

THE MANKIND PROJECT USA

Financial Statements

*December 31, 2022 and 2021
with Report of Independent Auditors*

Traveller &

Company, LLC

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

The ManKind Project USA

Financial Statements

December 31, 2022 and 2021

Contents

Report of Independent Auditors	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities.....	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8

Report of Independent Auditors

The Board of Directors
The ManKind Project USA
Chicago, IL

We have audited the accompanying financial statements of The ManKind Project USA (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The ManKind Project USA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The ManKind Project USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ManKind Project USA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The ManKind Project USA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Traveller & Company, LLC

November 6, 2023

The ManKind Project USA
Statements of Financial Position
December 31, 2022 and 2021

Assets:	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,566,735	\$ 1,606,504
Accounts receivable, net of allowance of \$3,656 and \$3,735 in 2022 and 2021, respectively	4,441	3,307
Prepaid expenses	<u>16,034</u>	<u>19,144</u>
Total current assets	1,587,210	1,628,955
Property and equipment, net	13,225	20,912
Right-of-use Asset	<u>44,313</u>	<u>—</u>
Total assets	<u>\$ 1,644,748</u>	<u>\$ 1,649,867</u>
Liabilities:		
Current Liabilities:		
Accounts payable and accruals	\$ 53,025	\$ 16,441
Deferred revenue	70,769	170,619
Accrued interest - notes payable	—	2,441
Notes payable - current portion	3,643	3,544
Lease liability - current portion	<u>12,529</u>	<u>—</u>
Total current liabilities	139,966	193,045
Notes payable - less current portion	145,254	146,456
Lease liability - less current portion	<u>31,784</u>	<u>—</u>
Total liabilities	317,004	339,501
Net Assets:		
Net assets without donor restrictions	574,474	577,589
Net assets with donor restrictions	<u>753,270</u>	<u>732,777</u>
Total net assets	<u>1,327,744</u>	<u>1,310,366</u>
Total liabilities and net assets	<u>\$ 1,644,748</u>	<u>\$ 1,649,867</u>

See accompanying notes to financial statements.

The ManKind Project USA
Statements of Activities
For the years ended December 31, 2021 and 2020

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue						
Contributions	\$ 653,625	\$ 161,859	\$ 815,484	\$ 814,720	\$ 291,332	\$ 1,106,052
Program revenue						
Support fee income	168,083	—	168,083	53,474	—	53,474
Training and other project fees	856,930	—	856,930	226,378	—	226,378
Events registration	3,181	—	3,181	7,215	—	7,215
Total program revenue	1,028,194	—	1,028,194	287,067	—	287,067
Other revenue	27,960	—	27,960	7,032	—	7,032
PPP loan forgiveness	—	—	—	88,855	—	88,855
Net assets released from restrictions	141,366	(141,366)	—	176,696	(176,696)	—
Total revenues	1,851,145	20,493	1,871,638	1,374,370	114,636	1,489,006
Functional expense:						
Program services	1,201,847	—	1,201,847	541,116	—	541,116
Management and general	551,371	—	551,371	683,255	—	683,255
Fundraising	101,042	—	101,042	84,891	—	84,891
Total functional expenses	1,854,260	—	1,854,260	1,309,262	—	1,309,262
Changes in net assets	(3,115)	20,493	17,378	65,108	114,636	179,744
Net assets - beginning of year	577,589	732,777	1,310,366	512,481	618,141	1,130,622
Net assets - end of year	\$ 574,474	\$ 753,270	\$ 1,327,744	\$ 577,589	\$ 732,777	\$ 1,310,366

See accompanying notes to financial statements. .

The ManKind Project USA
Statement of Functional Expenses
For the year ended December 31, 2022

	<u>Program Services Expenses</u>			Management and General	Fundraising	Total Expenses
	Training	Societies	Total			
Bank charges	\$ 24,061	\$ 1,418	\$ 25,479	\$ 13,143	\$ 6,341	\$ 44,963
Conferences and meetings	603,282	11,772	615,054	—	—	615,054
Corporate registrations	—	—	—	8,791	—	8,791
Depreciation	—	—	—	7,687	—	7,687
Insurance	23,642	—	23,642	35,363	—	59,005
Marketing	—	—	—	25,021	—	25,021
Payroll taxes	14,702	1,367	16,069	18,122	—	34,191
Professional fees	177,302	14,500	191,802	127,297	94,701	413,800
Salaries	100,148	44,141	144,289	274,885	—	419,174
Supplies	107,941	2,185	110,126	1,357	—	111,483
Travel	53,004	12,787	65,791	495	—	66,286
Utilities	4,246	—	4,246	—	—	4,246
Website	—	—	—	34,462	—	34,462
Awards	—	—	—	600	—	600
Bad debt	5,349	—	5,349	—	—	5,349
Interest	—	—	—	4,148	—	4,148
Total functional expenses	<u>\$ 1,113,677</u>	<u>\$ 88,170</u>	<u>\$ 1,201,847</u>	<u>\$ 551,371</u>	<u>\$ 101,042</u>	<u>\$ 1,854,260</u>

See accompanying notes to financial statements.

The ManKind Project USA
Statement of Functional Expenses
For the year ended December 31, 2021

	<u>Program Services Expenses</u>			Management and General	Fundraising	Total Expenses
	Training	Societies	Total			
Bank charges	\$ 4,299	\$ 274	\$ 4,573	\$ 18,710	\$ 5,859	\$ 29,142
Conferences and meetings	215,436	7,560	222,996	—	—	222,996
Corporate registrations	—	—	—	12,127	—	12,127
Depreciation	—	—	—	1,520	—	1,520
Donor relations	—	—	—	—	930	930
Insurance	—	—	—	68,166	—	68,166
Marketing	1,790	65	1,855	22,435	—	24,290
Payroll taxes	10,108	—	10,108	30,759	—	40,867
Professional fees	126,398	20,689	147,087	128,538	78,102	353,727
Royalties/license fees	634	—	634	—	—	634
Salaries	114,969	—	114,969	349,832	—	464,801
Supplies	34,034	638	34,672	3,223	—	37,895
Travel	861	164	1,025	—	—	1,025
Utilities	3,197	—	3,197	—	—	3,197
Website	—	—	—	43,732	—	43,732
Interest	—	—	—	4,213	—	4,213
Total functional expenses	\$ 511,726	\$ 29,390	\$ 541,116	\$ 683,255	\$ 84,891	\$ 1,309,262

See accompanying notes to financial statements.

The ManKind Project USA
Statements of Cash Flows
December 31, 2022 and 2021

Operating activities:	2022	2021
Changes in net assets	\$ 17,378	\$ 179,744
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Allowance for doubtful accounts	(79)	(125)
Depreciation and amortization	7,687	1,520
Changes in assets and liabilities:		
Accounts receivable	(1,055)	(2,586)
Prepaid expenses	3,110	(4,386)
Accounts payable	36,584	1,900
Deferred revenue	(99,850)	11,450
Accrued interest	(2,441)	367
PPP loan forgiveness	—	(88,855)
Net cash provided by (used in) operating activities	(38,666)	99,029
Investing activities:		
Purchases of fixed assets	—	(20,700)
Net cash used in investing activities	—	(20,700)
Financing activities:		
Payments on long-term debt	(1,103)	—
Net cash used in financing activities	(1,103)	—
Net increase (decrease) in cash and cash equivalents	(39,769)	78,329
Cash and cash equivalents at beginning of year	1,606,504	1,528,175
Cash and cash equivalents at end of year	\$ 1,566,735	\$ 1,606,504
 Supplemental disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 4,148	4,213

See accompanying notes to financial statements.

The ManKind Project USA
Notes to Financial Statements
December 31, 2022 and 2021

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-four U.S.-based local chapters.

2. Significant Accounting Policies

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). ASU 2016-02 requires a lessee to recognize assets and liabilities on the balance sheet for all leases with lease terms greater than 12 months. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021, and early adoption is permitted. Accordingly, ASU 2016-02 is effective for the Organization’s year ending December 31, 2022, using a modified retrospective approach. Refer to Note 7.

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

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors.

Net assets with donor restrictions – Net assets subject to restrictions imposed by donors and/or grantors. Net assets with donor restrictions as of December 31, 2022 and 2021, totaled \$753,270 and \$732,77, respectively.

The ManKind Project USA

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Net Assets (continued)

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the required time period has elapsed) are reported as net assets released from restrictions.

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, 2022 and 2021 is recorded as deferred revenue.

Functional Expenses

The Organization allocates its expenses on a functional basis among its 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, 2022 and 2021. 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.

Management believes the Organization has taken no tax positions that more likely than not would not be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization’s federal and state income tax and informational returns for tax years ending December 31, 2019 and subsequent remain subject to examination by the Internal Revenue Service.

The ManKind Project USA

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Fair Value Disclosure

At December 31, 2022 and 2021, the Organization's financial instruments approximate fair value.

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

The Organization maintains cash in bank deposit accounts which, at times, exceed federally insured limits. To date, the Organization has not experienced a loss or a lack of access to its invested cash; however, no assurance can be provided that access to the Organization's cash will not be impacted by adverse conditions in the financial markets.

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.

Commitments and Contingencies

The Organization continues to rebound from the impact of the COVID-19 pandemic, which began in 2020. During 2022, events and other activities held by the Organization have increased, and Management believes that the adjustments made to the operations and goals of the Organization during and after the pandemic will result in continued success.

The ManKind Project USA
Notes to Financial Statements

2. Significant Accounting Policies (continued)

Subsequent Events

The Organization has evaluated subsequent events through November 6, 2023, the date on which the financial statements were available to be issued.

3. Liquidity Matters and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprised the following as of December 31:

	<u>2022</u>	<u>2021</u>
Total cash available	\$ 1,566,735	\$ 1,606,504
Less restricted cash	<u>(1,020,449)</u>	<u>(929,303)</u>
Net cash available	\$ 546,286	\$ 677,201
Less Board-designated funds for future use	<u>(256,955)</u>	<u>(269,653)</u>
Net cash available	<u>\$ 289,331</u>	<u>\$ 407,548</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to manage its available funds. The Organization relies on contributions, contracts, and grants to fund its operations. The Organization's source of liquidity is its cash balances.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a budget and anticipates recognizing sufficient revenue in the form of contributions or payments for services rendered to cover a substantial portion of operating expenditures. Refer to the Statements of Cash Flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for the years ended December 31, 2022 and 2021.

4. Accounts Receivable

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

The ManKind Project USA
Notes to Financial Statements

5. Property and Equipment

Property and equipment are recorded at cost and consisted of the following at December 31:

	2022	2021
Furniture and fixtures	\$ 53,007	\$ 53,007
Less accumulated depreciation	(39,782)	(32,095)
	\$ 13,225	\$ 20,912

Depreciation expense for the years ended December 31, 2022 and 2021 was \$7,687 and \$1,520, respectively.

6. Notes Payable

During 2020, the Organization received funding of \$88,855 under the Paycheck Protection Program. The amount was fully forgiven in 2021 and is included in other income on the accompanying financial statements.

Also, during 2020, the Organization also received an Economic Injury Disaster Loan through the Small Business Administration in the amount of \$150,000. Monthly repayments on the loan began in July 2021 in the amount of \$641, including interest at 2.75%. Accrued interest for the year ended December 31, 2021 was \$2,441 and is included on the accompanying financial statements.

Future minimum principal payments are as follows:

<u>Year ending December 31:</u>		
2023	\$	3,643
2024		3,744
2025		3,849
2026		3,956
2027		4,066
Thereafter		129,639
	\$	148,897

The ManKind Project USA

Notes to Financial Statements

7. Operating lease

The Company accounts for leases in accordance with FASB ASC 842. The Company is a lessee in a noncancellable operating lease for office space. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company determines if an arrangement conveys the right to use an identified asset and whether the Company obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Company recognized a lease liability and Right-of-Use asset at the commencement date of the lease.

At December 31, 2022, an operating lease ROU asset and related current and long-term portions of operating lease liabilities have been presented on the December 31, 2022 Balance Sheet.

Lease liabilities. A lease liability is measured based on the present value of its future lease payments. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Company uses its incremental borrowing rate. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographical location. The Company determines its incremental borrowing rate by starting with the interest rate on recent borrowings and other observable market rates and adjusts that rate to reflect differences in the amount of collateral and the payment terms of the lease.

ROU assets. A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the term of the lease.

Leases. In July 2021, the Organization entered into a five-year operating lease for rental of storage space through June 2026. The Organization classifies this lease as an operating lease and has included a right-of-use asset and a lease liability on the accompanying financial statements.

The ManKind Project USA
Notes to Financial Statements

7. Operating leases (continued)

Maturities of the operating lease liability as of December 31, 2022, were as follows:

<u>Year ending December 31:</u>		
2023	\$	14,400
2024		14,400
2025		14,400
2026		4,800
Thereafter		-
Total lease payments	\$	48,000
Less: present value adjustment		(3,687)
Present value of lease liability	\$	44,313

Rent expense for the leased office space totaled \$14,400 and \$9,600, respectively, for the years ended December 31, 2022 and 2021.

Additionally, the Organization had an operating lease for rentable space from December 2021 through November 2023. Because the term of this less is less than 12 months from the date of the financial statements, no entry has been made to record a right-of-use asset and related lease liability for this agreement. Rent expense for this lease totaled \$11,800 and \$975, respectively, for the years ended December 31, 2022 and 2021. The final payments of \$11,825 are due in the fiscal year ending December 31, 2023.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions and net assets released from restrictions consisted of the following at December 31:

	Balance December 31, 2021	Revenue with donor restrictions	Net assets released from restriction	Balance December 31, 2022
Constituencies	\$ 54,904	\$ 16,876	\$ (4,565)	\$ 67,215
Support services	124,329	40,204	(52,030)	112,503
Area funds	553,544	104,779	(84,771)	573,552
	\$ 732,777	\$ 161,859	\$ (141,366)	\$ 753,270

	Balance December 31, 2020	Revenue with donor restrictions	Net assets released from restriction	Balance December 31, 2021
Constituencies	\$ 42,906	\$ 12,506	\$ (508)	\$ 54,904
Support services	87,561	136,772	(100,004)	124,329
Area funds	487,674	142,054	(76,184)	553,544
	\$ 618,141	\$ 291,332	\$ (176,696)	\$ 732,777

The ManKind Project USA
Notes to Financial Statements

9. Board Designated Net Assets

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

	<u>2022</u>	<u>2021</u>
UNY Elder Fund	\$ 585	\$ 585
North American Leader Body Fund	29,006	41,088
Lodge Keepers Society International Fund	5,574	5,694
Elder Fund	1,165	1,165
Multicultural Fund	4,678	4,678
MKP Resilience Fund	150,000	150,000
IT Infrastructure Fund	50,000	50,000
Board Travel	708	1,204
Unification Reserve Credits	15,239	15,239
	<u>\$ 256,955</u>	<u>\$ 269,653</u>