

**THE MANKIND PROJECT USA**

Financial Statements  
with Report of Independent Auditors  
Years ended December 31, 2018 and 2017

***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, 2018 and 2017**

### **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 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, 2018 and 2017, 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, 2018 and 2017, 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.

*Traveller & Company, LLC*

October 14, 2019

**The ManKind Project USA**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

<b>Assets:</b>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 974,832	\$ 857,821
Accounts receivable, net of allowance of \$21,048 and \$15,731 in 2018 and 2017, respectively	35,856	94,290
Prepaid expenses	<u>51,894</u>	<u>23,136</u>
Total current assets	1,062,582	975,247
Property and equipment, net	<u>—</u>	<u>—</u>
Total assets	<u>\$ 1,062,582</u>	<u>\$ 975,247</u>
<b>Liabilities:</b>		
Accounts payable and accruals	\$ 62,859	\$ 68,258
Deferred revenue	<u>171,459</u>	<u>121,727</u>
Total liabilities	234,318	189,985
<b>Net Assets:</b>		
Unrestricted	423,423	434,134
Temporarily restricted	<u>404,841</u>	<u>351,128</u>
Total net assets	<u>828,264</u>	<u>785,262</u>
Total liabilities and net assets	<u>\$ 1,062,582</u>	<u>\$ 975,247</u>

See accompanying notes to financial statements.

**The ManKind Project USA**  
**Statements of Activities**  
**For the years ended December 31, 2018 and 2017**

	Temporarily		Total	
	Unrestricted	Restricted	2018	2017
Revenue				
Contributions	\$ 536,387	\$ 209,584	\$ 745,971	\$ 723,897
Contributions from unifying centers	17,666	—	17,666	—
Total contributions	554,053	209,584	763,637	723,897
Program revenue				
Support fee income	426,265	—	426,265	393,950
Training and other project fees	1,665,326	—	1,665,326	1,451,840
Events registration	34,382	—	34,382	53,214
Total program revenue	2,125,973	—	2,125,973	1,899,004
Other revenue	8,383	—	8,383	21,266
Net assets released from restrictions	155,871	(155,871)	—	—
Total revenues	2,844,280	53,713	2,897,993	2,644,167
Functional expense:				
Program services	2,070,826	—	2,070,826	1,955,043
Management and general	579,747	—	579,747	490,719
Fundraising	204,418	—	204,418	211,654
Total functional expenses	2,854,991	—	2,854,991	2,657,416
Changes in net assets	(10,711)	53,713	43,002	(13,249)
Net assets - beginning of year	434,134	351,128	785,262	798,511
Net assets - end of year	\$ 423,423	\$ 404,841	\$ 828,264	\$ 785,262

See accompanying notes to financial statements. .

**The ManKind Project USA**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2018**

	<u>Program Services Expenses</u>			Management and General	Fundraising	Total Expenses
	Training	Societies	Total			
Awards	\$ 300	\$ —	\$ 300	\$ —	\$ —	\$ 300
Bad Debt	61,536	—	61,536	—	—	61,536
Bank Charges	36,711	2,536	39,247	2,940	21,173	63,360
Conferences and meetings	1,290,714	45,288	1,336,002	2,000	—	1,338,002
Corporate registrations	—	—	—	23,211	21,725	44,936
Donor relations	—	—	—	—	7,850	7,850
Insurance	49,435	—	49,435	37,083	—	86,518
Marketing	17,115	624	17,739	8,409	—	26,148
Payroll taxes	1,114	—	1,114	54,190	—	55,304
Professional fees	119,134	19,500	138,634	112,016	84,215	334,865
Royalties/license fees	8,133	—	8,133	—	—	8,133
Salaries	86,132	—	86,132	313,966	58,974	459,072
Supplies	142,429	2,540	144,969	3,210	—	148,179
Travel	143,587	27,438	171,025	12,241	—	183,266
Utilities	6,079	—	6,079	—	—	6,079
Website	10,481	—	10,481	10,481	10,481	31,443
Total functional expenses	<u>\$ 1,972,900</u>	<u>\$ 97,926</u>	<u>\$ 2,070,826</u>	<u>\$ 579,747</u>	<u>\$ 204,418</u>	<u>\$ 2,854,991</u>

See accompanying notes to financial statements.

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

	<b>Program Services Expenses</b>					
	Training	Societies	Total	Management and General	Fundraising	Total Expenses
Bad Debt	\$ 36,007	\$ —	\$ 36,007	\$ —	\$ —	\$ 36,007
Bank Charges	38,624	1,995	40,619	—	11,159	51,778
Conferences and meetings	1,187,439	34,816	1,222,255	14,327	—	1,236,582
Corporate registrations	—	—	—	5,449	—	5,449
Depreciation	—	—	—	1,945	—	1,945
Donor relations	—	—	—	—	11,778	11,778
Insurance	49,329	—	49,329	61,093	—	110,422
Marketing	34,310	1,314	35,624	5,553	—	41,177
Payroll taxes	252	—	252	38,423	—	38,675
Professional fees	124,683	20,876	145,559	56,414	103,082	305,055
Royalties/license fees	22,175	—	22,175	—	—	22,175
Salaries	89,162	—	89,162	277,463	60,474	427,099
Supplies	130,708	3,203	133,911	9,377	11,779	155,067
Travel	127,760	32,039	159,799	7,293	—	167,092
Utilities	6,969	—	6,969	—	—	6,969
Website	13,382	—	13,382	13,382	13,382	40,146
<b>Total functional expenses</b>	<b>\$ 1,860,800</b>	<b>\$ 94,243</b>	<b>\$ 1,955,043</b>	<b>\$ 490,719</b>	<b>\$ 211,654</b>	<b>\$ 2,657,416</b>

See accompanying notes to financial statements.



**The ManKind Project USA**  
**Statements of Cash Flows**  
**December 31, 2018 and 2017**

<b>Operating activities:</b>	<b>2018</b>	<b>2017</b>
Changes in net assets	\$ 43,002	\$ (13,249)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Allowance for doubtful accounts	5,317	15,731
Depreciation and amortization	—	1,945
Changes in assets and liabilities:		
Accounts receivable	53,117	1,457
Prepaid expenses	(28,758)	8,014
Accounts payable	(5,399)	48,198
Deferred revenue	49,732	26,715
Net cash provided by operating activities	<b>117,011</b>	88,811
Net increase in cash and cash equivalents	<b>117,011</b>	88,811
Cash and cash equivalents at beginning of year	<b>857,821</b>	769,010
Cash and cash equivalents at end of year	<b>\$ 974,832</b>	\$ 857,821

See accompanying notes to financial statements.

**The ManKind Project USA**  
**Notes to Financial Statements**  
December 31, 2018 and 2017

**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 (the “Chapters”).

**2. Significant Accounting Policies**

**Adoption of New Accounting Standard**

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied retrospectively to each year presented. The adoption of this ASU primarily resulted in presenting net assets according to the new classifications described in the “Basis of Presentation” section below, adding disclosures about the liquidity and availability of the Organization’s financial assets, and expanded information regarding the Organization’s expense by natural and functional classification.

**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 restriction. 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.

# The ManKind Project USA

## Notes to Financial Statements

### **2. Significant Accounting Policies (continued)**

*Net assets with donor restrictions* – Net assets subject to restrictions imposed by donors and/or grantors. There were no net assets with donor restrictions as of December 31, 2018 and 2017.

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, 2018 and 2017 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, 2018 and 2017. 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 ManKind Project USA

## Notes to Financial Statements

### 2. Significant Accounting Policies (continued)

#### Income Tax (continued)

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

#### Fair Value Disclosure

At December 31, 2018 and 2017, 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

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.

The ManKind Project USA  
Notes to Financial Statements

## 2. Significant Accounting Policies (continued)

### Reclassifications

Certain 2017 expense balances have been reclassified to conform to the 2018 presentation. These changes did not affect the financial results of the Organization.

### Subsequent Events

The Organization has evaluated subsequent events through October 14, 2019, the date which the financial statements were available to be issued.

## 3. Cash and Cash Equivalents

Cash and cash equivalents consisted of funds in checking and savings accounts on deposit with local banks. All funds are available for immediate use. The board has designated certain funds be restricted for specific projects. Cash accounts consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Total cash available	\$ 974,832	\$ 857,821
Less board designated funds	<u>(442,706)</u>	<u>(459,094)</u>
Net cash available	<u>\$ 532,126</u>	<u>\$ 398,727</u>

## 4. Accounts Receivable

The 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:

	<u>2018</u>	<u>2017</u>
Furniture and fixtures	\$ 29,473	\$ 29,473
Less accumulated depreciation	<u>(29,473)</u>	<u>(29,473)</u>
	<u>\$ —</u>	<u>\$ —</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$0 and \$1,945, respectively.

The ManKind Project USA  
Notes to Financial Statements

**6. Temporarily Restricted Net Assets**

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

	Balance December 31, 2017	Temporarily Restricted Revenue	Released from Restrictions	Balance December 31, 2018
Constituencies	\$ 15,835	\$ 23,309	\$ (9,111)	\$ 30,033
Support services	34,234	48,517	(13,115)	69,636
Area funds	301,059	137,758	(133,645)	305,172
	<u>\$ 351,128</u>	<u>\$ 209,584</u>	<u>\$ (155,871)</u>	<u>\$ 404,841</u>

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

**7. Board Designated Net Assets**

Board designated net assets are included in unrestricted net assets and consisted of the following at December 31, 2018 and 2017:

	2018	2017
UNY Elder Fund	\$ 585	\$ 585
North American Leader Body	57,520	53,158
New York Metro LGBTQ Curriculum Fund	5,000	—
Lodge Keepers Society International	7,172	7,172
Elder Fund	1,819	2,314
Multicultural	5,531	5,533
Board Travel	1,204	1,204
Unification reserve credits	24,624	38,000
	<u>\$ 103,455</u>	<u>\$ 107,966</u>