicultural	\$ 5,533	\$ 5,533
Unification reserve credits	38,000	38,000
Board Travel	6,178	10,032
Elders	859	2,790
I-Group Council	—	2,782
	<u>\$ 50,570</u>	<u>\$ 59,137</u>

Supplemental Information

The ManKind Project USA
Statement of Functional Expenses
For the year ended December 31, 2014

	Program Services	Management and General	Fundraising	Total
Bank charges	\$	\$ 27,514	\$ –	\$ 27,514
Conferences and meetings	826,333	–	–	826,333
Corporate registrations	–	8,948	–	8,948
Depreciation	–	4,147	–	4,147
Donor relations	–	–	9,296	9,296
Insurance	–	107,042	–	107,042
Marketing	9,337	–	–	9,337
Payroll taxes	–	38,050	–	38,050
Printing	98	–	–	98
Professional fees	138,600	66,079	–	204,679
Royalties	26,548	86,652	–	113,200
Salaries	96,802	327,889	–	424,691
Scholarships	2,500	–	–	2,500
Supplies	107,424	527	–	107,951
Telephone	2,109	–	–	2,109
Travel	96,312	2,831	70	99,213
Utilities	7,127	–	–	7,127
Website	34,824	–	–	34,824
Total expenses	\$ 1,348,014	\$ 669,679	\$ 9,366	\$ 2,027,059

The ManKind Project USA
Statement of Functional Expenses
For the year ended December 31, 2013

	Program Services	Management and General	Fundraising	Total
Bank charges	\$ 5,997	\$ 400	\$ 1,599	\$ 7,996
Conferences and meetings	49,226	4,118	–	53,344
Corporate registrations	–	6,658	–	6,658
Depreciation and amortization	493	212	–	705
Donor relations	–	–	6,136	6,136
Insurance	76,181	20,315	5,079	101,575
Payroll taxes	19,304	9,652	3,217	32,173
Postage	43	113	17	173
Printing	–	–	675	675
Professional fees	39,905	59,858	11,085	110,848
Royalties	125,529	–	–	125,529
Salaries	283,371	53,132	17,711	354,214
Supplies	–	7,239	–	7,239
Telephone	983	656	–	1,639
Travel	6,914	8,451	–	15,365
Website	19,754	7,598	3,038	30,390
Total expenses	\$ 627,700	\$ 178,402	\$ 48,557	\$ 854,659