

**THE MANKIND PROJECT USA**

Financial Statements  
with Report of Independent Auditors  
Years ended December 31, 2017 and 2016

***Traveller &***  

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***Company, LLC***  
*Certified Public Accountants*  
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*Centerville, Utah 84014*

# **The ManKind Project USA**

## **Financial Statements**

**December 31, 2017 and 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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*

July 17, 2018

**The ManKind Project USA**  
**Statements of Financial Position**  
**December 31, 2017 and 2016**

| <b>Assets:</b>  | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| Current assets:   |                   |                   |
| Cash and cash equivalents   | \$ 857,821        | \$ 769,010        |
| Accounts receivable, net of allowance of \$15,731<br>and \$0 in 2017 and 2016, respectively | 94,290            | 111,478           |
| Prepaid expenses  | <u>23,136</u>     | <u>31,150</u>     |
| Total current assets  | 975,247           | 911,638           |
| Property and equipment, net   | <u>—</u>          | <u>1,945</u>      |
| Total assets  | <u>\$ 975,247</u> | <u>\$ 913,583</u> |
| <b>Liabilities:</b>   |                   |                   |
| Accounts payable and accruals   | \$ 68,258         | \$ 20,060         |
| Deferred revenue  | <u>121,727</u>    | <u>95,012</u>     |
| Total liabilities   | 189,985           | 115,072           |
| <b>Net Assets:</b>  |                   |                   |
| Unrestricted  | 434,134           | 459,729           |
| Temporarily restricted  | <u>351,128</u>    | <u>338,782</u>    |
| Total net assets  | <u>785,262</u>    | <u>798,511</u>    |
| Total liabilities and net assets  | <u>\$ 975,247</u> | <u>\$ 913,583</u> |

See accompanying notes.

**The ManKind Project USA**  
**Statements of Activities**  
**For the years ended December 31, 2017 and 2016**

|                                       | Temporarily  |            | Total      |            |
|---------------------------------------|--------------|------------|------------|------------|
|                                       | Unrestricted | Restricted | 2017       | 2016       |
| Revenue                               |              |            |            |            |
| Contributions                         | \$ 552,683   | \$ 171,214 | \$ 723,897 | \$ 691,286 |
| Contributions from unifying centers   | —            | —          | —          | 26,139     |
| Total contributions                   | 552,683      | 171,214    | 723,897    | 717,425    |
| Program revenue                       |              |            |            |            |
| Support fee income                    | 393,950      | —          | 393,950    | 394,275    |
| Training and other project fees       | 1,451,840    | —          | 1,451,840  | 1,495,607  |
| Events registration                   | 53,214       | —          | 53,214     | 33,683     |
| Total program revenue                 | 1,899,004    | —          | 1,899,004  | 1,923,565  |
| Other revenue                         | 21,266       | —          | 21,266     | 30,033     |
| Net assets released from restrictions | 158,868      | (158,868)  | —          | —          |
| Total revenues                        | 2,631,821    | 12,346     | 2,644,167  | 2,671,023  |
| Functional expense:                   |              |            |            |            |
| Program services                      | 1,896,380    | —          | 1,896,380  | 1,981,419  |
| Management and general                | 646,176      | —          | 646,176    | 592,870    |
| Fundraising                           | 114,860      | —          | 114,860    | 107,922    |
| Total functional expenses             | 2,657,416    | —          | 2,657,416  | 2,682,211  |
| Changes in net assets                 | (25,595)     | 12,346     | (13,249)   | (11,188)   |
| Net assets - beginning of year        | 459,729      | 338,782    | 798,511    | 809,699    |
| Net assets - end of year              | \$ 434,134   | \$ 351,128 | \$ 785,262 | \$ 798,511 |

See accompanying notes.

**The ManKind Project USA**  
**Statements of Cash Flows**  
**December 31, 2017 and 2016**

| <b>Operating activities:</b>   | <u>2017</u>       | <u>2016</u>       |
|--|-------------------|-------------------|
| Changes in net assets  | \$ (13,249)       | \$ (11,188)       |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: |                   |                   |
| Allowance for doubtful accounts  | 15,731            | —                 |
| Depreciation and amortization  | 1,945             | 5,387             |
| Changes in assets and liabilities:   |                   |                   |
| Accounts receivable  | 1,457             | (62,304)          |
| Prepaid expenses   | 8,014             | (5,456)           |
| Accounts payable   | 48,198            | 522               |
| Deferred revenue   | 26,715            | 29,637            |
|  | <u>88,811</u>     | <u>(43,402)</u>   |
| Net cash provided by (used in) operating activities  | <u>88,811</u>     | <u>(43,402)</u>   |
| Net increase (decrease) in cash and cash equivalents   | 88,811            | (43,402)          |
| Cash and cash equivalents at beginning of year   | <u>769,010</u>    | 812,412           |
| Cash and cash equivalents at end of year   | <u>\$ 857,821</u> | <u>\$ 769,010</u> |

See accompanying notes.

# The ManKind Project USA

## Notes to Financial Statements

December 31, 2017 and 2016

### 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-seven 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, 2017 and 2016.

#### 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, 2017 and 2016 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, 2017 and 2016. 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, 2014 and subsequent remain subject to examination by the Internal Revenue Service.

#### Fair Value Disclosure

At December 31, 2017 and 2016, 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 July 17, 2018, the date which the financial statements were available to be issued.

### 3. Accounts Receivable

The accounts receivable consisted of monies due from members and are deemed to be collectible.

# 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>2017</u>     | <u>2016</u>     |
|-------------------------------|-----------------|-----------------|
| Furniture and fixtures        | \$ 29,473       | \$ 29,473       |
| Less accumulated depreciation | <u>(29,473)</u> | <u>(27,528)</u> |
|                               | <u>\$ —</u>     | <u>\$ 1,945</u> |

Depreciation expense for the years ended December 31, 2017 and 2016 was \$1,945 and \$5,387, respectively.

### 5. Temporarily Restricted Net Assets

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

|                         | <b>Balance<br/>December 31,<br/>2016</b> | <b>Temporarily<br/>Restricted<br/>Revenue</b> | <b>Released<br/>from<br/>Restrictions</b> | <b>Balance<br/>December 31,<br/>2017</b> |
|-------------------------|--|---|---|--|
| <b>Constituencies</b>   | \$ 11,302                                | \$ 8,462                                      | \$ (3,929)                                | \$ 15,835                                |
| <b>Support services</b> | 36,709                                   | 26,265  | (28,740)                                  | 34,234                                   |
| <b>Area funds</b>       | 290,771                                  | 136,487                                       | (126,199)                                 | 301,059                                  |
|                         | <u>\$ 338,782</u>                        | <u>\$ 171,214</u>                             | <u>\$ (158,868)</u>                       | <u>\$ 351,128</u>                        |

|                  | <b>Balance<br/>December 31,<br/>2015</b> | <b>Temporarily<br/>Restricted<br/>Revenue</b> | <b>Released from<br/>Restrictions</b> | <b>Balance<br/>December 31,<br/>2016</b> |
|------------------|--|---|---------------------------------------|--|
| 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                                  |
|                  | <u>\$ 309,957</u>                        | <u>\$ 155,653</u>                             | <u>\$ (126,828)</u>                   | <u>\$ 338,782</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, 2017 and 2016:

|                                     | <b>2017</b>       |    | <b>2016</b>    |
|-------------------------------------|-------------------|----|----------------|
| UNY Elder Fund                      | \$ 585            | \$ | 2,161          |
| North American Leader Body          | <b>53,158</b>     |    | 66,658         |
| Lodge Keepers Society International | <b>7,172</b>      |    | 12,133         |
| Elder Fund                          | <b>2,314</b>      |    | 5,245          |
| Multicultural                       | <b>5,533</b>      |    | 5,533          |
| Board Travel                        | <b>1,204</b>      |    | 1,204          |
| Unification reserve credits         | <b>38,000</b>     |    | 38,000         |
|                                     | <b>\$ 107,966</b> | \$ | <b>130,934</b> |

# Supplemental Information

**The ManKind Project USA**  
**Schedule of Functional Expenses**  
**For the year ended December 31, 2017**

|                          | <b>Program<br/>Services</b> | <b>Management<br/>and General</b> | <b>Fundraising</b> | <b>Total</b>        |
|--------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Bad debt                 | \$ 36,007                   | \$ —                              | \$ —               | \$ 36,007           |
| Bank charges             | —                           | 51,779                            | —                  | 51,779              |
| Conferences and meetings | 1,236,582                   | —                                 | —                  | 1,236,582           |
| Corporate registrations  | —                           | 5,449                             | —                  | 5,449               |
| Depreciation             | —                           | 1,945                             | —                  | 1,945               |
| Donor relations          | —                           | —                                 | 11,778             | 11,778              |
| Insurance                | —                           | 110,423                           | —                  | 110,423             |
| Marketing                | 35,824                      | —                                 | —                  | 35,824              |
| Payroll taxes            | 252                         | 38,422                            | —                  | 38,674              |
| Professional fees        | 109,450                     | 117,256                           | 103,082            | 329,788             |
| Royalties                | 19,381                      | 2,794                             | —                  | 22,175              |
| Salaries                 | 149,636                     | 277,463                           | —                  | 427,099             |
| Supplies                 | 135,686                     | —                                 | —                  | 135,686             |
| Travel                   | 166,592                     | 500                               | —                  | 167,092             |
| Utilities                | 6,970                       | —                                 | —                  | 6,970               |
| Website                  | —                           | 40,145                            | —                  | 40,145              |
| <b>Total expense</b>     | <b>\$ 1,896,380</b>         | <b>\$ 646,176</b>                 | <b>\$ 114,860</b>  | <b>\$ 2,657,416</b> |

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

|                          | <b>Program<br/>Services</b> | <b>Management<br/>and General</b> | <b>Fundraising</b> | <b>Total</b>        |
|--------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| 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              |
| <b>Total expense</b>     | <b>\$ 1,981,419</b>         | <b>\$ 592,870</b>                 | <b>\$ 107,922</b>  | <b>\$ 2,682,211</b> |