

THE MANKIND PROJECT USA

Financial Statements

*December 31, 2023 and 2022
with Report of Independent Auditors*

Traveller &

Company, LLC

*Certified Public Accountants
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Centerville, Utah 84014*

The ManKind Project USA

Financial Statements

December 31, 2023 and 2022

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Report of Independent Auditors

The Board of Directors
The ManKind Project USA
Chicago, IL

Opinion

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, 2023 and 2022, 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, 2023 and 2022, 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

Centerville, UT
February 4, 2025

The ManKind Project USA
Statements of Financial Position
December 31, 2023 and 2022

Assets:	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 1,420,029	\$ 1,566,735
Accounts receivable, net of allowance of \$3,656 in 2023 and 2022	7,743	4,441
Prepaid expenses	<u>40,767</u>	<u>16,034</u>
Total current assets	1,468,539	1,587,210
Property and equipment, net	6,325	13,225
Right-of-use asset	<u>31,784</u>	<u>44,313</u>
Total assets	<u>\$ 1,506,648</u>	<u>\$ 1,644,748</u>
Liabilities:		
Current Liabilities:		
Accounts payable and accruals	\$ 35,219	\$ 53,025
Deferred revenue	121,169	70,769
Notes payable - current portion	3,744	3,643
Lease liability - current portion	<u>13,170</u>	<u>12,529</u>
Total current liabilities	173,302	139,966
Notes payable - less current portion	141,510	145,254
Lease liability - less current portion	<u>18,614</u>	<u>31,784</u>
Total liabilities	333,426	317,004
Net Assets:		
Net assets without donor restrictions	488,317	574,474
Net assets with donor restrictions	<u>684,905</u>	<u>753,270</u>
Total net assets	<u>1,173,222</u>	<u>1,327,744</u>
Total liabilities and net assets	<u>\$ 1,506,648</u>	<u>\$ 1,644,748</u>

See accompanying notes to financial statements.

The ManKind Project USA
Statements of Activities
For the years ended December 31, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue						
Contributions	\$ 490,960	\$ 103,837	\$ 594,797	\$ 653,625	\$ 161,859	\$ 815,484
Program revenue						
Support fee income	336,767	—	336,767	168,083	—	168,083
Training and other project fees	1,340,624	—	1,340,624	856,930	—	856,930
Events registration	24,469	—	24,469	3,181	—	3,181
Total program revenue	1,701,860	—	1,701,860	1,028,194	—	1,028,194
Other revenue	16,314	—	16,314	27,960	—	27,960
PPP loan forgiveness	—	—	—	—	—	—
Net assets released from restrictions	172,202	(172,202)	—	141,366	(141,366)	—
Total revenues	2,381,336	(68,365)	2,312,971	1,851,145	20,493	1,871,638
Functional expense:						
Program services	1,900,768	—	1,900,768	1,201,847	—	1,201,847
Management and general	470,676	—	470,676	551,371	—	551,371
Fundraising	96,049	—	96,049	101,042	—	101,042
Total functional expenses	2,467,493	—	2,467,493	1,854,260	—	1,854,260
Changes in net assets	(86,157)	(68,365)	(154,522)	(3,115)	20,493	17,378
Net assets - beginning of year	574,474	753,270	1,327,744	577,589	732,777	1,310,366
Net assets - end of year	\$ 488,317	\$ 684,905	\$ 1,173,222	\$ 574,474	\$ 753,270	\$ 1,327,744

See accompanying notes to financial statements. .

The ManKind Project USA
Statement of Functional Expenses
For the year ended December 31, 2023

	<u>Program Services Expenses</u>			Management and General	Fundraising	Total Expenses
	Training	Societies	Total			
Bank charges	\$ 33,522	\$ 1,430	\$ 34,952	\$ 16,362	\$ 4,474	\$ 55,788
Conferences and meetings	1,032,333	53,022	1,085,355	—	—	1,085,355
Corporate registrations	—	—	—	6,236	—	6,236
Depreciation	—	—	—	6,900	—	6,900
Insurance	55,009	—	55,009	18,336	—	73,345
Marketing	9,046	—	9,046	5,845	—	14,891
Payroll taxes	13,495	—	13,495	15,841	—	29,336
Professional fees	240,177	15,750	255,927	153,411	91,575	500,913
Salaries	177,911	—	177,911	207,892	—	385,803
Supplies	130,275	753	131,028	10,363	—	141,391
Travel	100,062	17,519	117,581	47	—	117,628
Utilities	4,050	—	4,050	—	—	4,050
Website	—	—	—	25,046	—	25,046
Bad debt	—	16,414	16,414	—	—	16,414
Interest	—	—	—	4,049	—	4,049
Other	—	—	—	348	—	348
Total functional expenses	<u>\$ 1,795,880</u>	<u>\$ 104,888</u>	<u>\$ 1,900,768</u>	<u>\$ 470,676</u>	<u>\$ 96,049</u>	<u>\$ 2,467,493</u>

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>					
	<u>Training</u>	<u>Societies</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
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
Statements of Cash Flows
December 31, 2023 and 2022

Operating activities:	2023	2022
Changes in net assets	\$ (154,522)	\$ 17,378
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Allowance for doubtful accounts	—	(79)
Depreciation and amortization	6,900	7,687
Changes in assets and liabilities:		
Accounts receivable	(3,302)	(1,055)
Prepaid expenses	(24,733)	3,110
Accounts payable	(17,806)	36,584
Deferred revenue	50,400	(99,850)
Accrued interest	—	(2,441)
	(143,063)	(38,666)
Financing activities:		
Payments on long-term debt	(3,643)	(1,103)
Net cash used in financing activities	(3,643)	(1,103)
Net decrease in cash and cash equivalents	(146,706)	(39,769)
Cash and cash equivalents at beginning of year	1,566,735	1,606,504
Cash and cash equivalents at end of year	\$ 1,420,029	\$ 1,566,735
 Supplemental disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 4,049	4,148

See accompanying notes to financial statements.

The ManKind Project USA
Notes to Financial Statements
December 31, 2023 and 2022

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, 2023 and 2022, totaled \$684,905 and \$753,270, 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, 2023 and 2022 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, 2023 and 2022. 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, 2020 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, 2023 and 2022, 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.

Subsequent Events

The Organization has evaluated subsequent events through February 4, 2025, the date on which the financial statements were available to be issued.

The ManKind Project USA
Notes to Financial Statements

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:

	2023	2022
Total cash available	\$ 1,420,029	\$ 1,566,735
Less restricted cash	(684,905)	(753,270)
Less Board-designated funds for future use	(249,241)	(256,955)
Net cash available	\$ 485,883	\$ 556,510

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.

4. Accounts Receivable

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

5. Property and Equipment

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

	2023	2022
Furniture and fixtures	\$ 53,007	\$ 53,007
Less accumulated depreciation	(46,682)	(39,782)
	\$ 6,325	\$ 13,225

Depreciation expense for the years ended December 31, 2023 and 2022 was \$6,900 and \$7,687, respectively.

The ManKind Project USA

Notes to Financial Statements

6. Notes Payable

During 2020, the Organization received an Economic Injury Disaster Loan through the Small Business Administration in the amount of \$150,000. The note bears an interest rate of 2.75% and repayments of principal and interest are made monthly.

Future minimum principal payments are as follows:

<u>Year ending December 31:</u>	
2024	\$ 3,744
2025	3,849
2026	3,956
2027	4,066
2028	4,179
Thereafter	125,460
	<u>\$ 145,254</u>

Interest paid during the years ended December 31, 2023 and 2022, totaled \$4,049 and \$4,148, respectively.

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.

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.

The ManKind Project USA
Notes to Financial Statements

7. Operating lease (continued)

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.

Maturities of the operating lease liability as of December 31, 2023, were as follows:

<u>Year ending December 31:</u>		
2024	\$	14,400
2025		14,400
2026		4,800
Thereafter		-
Total lease payments	\$	33,600
Less: present value adjustment		(1,816)
Present value of lease liability	\$	31,784

Rent expense for the leased office space totaled \$14,400 for both years ended December 31, 2023 and 2022, and is included in the Conference and Meetings expense account.

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, 2022	Revenue with donor restrictions	Net assets released from restriction	Balance December 31, 2023
Constituencies	\$ 67,215	\$ 46,439	\$ (5,254)	\$ 108,400
Support services	112,503	1,206	(7,285)	106,424
Area funds	573,552	56,192	(159,663)	470,081
	\$ 753,270	\$ 103,837	\$ (172,202)	\$ 684,905

The ManKind Project USA
Notes to Financial Statements

8. Net Assets with Donor Restrictions (continued)

	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
	<u>\$ 732,777</u>	<u>\$ 161,859</u>	<u>\$ (141,366)</u>	<u>\$ 753,270</u>

9. Board Designated Net Assets

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

	2023	2022
UNY Elder Fund	\$ 585	\$ 585
North American Leader Body Fund	21,292	29,006
Lodge Keepers Society International Fund	5,574	5,574
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	708
Unification Reserve Credits	15,239	15,239
	<u>\$ 249,241</u>	<u>\$ 256,955</u>