

THE MANKIND PROJECT USA

Financial Statements
with Report of Independent Auditors
Years ended December 31, 2016 and 2015

Traveller &

Company, LLC
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The ManKind Project USA

Financial Statements

December 31, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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 schedules 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

September 28, 2017

The ManKind Project USA
Statements of Financial Position
December 31, 2016 and 2015

Assets:	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 769,010	\$ 812,412
Accounts receivable	111,478	49,174
Prepaid expenses	31,150	25,694
	<hr/>	<hr/>
Total current assets	911,638	887,280
Property and equipment, net	1,945	7,332
	<hr/>	<hr/>
Total assets	<u>\$ 913,583</u>	<u>\$ 894,612</u>
Liabilities:		
Accounts payable and accruals	\$ 20,060	\$ 19,538
Deferred revenue	95,012	65,375
	<hr/>	<hr/>
Total liabilities	115,072	84,913
Net Assets:		
Unrestricted	459,729	499,742
Temporarily restricted	338,782	309,957
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Total net assets	798,511	809,699
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 913,583</u>	<u>\$ 894,612</u>

See accompanying notes.

The ManKind Project USA
Statements of Activities
For the years ended December 31, 2016 and 2015

	Temporarily		Total	
	Unrestricted	Restricted	2016	2015
Revenue				
Contributions	\$ 535,771	\$ 155,653	\$ 691,424	\$ 663,981
Contributions from unifying centers	26,139	—	26,139	17,508
	561,910	155,653	717,563	681,489
Program revenue				
Support fee income	394,275	—	394,275	424,325
Training and other project fees	1,495,607	—	1,495,607	1,601,747
Events registration	33,683	—	33,683	39,126
	2,485,475	155,653	2,641,128	2,746,687
Other revenue	29,895	—	29,895	7,054
Net assets released from restrictions	126,828	(126,828)	—	—
Total revenues	2,642,198	28,825	2,671,023	2,753,741
Functional expense:				
Program services	1,981,419	—	1,981,419	1,883,120
Management and general	592,870	—	592,870	743,252
Fundraising	107,922	—	107,922	66,508
Total expenses	2,682,211	—	2,682,211	2,692,880
Changes in net assets	(40,013)	28,825	(11,188)	60,861
Net assets - beginning of year	499,742	309,957	809,699	748,838
Net assets - end of year	\$ 459,729	\$ 338,782	\$ 798,511	\$ 809,699

See accompanying notes.

The ManKind Project USA
Statements of Cash Flows
December 31, 2016 and 2015

Operating activities:	<u>2016</u>	<u>2015</u>
Changes in net assets	\$ (11,188)	\$ 60,861
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,387	5,387
Changes in assets and liabilities:		
Accounts receivable	(62,304)	131
Prepaid expenses	(5,456)	(5,291)
Accounts payable	522	(4,023)
Deferred revenue	29,637	4,023
Net cash provided by (used in) operating activities	<u>(43,402)</u>	61,088
Net increase (decrease) in cash and cash equivalents	(43,402)	61,088
Cash and cash equivalents at beginning of year	<u>812,412</u>	751,324
Cash and cash equivalents at end of year	<u>\$ 769,010</u>	<u>\$ 812,412</u>

See accompanying notes.

The ManKind Project USA

Notes to Financial Statements

December 31, 2016 and 2015

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, 2016 and 2015.

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, 2016 and 2015 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, 2016 and 2015. 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, 2013 and subsequent remain subject to examination by the Internal Revenue Service.

Fair Value Disclosure

At December 31, 2016 and 2015, 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 September 28, 2017, 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, 2016 and 2015, 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:

	2016	2015
Furniture and fixtures	\$ 29,473	\$ 29,473
Less accumulated depreciation	(27,528)	(22,141)
	\$ 1,945	\$ 7,332

Depreciation expense for both years ended December 31, 2016 and 2015 was \$5,387.

5. Temporarily Restricted Net Assets

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

	Balance December 31, 2015	Temporarily Restricted Revenue	Released from Restrictions	Balance December 31, 2016
Constituencies	\$ 10,980	\$ 4,572	\$ (4,250)	\$ 11,302
Support services	31,124	16,664	(11,079)	36,709
Area funds	267,853	134,417	(111,499)	290,771
	\$ 309,957	\$ 155,653	\$ (126,828)	\$ 338,782

	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
	\$ 242,614	\$ 163,063	\$ (95,720)	\$ 309,957

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, 2016 and 2015:

	2016	2015
UNY Elder Fund	\$ 2,161	\$ —
North American Leader Body	66,658	66,658
Lodge Keepers Society International	12,133	8,131
Elder Fund	5,245	859
Multicultural	5,533	5,533
Board Travel	1,204	5,125
Unification reserve credits	38,000	38,000
	\$ 130,934	\$ 124,306

Supplemental Information

The ManKind Project USA
Schedule of Functional Expenses
For the year ended December 31, 2016

	Program Services	Management and General	Fundraising	Total
Awards	\$ 1,200	\$ —	\$ —	\$ 1,200
Bank charges	—	46,891	—	46,891
Conferences and meetings	1,244,910	—	—	1,244,910
Corporate registrations	—	5,860	—	5,860
Depreciation	—	5,387	—	5,387
Donor relations	—	—	3,640	3,640
Insurance	—	108,822	—	108,822
Marketing	6,630	—	—	6,630
Payroll taxes	—	28,575	—	28,575
Professional fees	115,639	106,649	104,282	326,570
Royalties	15,104	16,923	—	32,027
Salaries	201,407	270,517	—	471,924
Scholarships	50	—	—	50
Supplies	156,552	—	—	156,552
Travel	158,817	3,246	—	162,063
Utilities	11,452	—	—	11,452
Website	69,658	—	—	69,658
Total expense	\$ 1,981,419	\$ 592,870	\$ 107,922	\$ 2,682,211

The ManKind Project USA
Schedule 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	<u>\$ 1,883,120</u>	<u>\$ 743,252</u>	<u>\$ 66,508</u>	<u>\$ 2,692,880</u>