

THE MANKIND PROJECT USA

Financial Statements

*December 31, 2021 and 2020
with Report of Independent Auditors*

Traveller &

Company, LLC

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The ManKind Project USA

Financial Statements

December 31, 2021 and 2020

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Report of Independent Auditors

The Board of Directors
The ManKind Project USA
Salt Lake City, Utah

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, 2021 and 2020, 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, 2021 and 2020, 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

August 19, 2022

The ManKind Project USA
Statements of Financial Position
December 31, 2021 and 2020

Assets:	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 1,606,504	\$ 1,528,175
Accounts receivable, net of allowance of \$3,735 and \$3,860 in 2021 and 2020, respectively	3,307	596
Prepaid expenses	<u>19,144</u>	<u>14,758</u>
Total current assets	1,628,955	1,543,529
Property and equipment, net	<u>20,912</u>	<u>1,732</u>
Total assets	<u>\$ 1,649,867</u>	<u>\$ 1,545,261</u>
Liabilities:		
Current Liabilities:		
Accounts payable and accruals	\$ 16,441	\$ 14,541
Deferred revenue	170,619	159,169
Accrued interest - notes payable	2,441	2,074
Notes payable - current portion	<u>3,544</u>	<u>90,591</u>
Total current liabilities	193,045	266,375
Notes payable - less current portion	146,456	148,264
Net Assets:		
Net assets without donor restrictions	577,589	512,481
Net assets with donor restrictions	<u>732,777</u>	<u>618,141</u>
Total net assets	<u>1,310,366</u>	<u>1,130,622</u>
Total liabilities and net assets	<u>\$ 1,649,867</u>	<u>\$ 1,545,261</u>

See accompanying notes to financial statements.

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

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue						
Contributions	\$ 814,720	\$ 291,332	\$ 1,106,052	\$ 880,264	\$ 202,136	\$ 1,082,400
Program revenue						
Support fee income	53,474	—	53,474	87,548	—	87,548
Training and other project fees	226,378	—	226,378	505,536	—	505,536
Events registration	7,215	—	7,215	15,174	—	15,174
Total program revenue	287,067	—	287,067	608,258	—	608,258
Other revenue	7,032	—	7,032	4,221	—	4,221
PPP loan forgiveness	88,855	—	88,855	—	—	—
Net assets released from restrictions	176,696	(176,696)	—	129,012	(129,012)	—
Total revenues	1,374,370	114,636	1,489,006	1,621,755	73,124	1,694,879
Functional expense:						
Program services	541,116	—	541,116	909,154	—	909,154
Management and general	683,255	—	683,255	557,756	—	557,756
Fundraising	84,891	—	84,891	96,545	—	96,545
Total functional expenses	1,309,262	—	1,309,262	1,563,455	—	1,563,455
Changes in net assets	65,108	114,636	179,744	58,300	73,124	131,424
Net assets - beginning of year	512,481	618,141	1,130,622	454,181	545,017	999,198
Net assets - end of year	\$ 577,589	\$ 732,777	\$ 1,310,366	\$ 512,481	\$ 618,141	\$ 1,130,622

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	<u>\$ 511,726</u>	<u>\$ 29,390</u>	<u>\$ 541,116</u>	<u>\$ 683,255</u>	<u>\$ 84,891</u>	<u>\$ 1,309,262</u>

See accompanying notes to financial statements.

The ManKind Project USA
Statement of Functional Expenses
For the year ended December 31, 2020

	<u>Program Services Expenses</u>			Management and General	Fundraising	Total Expenses
	Training	Societies	Total			
Bad debt	\$ 2,490	\$ —	\$ 2,490	\$ —	\$ —	\$ 2,490
Bank charges	15,473	1,069	16,542	19,909	—	36,451
Conferences and meetings	441,285	15,483	456,768	—	—	456,768
Corporate registrations	—	—	—	9,489	—	9,489
Depreciation	—	—	—	945	—	945
Donor relations	—	—	—	—	4,724	4,724
Insurance	—	—	—	73,387	—	73,387
Marketing	4,046	147	4,193	17,883	—	22,076
Payroll taxes	—	—	—	34,946	—	34,946
Professional fees	148,372	24,285	172,657	103,570	89,172	365,399
Royalties/license fees	1,614	—	1,614	—	—	1,614
Salaries	97,391	—	97,391	260,332	—	357,723
Supplies	86,565	1,544	88,109	3,023	—	91,132
Travel	44,801	8,561	53,362	877	2,649	56,888
Utilities	16,028	—	16,028	—	—	16,028
Website	—	—	—	31,321	—	31,321
Interest	—	—	—	2,074	—	2,074
Total functional expenses	<u>\$ 858,065</u>	<u>\$ 51,089</u>	<u>\$ 909,154</u>	<u>\$ 557,756</u>	<u>\$ 96,545</u>	<u>\$ 1,563,455</u>

See accompanying notes to financial statements.

The ManKind Project USA
Statements of Cash Flows
December 31, 2021 and 2020

Operating activities:	2021	2020
Changes in net assets	\$ 179,744	\$ 131,424
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Allowance for doubtful accounts	(125)	(17,160)
Depreciation and amortization	1,520	945
Changes in assets and liabilities:		
Accounts receivable	(2,586)	28,884
Prepaid expenses	(4,386)	63,257
Accounts payable	1,900	(2,851)
Deferred revenue	11,450	(29,177)
Accrued interest	367	2,074
PPP loan forgiveness	(88,855)	—
Net cash provided by operating activities	99,029	177,396
Investing activities:		
Purchases of fixed assets	(20,700)	—
Net cash used in investing activities	(20,700)	—
Financing activities:		
Loan proceeds	—	238,855
Net cash provided by financing activities	—	238,855
Net increase in cash and cash equivalents	78,329	416,251
Cash and cash equivalents at beginning of year	1,528,175	1,111,924
Cash and cash equivalents at end of year	\$ 1,606,504	\$ 1,528,175
 Supplemental disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 4,213	—

See accompanying notes to financial statements.

The ManKind Project USA
Notes to Financial Statements
December 31, 2021 and 2020

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. Management is determining the impact of ASU 2016-02 at this time.

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, 2021 and 2020, were \$732,777 and \$618,141, 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, 2021 and 2020 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, 2021 and 2020. 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, 2018 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, 2021 and 2020, 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

In December 2019, a novel strain of coronavirus disease ("COVID-19") was first reported in Wuhan, China and the World Health Organization has since declared this to be a pandemic. The extend of COVID-19's effect on the Organization's future operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

The ManKind Project USA

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Commitments and Contingencies (continued)

This pandemic may have a significant impact on the Organization's markets and customers, which in turn may have a material adverse effect on the Organization's business, results of activities, financial condition, and cash flows. As of the report date, Management is of the opinion that the Organization will successfully manage through the effects of this evolving situation.

Subsequent Events

The Organization has evaluated subsequent events through August 19, 2022, the date 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:

	2021	2020
Total cash available	\$ 1,606,504	\$ 1,528,175
Accounts receivable, net	3,307	596
Less restricted cash	(929,303)	(739,522)
Net cash available	\$ 680,508	\$ 789,249

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 and receivables.

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, 2021 and 2020.

The ManKind Project USA
Notes to Financial Statements

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:

	2021	2020
Furniture and fixtures	\$ 53,007	\$ 32,307
Less accumulated depreciation	(32,095)	(30,575)
	\$ 20,912	\$ 1,732

Depreciation expense for the years ended December 31, 2021 and 2020 was \$1,520 and \$945, respectively.

6. 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, 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

	Balance December 31, 2019	Revenue with donor restrictions	Net assets released from restriction	Balance December 31, 2020
Constituencies	\$ 31,494	\$ 15,943	\$ (4,531)	\$ 42,906
Support services	78,731	66,651	(57,821)	87,561
Area funds	434,792	119,542	(66,660)	487,674
	\$ 545,017	\$ 202,136	\$ (129,012)	\$ 618,141

The ManKind Project USA
Notes to Financial Statements

7. Board Designated Net Assets

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

	2021	2020
UNY Elder Fund	\$ 585	\$ 585
North American Leader Body Fund	41,088	67,980
Lodge Keepers Society International Fund	5,694	7,172
Elder Fund	1,165	1,781
Multicultural Fund	4,678	4,678
MKP Resilience Fund	150,000	150,000
IT Infrastructure Fund	50,000	50,000
Board Travel	1,204	1,204
Unification Reserve Credits	15,239	15,239
	\$ 269,653	\$ 298,639

8. 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 years ended December 31, 2021 and 2020 was \$2,441 and \$2,074, respectively, and is included on the accompanying financial statements.

Future minimum principal payments are as follows:

<u>Year ending December 31:</u>	
2021	\$ 3,544
2022	3,643
2023	3,744
2024	3,849
2025	3,956
Thereafter	133,705
	\$ 152,441

The ManKind Project USA
Notes to Financial Statements

9. Operating leases

The Company has operating leases for storage space. Future minimum lease payments under the leases are as follows:

<u>Year ending December 31:</u>	
2022	\$ 26,200
2023	26,225
2024	14,400
2025	14,400
2026	4,800
Thereafter	—
	<u>\$ 86,025</u>

Total rent expense for these operating leases was \$10,575 for the year ended December 31, 2021.