

MENENGAGE GLOBAL ALLIANCE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2017

MENENGAGE GLOBAL ALLIANCE

Financial Statements

December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
MenEngage Global Alliance

We have audited the accompanying financial statements of MenEngage Global Alliance (the Organization), which comprise of the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider 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 MenEngage Global Alliance as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
March 6, 2018

MENENGAGE GLOBAL ALLIANCE

Statement of Financial Position

December 31, 2017

Assets

Cash	\$ 663,803
Grants and contributions receivable, net	3,628,212
Prepaid expenses	1,068
Property and equipment, net	<u>2,244</u>

Total assets \$ 4,295,327

Liabilities and Net Assets**Liabilities**

Accounts payable and accrued expenses	\$ 42,526
Accrued vacation	<u>1,040</u>

Total liabilities 43,566

Net Assets

Unrestricted	659,740
Temporarily restricted	<u>3,592,021</u>

Total net assets 4,251,761

Total liabilities and net assets \$ 4,295,327

MENENGAGE GLOBAL ALLIANCE

Statement of Activities

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 1,147,805	\$ 3,496,697	\$ 4,644,502
Foreign currency exchange gain	13,503	260,208	273,711
Other income	22,428	-	22,428
Net assets released from restrictions:			
Satisfaction of purpose restrictions	164,884	(164,884)	-
Total revenue and support	<u>1,348,620</u>	<u>3,592,021</u>	<u>4,940,641</u>
Expenses			
Program services:			
Core Activities	434,938	-	434,938
Prevention+	106,693	-	106,693
Total program services	<u>541,631</u>	<u>-</u>	<u>541,631</u>
Supporting services:			
Management and general	125,199	-	125,199
Fundraising	25,325	-	25,325
Total supporting services	<u>150,524</u>	<u>-</u>	<u>150,524</u>
Total expenses	<u>692,155</u>	<u>-</u>	<u>692,155</u>
Change in Net Assets	656,465	3,592,021	4,248,486
Net Assets, beginning of year	<u>3,275</u>	<u>-</u>	<u>3,275</u>
Net Assets, end of year	<u>\$ 659,740</u>	<u>\$ 3,592,021</u>	<u>\$ 4,251,761</u>

See accompanying notes.

MENENGAGE GLOBAL ALLIANCE
Schedule of Functional Expenses
Year Ended December 31, 2017

	Program Services		Total Program Services	Supporting Services		Total Supporting Services	Total
	Core Activities	Prevention+		Management and General	Fundraising		
Expenses							
Salaries, wages and related expenses	\$ 148,188	\$ 38,568	\$ 186,756	\$ 83,819	\$ 16,446	\$ 100,265	\$ 287,021
Travel and lodging	29,657	16,515	46,172	59,381	-	59,381	105,553
Professional fees	62,236	10,876	73,112	16,530	269	16,799	89,911
Subgrants	85,000	-	85,000	-	-	-	85,000
Accounting services	6,783	1,102	7,885	24,202	-	24,202	32,087
Events and meetings	12,334	4,014	16,348	10,974	75	11,049	27,397
Rent	4,023	447	4,470	22,317	-	22,317	26,787
Printing	14,840	7,504	22,344	1,168	-	1,168	23,512
Legal services	1,978	-	1,978	1,560	-	1,560	3,538
Information technology	537	59	596	2,188	-	2,188	2,784
Insurance	1,995	325	2,320	67	-	67	2,387
Office expenses	91	9	100	793	-	793	893
Depreciation	-	-	-	500	-	500	500
Other expenses	2,615	123	2,738	2,047	-	2,047	4,785
Overhead allocation	64,661	27,151	91,812	(100,347)	8,535	(91,812)	-
Total Expenses	\$ 434,938	\$ 106,693	\$ 541,631	\$ 125,199	\$ 25,325	\$ 150,524	\$ 692,155

See accompanying notes.

MENENGAGE GLOBAL ALLIANCE

Statement of Cash Flows

Year Ended December 31, 2017

Cash Flows from Operating Activities	
Change in net assets	\$ 4,248,486
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	500
Change in operating assets and liabilities:	
Grants and contributions receivable	(3,628,212)
Prepaid expenses	(600)
Accounts payable and accrued expenses	42,526
Accrued vacation	<u>1,040</u>
Net cash provided by operating activities	<u>663,740</u>
Cash Flows from Investing Activities	
Purchases of property and equipment	<u>(2,744)</u>
Net cash used in investing activities	<u>(2,744)</u>
Net Increase in Cash	660,996
Cash, beginning of year	<u>2,807</u>
Cash, end of year	<u><u>\$ 663,803</u></u>

See accompanying notes.

MENENGAGE GLOBAL ALLIANCE

Notes to Financial Statements

December 31, 2017

1. Nature of Operations

MenEngage Global Alliance (the Organization) is a not-for-profit corporation organized under the laws of Washington DC in 2016. The Organization is organized for such education and charitable purposes, including, but not limited to, building a global network of organizations with increased commitment and capacity to implement, document, and advocate for effective, evidence-based and structural interventions to engage boys and men in achieving gender equality.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Property and Equipment

Property and equipment over \$1,000 with a projected useful life exceeding one year are capitalized and recorded at cost or fair value at date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of their useful lives or the life of the lease.

Classification of Net Assets

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or the passage of time. At December 31, 2017, temporarily restricted net assets consisted of \$3,592,021 which were restricted for future periods and for Core Activities program.

Revenue Recognition

Unconditional grants and contributions are recognized as revenue when received or promised and are reported as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Revenue from all other sources is recognized when earned.

MENENGAGE GLOBAL ALLIANCE

Notes to Financial Statements

December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Certain management and staff expenses have been allocated to program and supporting services on the basis of estimated time spent.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Concentrations

The Organization maintains demand deposits with a financial institution that may, from time to time, exceed insurable limits. The Organization routinely assesses the financial condition of the institution and believes the risk of any loss is minimal.

The Organization received approximately 90% of its revenue and 99% of grants and contributions receivable from one source during the year ended December 31, 2017.

4. Grants and Contributions Receivable

Grants and contributions receivable is comprised of unconditional promises to give and is receivable as follows at December 31, 2017:

Receivable in less than one year	\$ 1,502,538
Receivable in one to five years	<u>2,199,521</u>
Total grants and contributions receivable	3,702,059
Less: unamortized discount	<u>(73,847)</u>
Grants and contributions receivable, net	<u>\$ 3,628,212</u>

MENENGAGE GLOBAL ALLIANCE

Notes to Financial Statements

December 31, 2017

4. Grants and Contributions Receivable (continued)

Multi-year grants are discounted to their present value with a discount rate 2.6% over the period of the grants using an estimate of expected cash flows. The Organization has not recorded an allowance for uncollectible accounts, as management believes all amounts are fully collectible.

Grants and contributions receivable include foreign grants receivable in various currencies which were translated at the exchange rate in effect at December 31, 2017. At December 31, 2017, the foreign grants receivable included 30,161 Euros and 30,000,000 Swedish Krona. A gain of \$273,711 from foreign currency translation for the year ended December 31, 2017 was included in the accompanying statement of activities.

5. Property and Equipment

The Organization held the following property and equipment at December 31, 2017:

Office equipment	<u>\$ 2,744</u>
Total property and equipment	2,744
Less: accumulated depreciation	<u>(500)</u>
Property and equipment, net	<u><u>\$ 2,244</u></u>

6. Leases

In May 2016, the Organization entered into a lease agreement for office space commencing May 1, 2016. In March 2017, the Organization amended the lease for additional office space and extended the lease through March 2018. The lease is cancellable with three-month notice. Rent expense from these leases was \$26,787 for the year ended December 31, 2017.

At December 31, 2017, future minimum lease payments required under these operating leases is \$10,980 for the year ending December 31, 2018.

7. Pension Plan

The Organization maintains a defined contribution pension plan for all eligible employees. The Organization allows unlimited contributions to the pension plan and contributes 8% of all qualified employee's salaries. The Organization contributed \$11,165 to the plan for the year ended December 31, 2017.

MENENGAGE GLOBAL ALLIANCE

Notes to Financial Statements

December 31, 2017

8. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2017, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2017 and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. At December 31, 2017, the statute of limitations for tax years ended December 31, 2014 through 2016 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

9. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 6, 2018, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.