

THE MANKIND PROJECT USA

Financial Statements
with Report of Independent Auditors
Years ended December 31, 2015 and 2014

Traveller &

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The ManKind Project USA

Financial Statements

December 31, 2015 and 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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.

Report of Supplemental Information

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

November 10, 2016

The ManKind Project USA
Statements of Financial Position
December 31, 2015 and 2014

Assets:	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 812,412	\$ 751,324
Accounts receivable	49,174	49,305
Prepaid expenses	25,694	20,403
Total current assets	<u>887,280</u>	821,032
Property and equipment, net	<u>7,332</u>	12,719
Total assets	<u><u>\$ 894,612</u></u>	<u><u>\$ 833,751</u></u>
Liabilities:		
Accounts payable and accruals	\$ 19,538	\$ 23,561
Deferred revenue	65,375	61,352
Total liabilities	<u>84,913</u>	84,913
Net Assets:		
Unrestricted	499,742	506,224
Temporarily restricted	309,957	242,614
Total net assets	<u>809,699</u>	748,838
Total liabilities and net assets	<u><u>\$ 894,612</u></u>	<u><u>\$ 833,751</u></u>

See accompanying notes

The ManKind Project USA
Statements of Activities
For the years ended December 31, 2015 and 2014

	Temporarily		Total	
	Unrestricted	Restricted	2015	2014
Revenue				
Contributions	\$ 500,918	\$ 163,063	\$ 663,981	\$ 664,991
Contributions from unifying centers	17,508	—	17,508	334,702
Proceeds from fundraising events net of direct benefit costs of \$0 and \$5,105, respectively	—	—	—	(654)
	518,426	163,063	681,489	999,039
Program revenue				
Support fee income	424,325	—	424,325	—
Training and other project fees	1,601,747	—	1,601,747	1,307,110
Events registration	39,126	—	39,126	113,425
	2,583,624	163,063	2,746,687	2,419,574
Other revenue	7,054	—	7,054	25,767
Net assets released from restrictions	95,720	(95,720)	—	—
Total revenues	2,686,398	67,343	2,753,741	2,445,341
Functional expense:				
Program services	1,883,120	—	1,883,120	1,348,014
Management and general	743,252	—	743,252	669,679
Fundraising	66,508	—	66,508	9,366
Total expenses	2,692,880	—	2,692,880	2,027,059
Changes in net assets	(6,482)	67,343	60,861	418,282
Net assets - beginning of year	506,224	242,614	748,838	330,556
Net assets - end of year	\$ 499,742	\$ 309,957	\$ 809,699	\$ 748,838

See accompanying notes

The ManKind Project USA
Statements of Cash Flows
December 31, 2015 and 2014

Operating activities:	<u>2015</u>	<u>2014</u>
Changes in net assets	\$ 60,861	\$ 418,282
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,387	4,147
Changes in assets and liabilities:		
Accounts receivable	131	(37,474)
Prepaid expenses	(5,291)	(7,351)
Accounts payable	(4,023)	(4,044)
Deferred revenue	4,023	52,942
Net cash provided by (used in) operating activities	<u>61,088</u>	426,502
Investing activities:		
Purchase of property and equipment	\$ —	\$ (16,161)
Net increase (decrease) in cash and cash equivalents	61,088	410,341
Cash and cash equivalents at beginning of year	<u>751,324</u>	340,983
Cash and cash equivalents at end of year	<u>\$ 812,412</u>	<u>\$ 751,324</u>

See accompanying notes

The ManKind Project USA

Notes to Financial Statements

December 31, 2015 and 2014

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”).

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, 2015 and 2014.

Cash and Cash Equivalents

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

The ManKind Project USA

Notes to Financial Statements

2. Significant Accounting Policies (continued)

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, 2015 and 2014 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, 2015 and 2014. 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, 2012 and subsequent remain subject to examination by the Internal Revenue Service.

Fair Value Disclosure

At December 31, 2015 and 2014, 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 Organization has evaluated subsequent events through November 10, 2016, 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, 2015 and 2014, 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:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 29,473	\$ 29,473
Less accumulated depreciation	<u>(22,141)</u>	<u>(16,754)</u>
	<u>\$ 7,332</u>	<u>\$ 12,719</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$5,387 and \$4,147, respectively.

5. Temporarily Restricted Net Assets

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

	Balance December 31, 2014	Temporarily Restricted Revenue	Released from Restrictions	Balance December 31, 2015
Constituencies	\$ 7,751	\$ 9,631	\$ (6,402)	\$ 10,980
Support services	27,619	14,401	(10,896)	31,124
Area funds	207,244	139,031	(78,422)	267,853
	<u>\$ 242,614</u>	<u>\$ 163,063</u>	<u>\$ (95,720)</u>	<u>\$ 309,957</u>

	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
	<u>\$ 61,352</u>	<u>\$ 299,906</u>	<u>\$ (118,644)</u>	<u>\$ 242,614</u>

The ManKind Project USA

Notes to Financial Statements

6. Board Designated Net Assets

Board designated net assets are included in unrestricted net assets and consisted of the following at December 31, 2015 and 2014:

	2015		2014
Multicultural	\$ 5,533	\$	5,533
Unification reserve credits	38,000		38,000
Lodge Keepers Society International	8,131		—
North American Leader Body	66,658		—
Board Travel	5,125		6,178
Elders	859		859
	\$ 124,306	\$	50,570

Supplemental Information

The ManKind Project USA
Statement of Functional Expenses
For the year ended December 31, 2015

	Program Services	Management and General	Fundraising	Total
Awards	\$ 5,592	\$ —	\$ —	\$ 5,592
Bank charges	—	44,799	—	44,799
Conferences and meetings	1,267,304	—	—	1,267,304
Corporate registrations	—	4,213	—	4,213
Depreciation	—	5,387	—	5,387
Donor relations	—	—	7,191	7,191
Insurance	—	120,283	—	120,283
Marketing	11,453	—	—	11,453
Payroll taxes	—	38,243	—	38,243
Professional fees	90,440	174,550	59,317	324,307
Royalties	8,361	—	—	8,361
Salaries	104,305	341,715	—	446,020
Supplies	153,788	723	—	154,511
Travel	152,310	13,339	—	165,649
Utilities	8,073	—	—	8,073
Website	81,494	—	—	81,494
Total expense	\$ 1,883,120	\$ 743,252	\$ 66,508	\$ 2,692,880

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 expense	\$ 1,348,014	\$ 669,679	\$ 9,366	\$ 2,027,059