

**THE MANKIND PROJECT USA**

Financial Statements  
with Report of Independent Auditors  
Years ended December 31, 2013 and 2012

***Traveller &***  

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***Company, LLC***  
*Certified Public Accountants*  
*500 North Marketplace Drive, Suite 202*  
*Centerville, Utah 84014*

# **The ManKind Project USA**

## **Financial Statements**

**December 31, 2013 and 2012**

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# Traveller & Company LLC

*Certified Public Accountants*



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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, 2013, and the related statements of activities and cash flows for the year 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, 2013, and the changes in its net assets and its cash flows for the year 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.

### **Other Matter**

The financial statements of The ManKind Project USA as of December 31, 2012 were audited by other auditors whose report dated August 29, 2013 expressed an unmodified opinion on those statements.

*Traveller & Company, LLC*

Centerville, Utah  
July 22, 2014

**The ManKind Project USA**  
**Statements of Financial Position**  
December 31, 2013 and 2012

	2013	2012
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 340,983	\$ 341,534
Accounts receivable	11,831	2,245
Prepaid expenses	13,052	–
Total current assets	365,866	343,779
Property and equipment, net	705	1,410
Total assets	\$ 366,571	\$ 345,189
<b>Liabilities</b>		
Accounts payable	\$ 27,605	\$ 39,289
Deferred revenue	8,410	–
Due to affiliates, net	–	65,897
Total liabilities	36,015	105,186
<b>Net Assets</b>		
Unrestricted	269,204	95,286
Temporarily restricted	61,352	144,717
Total net assets	330,556	240,003
Total liabilities and net assets	\$ 366,571	\$ 345,189

*See Notes to Financial Statements.*

# The ManKind Project USA

## Statements of Activities

For the years ended December 31, 2013 and 2012

	Unrestricted	Temporarily Restricted	Total	
			2013	2012
Revenue				
Contributions	\$ 202,222	\$ 52,778	\$ 255,000	\$ 223,101
Contributions from unifying centers	140,537	–	140,537	–
Proceeds from fundraising events, net of direct benefit costs of \$17,352 and \$7,687, respectively	7,544	–	7,544	11,089
	<b>350,303</b>	<b>52,778</b>	<b>403,081</b>	<b>234,190</b>
Program revenue				
Training and other project fees	486,523	1,800	488,323	411,775
Events registration	46,999	3,387	50,386	9,759
	<b>533,522</b>	<b>5,187</b>	<b>538,709</b>	<b>421,534</b>
Other revenue	3,422	–	3,422	16,064
Net assets released from restrictions	141,330	(141,330)	–	–
Total revenues	<b>1,028,577</b>	<b>(83,365)</b>	<b>945,212</b>	<b>671,788</b>
Functional expenses:				
Program services	627,700	–	627,700	429,590
Management and general	178,402	–	178,402	192,319
Fundraising	48,557	–	48,557	90,837
Total expenses	<b>854,659</b>	<b>–</b>	<b>854,659</b>	<b>712,746</b>
Changes in net assets	<b>173,918</b>	<b>(83,365)</b>	<b>90,553</b>	<b>(40,958)</b>
Net assets – beginning of fiscal year	<b>95,286</b>	<b>144,717</b>	<b>240,003</b>	<b>280,961</b>
Net assets – end of fiscal year	<b>\$ 269,204</b>	<b>\$ 61,352</b>	<b>\$ 330,556</b>	<b>\$ 240,003</b>

See Notes to Financial Statements.

# The ManKind Project USA

## Statements of Cash Flows

For the years ended December 31, 2013 and 2012

	2013	2012
<b>Operating activities:</b>		
Changes in net assets	\$ 90,553	\$ (40,958)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	705	1,558
Change in allowance for doubtful accounts	–	8,500
Changes in assets and liabilities:		
Accounts receivable	(9,586)	7,755
Prepaid expenses	(13,052)	–
Accounts payable	(11,684)	(17,749)
Deferred revenue	8,410	
Accrued expenses	–	(19,812)
Due to affiliates, net	(65,897)	48,955
Net cash used in operating activities	(551)	(11,751)
Net decrease in cash and cash equivalents	(551)	(11,751)
Cash and cash equivalents at beginning of year	341,534	353,285
Cash and cash equivalents at end of year	\$ 340,983	\$ 341,534

### Supplemental cash flow information

Cash paid for interest by the Organization during the years ended December 31, 2013 and 2012 was \$0 and \$1,146, respectively.

*See Notes to Financial Statements.*

# The ManKind Project USA

## Notes to Financial Statements

December 31, 2013 and 2012

### 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 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.

### 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” and FASB ASC 958-10-20, “Accounting for Contributions Received and Contributions Made.” 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, 2013 and 2012.



# **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, 2013 and 2012 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 year ended December 31, 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, 2010 and subsequent remain subject to examination by the Internal Revenue Service.

#### **Fair Value Disclosure**

At December 31, 2013 and 2012, 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.

#### Subsequent Events

The Center has evaluated subsequent events through July 22, 2014, the date which the financial statements were available to be issued.

### 3. Accounts Receivable

The accounts receivable represent monies due from members. As of December 31, 2013 and 2012, 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:

	<b>2013</b>	<b>2012</b>
Computers	\$ 10,677	\$ 10,677
Furniture	2,635	2,635
	<b>13,312</b>	13,312
Less accumulated depreciation	<b>(12,607)</b>	(11,902)
	<b>\$ 705</b>	<b>\$ 1,410</b>

Depreciation expense for the years ended December 31, 2013 and 2012 was \$705 and \$1,558, respectively.

### 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, 2013 and 2012, the Organization reported an allowance in the amount of \$0 and \$8,500, respectively, 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 2013 and 2012, the royalties paid were \$117,754 and \$86,788, respectively. These amounts are included in the Royalties expense on the accompanying statements of functional expenses.

# The ManKind Project USA

## Notes to Financial Statements

### 6. Temporarily Restricted Net Assets

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

	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>

	Balance December 31, 2011	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
IT Fund	—	5,000	—	5,000
Member Match Fund	10,000	—	(10,000)	—
	<u>\$ 314,309</u>	<u>\$ 11,361</u>	<u>\$ (180,953)</u>	<u>\$ 144,717</u>

### 7. Board Designated Net Assets

During 2013, the board designated \$38,000 of unrestricted net assets as a cash reserve account that unifying centers can draw on as needed.

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

	2013	2012
Multicultural	\$ 5,533	\$ 4,303
Unification reserve credits	38,000	—
Board Travel	10,032	—
Elders	2,790	2,099
I-Group Council	2,782	2,283
	<u>\$ 59,137</u>	<u>\$ 8,685</u>

# Supplemental Information

**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
<b>Total expenses</b>	<b>\$ 627,700</b>	<b>\$ 178,402</b>	<b>\$ 48,557</b>	<b>\$ 854,659</b>

**The ManKind Project USA**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2012**

	Program Services	Management and General	Fundraising	Total
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
Total expenses	\$ 429,590	\$ 192,319	\$ 90,837	\$ 712,746