

**THE MANKIND PROJECT USA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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INDEPENDENT AUDITORS' REPORT

Board of Directors of  
**THE MANKIND PROJECT USA**  
Glendale, California

We have audited the accompanying financial statements of The Mankind Project USA (the "Organization"), which comprise the statements of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to 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 (the "U.S."); 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.

**Auditors' 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 U.S. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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, 2012, 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 U.S.

**Other Matter**

The financial statements of The Mankind Project USA as of December 31, 2011 were audited by other auditors whose report dated November 12, 2012 expressed an unmodified opinion on those statements.

**RBZ.LLP**

August 29, 2013

**THE MANKIND PROJECT USA**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2012 AND 2011**

ASSETS

	2012	2011
Current Assets		
Cash	\$ 341,534	\$ 353,285
Pledges receivable	2,245	10,000
	343,779	363,285
Property and Equipment, net	1,410	2,968
	\$ 345,189	\$ 366,253

LIABILITIES AND NET ASSETS

	2012	2011
Current Liabilities		
Accounts payable	\$ 39,289	\$ 57,038
Accrued expenses	-	19,812
Due to affiliates, net	65,897	8,442
Total Liabilities	105,186	85,292
Contingencies (Note 8)		
Net Assets		
Unrestricted	95,286	(33,348)
Temporarily restricted	144,717	314,309
Total Net Assets	240,003	280,961
	\$ 345,189	\$ 366,253

See accompanying notes to financial statements.

**THE MANKIND PROJECT USA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Contributions	\$ 211,740	\$ 11,361	\$ 223,101
Proceeds from fundraising events, net of direct benefit costs of \$7,687	11,089	-	11,089
	222,829	11,361	234,190
Program revenue			
Training and other project fees	411,775	-	411,775
Conference	9,759	-	9,759
	421,534	-	421,534
Other revenue	16,064	-	16,064
Net Assets Released from Restrictions	180,953	(180,953)	-
	841,380	(169,592)	671,788
Functional Expenses			
Program Services	422,483	-	422,483
Management and General	199,426	-	199,426
Fundraising	90,837	-	90,837
	712,746	-	712,746
Changes in Net Assets	128,634	(169,592)	(40,958)
Net Assets, beginning of year	(33,348)	314,309	280,961
Net Assets, end of year	\$ 95,286	\$ 144,717	\$ 240,003

See accompanying notes to financial statements.

**THE MANKIND PROJECT USA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Contributions	<u>\$ 80,440</u>	<u>\$ 394,780</u>	<u>\$ 475,220</u>
Program revenue			
Training and other project fees	338,451	-	338,451
Conference	<u>97,168</u>	<u>-</u>	<u>97,168</u>
	<u>435,619</u>	<u>-</u>	<u>435,619</u>
Other revenue	<u>9,694</u>	<u>24</u>	<u>9,718</u>
Net Assets Released from Restrictions	<u>132,680</u>	<u>(132,680)</u>	<u>-</u>
	658,433	262,124	920,557
Functional Expenses			
Program Services	469,343	-	469,343
Management and General	252,785	-	252,785
Fundraising	<u>75,525</u>	<u>-</u>	<u>75,525</u>
	<u>797,653</u>	<u>-</u>	<u>797,653</u>
Changes in Net Assets	(139,220)	262,124	122,904
Net Assets, beginning of year	<u>105,872</u>	<u>52,185</u>	<u>158,057</u>
Net Assets, end of year	<u>\$ (33,348)</u>	<u>\$ 314,309</u>	<u>\$ 280,961</u>

See accompanying notes to financial statements.

**THE MANKIND PROJECT USA**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 1,682	\$ -	\$ -	\$ 1,682
Awards	1,246	-	-	1,246
Bad debt	-	8,500	-	8,500
Bank charges	8,051	537	2,147	10,735
Conferences and meetings	5,802	5,802	611	12,215
Contributions to centers	5,425	-	-	5,425
Depreciation and amortization	623	935	-	1,558
Insurance	46,675	12,187	3,459	62,321
Interest	-	1,146	-	1,146
Legal and professional fees	35,483	71,427	26,087	132,997
Miscellaneous	-	525	-	525
Payroll taxes	18,289	7,152	4,521	29,962
Penalties and fines	-	541	-	541
Postage	45	118	18	181
Printing and publications	-	-	1,097	1,097
Royalties	86,788	-	-	86,788
Salaries	195,145	76,284	48,218	319,647
Scholarships	7,689	-	-	7,689
Stipends	2,387	462	308	3,157
Telephone	365	365	81	811
Travel	4,600	5,623	-	10,223
Website	9,295	715	4,290	14,300
	<u>\$ 429,590</u>	<u>\$ 192,319</u>	<u>\$ 90,837</u>	<u>\$ 712,746</u>

See accompanying notes to financial statements.

**THE MANKIND PROJECT USA**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Awards	\$ 1,591	\$ -	\$ -	\$ 1,591
Bank charges	10,331	1,291	1,291	12,913
Conferences and meetings	48,019	48,019	5,055	101,093
Depreciation and amortization	924	1,385	-	2,309
Insurance	56,055	8,011	3,605	67,671
Interest	-	803	-	803
Legal and professional fees	15,738	67,109	13,023	95,870
Miscellaneous	-	14,571	99	14,670
Payroll taxes	20,038	8,540	4,270	32,848
Penalties and fines	-	2,919	-	2,919
Postage	437	1,136	175	1,748
Printing and publications	-	-	1,630	1,630
Royalties	87,051	-	-	87,051
Salaries	173,914	75,940	36,996	286,850
Scholarships	2,592	-	-	2,592
Stipends	28,899	5,780	3,853	38,532
Supplies	783	389	799	1,971
Telephone	856	856	191	1,903
Temporary help	-	-	108	108
Travel	12,516	15,298	-	27,814
Website	9,599	738	4,430	14,767
	<u>\$ 469,343</u>	<u>\$ 252,785</u>	<u>\$ 75,525</u>	<u>\$ 797,653</u>

See accompanying notes to financial statements.



**THE MANKIND PROJECT USA**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (40,958)	\$ 122,904
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,558	2,309
Change in allowance for doubtful accounts	8,500	-
Decrease in operating assets		
Pledges receivable	7,755	15,000
Prepaid expenses	-	7,202
Increase (decrease) in operating liabilities		
Accounts payable	(17,749)	43,206
Accrued expenses	(19,812)	(46,093)
Due to affiliates, net	48,955	72,984
Deferred revenue	-	(9,750)
	(11,751)	207,762
Net Cash Provided by (Used in) Operating Activities	(11,751)	207,762
Cash Flows from Investing Activities		
Purchases of property and equipment	-	(1,228)
Net Cash Used in Investing Activities	-	(1,228)
Net Increase (Decrease) in Cash	(11,751)	206,534
Cash, beginning of year	353,285	146,751
Cash, end of year	\$ 341,534	\$ 353,285

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

	<u>2012</u>	<u>2011</u>
Cash Paid during the Year for Interest	\$ 1,146	\$ 803

See accompanying notes to financial statements.

**THE MANKIND PROJECT USA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 - NATURE OF OPERATIONS

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 thirty-two U.S.-based local chapters (the "Chapters").

Mankind Project International ("MKPI") serves as the umbrella organization for all international centers, including the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Tax Status

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. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of IRC Section 509(a).

The Organization's federal and state income tax and informational returns for tax years ending December 31, 2009 and subsequent remain subject to examination by the Internal Revenue Service.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Contributions

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

Revenue Recognition

Program fees are recognized as revenue when earned.

**THE MANKIND PROJECT USA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers all highly-liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2012 or 2011.

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 extend useful lives are capitalized and depreciated over the estimated remaining useful lives of the related assets.

Financial Statement Presentation

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* - Include contributions, fundraising, fees and other forms of revenue 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* - Include 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* - Include contributions that have been restricted by the donor in perpetuity. The Organization had no permanently restricted net assets as of December 31, 2012 and 2011.

**THE MANKIND PROJECT USA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these 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.

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.

Reclassifications

Certain 2011 balances have been reclassified in order to conform to the 2012 presentation.

Subsequent Events

The Organization has evaluated events subsequent to December 31, 2012, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through August 29, 2013, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred, except as noted in Note 9, that require recognition or additional disclosure in the financial statements.

NOTE 3 - PLEDGES RECEIVABLE

The pledges receivable represent unconditional promises to give. As of December 31, 2012 and 2011, all pledges were deemed to be receivable in less than one year. No discount to net present value was deemed necessary.

**THE MANKIND PROJECT USA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Computers	\$ 10,677	\$ 10,677
Software	<u>2,635</u>	<u>2,635</u>
	13,312	13,312
Accumulated depreciation	<u>(11,902)</u>	<u>(10,344)</u>
	<u>\$ 1,410</u>	<u>\$ 2,968</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

Chapter members make contributions to their respective Chapters. These contributions are shared with the Organization. Chapter members may make their contributions to the Chapter itself or to the Organization, both of which may result in a due to/from affiliate balance.

At December 31, 2012, the Organization reported an allowance in the amount of \$8,500 related to an amount due from an affiliate.

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 2012 and 2011, the royalties paid were \$86,788 and \$87,051, respectively.

**THE MANKIND PROJECT USA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

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

	Balance, January 1, 2012	Temporarily Restricted Revenue	Released from Restrictions	Balance, December 31, 2012
Diversity Scholarship	\$ 5,280	\$ 2,275	\$ (3,850)	\$ 3,705
Fund the Plan	299,029	4,086	(167,103)	136,012
Tech and Marketing	-	5,000	-	5,000
Member Match	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
	<u>\$ 314,309</u>	<u>\$ 11,361</u>	<u>\$ (180,953)</u>	<u>\$ 144,717</u>

	Balance, January 1, 2011	Temporarily Restricted Revenue	Released from Restrictions	Balance, December 31, 2011
Diversity Scholarship	\$ 7,185	\$ 50	\$ (1,955)	\$ 5,280
Fund the Plan	20,000	384,754	(105,725)	299,029
Tech and Marketing	25,000	-	(25,000)	-
Member Match	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
	<u>\$ 52,185</u>	<u>\$ 394,804</u>	<u>\$ (132,680)</u>	<u>\$ 314,309</u>

NOTE 7 - BOARD DESIGNATED NET ASSETS

Board designated net assets, which are included in unrestricted net assets during the years are as follows:

	Balance, December 31, 2012	Balance, December 31, 2011
Elders	\$ 2,099	\$ -
I-Group Council	2,283	-
Multicultural	<u>4,303</u>	<u>4,093</u>
	<u>\$ 8,685</u>	<u>\$ 4,093</u>

**THE MANKIND PROJECT USA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 8 - CONTINGENCIES

Chapters which contributed to a certain Organization initiatives in 2010 were guaranteed that such funds would be refunded should the chapter face a financial shortfall. Total contributions were approximately \$312,000. No refunds have been requested to date by any Chapter.

NOTE 9 - SUBSEQUENT EVENT

During 2013, the Organization initiated an elective unification process in which the desired outcome will be that all Chapters will be merged into the Organization. As of August 29, 2013, two local chapters have merged with the Organization.