Financial Statements of

MOVEMBER CANADA

Years ended April 30, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Movember Canada

Report on the Financial Statements

We have audited the accompanying financial statements of Movember Canada, which comprise the statements of financial position as at April 30, 2013 and 2012, the statements of operations and changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and 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 our 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, we 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Movember Canada as at April 30, 2013 and 2012, and its results of operations, changes in net assets and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

In accordance with the Canada Corporations Act, we report that, in our opinion, the accounting principles applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied, after giving retrospective effect to the change in accounting policy, as explained in the financial statements on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

August 21, 2013
Toronto, Canada

MOVEMBER CANADA

Statements of Financial Position

April 30, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$ 49,249,372	$ 39,209,789
Accounts receivable	216,948	142,488
Prepaid expenses and deposits	52,344	40,040
	49,518,664	39,392,317
Capital assets (note 2)	42,153	51,985
	$ 49,560,817	$ 39,444,302
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 143,274	$ 99,243
Due to related parties (note 3)	81,947	934,811
Distribution payable to Prostate Cancer Canada (note 4)	24,941,212	32,840,762
	25,166,433	33,874,816
Net assets:		
Funds designated for Global Action Plan Programs	6,657,357	3,648,987
Funds designated for Canadian Men's Health Network	13,963,878	–
Unrestricted	3,773,149	1,920,499
	24,394,384	5,569,486
Commitments (note 6)		
	$ 49,560,817	$ 39,444,302

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Director

_______________ Director

MOVEMBER CANADA

Statements of Operations and Changes in Net Assets

Years ended April 30, 2013 and 2012

	2013	2012
Revenue:		
Donation	$ 41,880,947	$ 41,949,655
Global allocation program	336,636	–
Corporate sponsorship	203,275	95,000
In-kind donations	166,000	122,000
Ticket sales	12,574	24,040
Interest income	3,182	89,066
	42,602,614	42,279,761
Expenses (note 5):		
Program expenses	20,171,588	34,209,697
Fundraising	2,948,231	2,056,654
Administration	632,616	443,785
Foreign exchange loss	25,281	139
	23,777,716	36,710,275
Excess of revenue over expenses	18,824,898	5,569,486
Net assets, beginning of year	5,569,486	–
Net assets, end of year	$ 24,394,384	$ 5,569,486

See accompanying notes to financial statements.

MOVEMBER CANADA

Statements of Cash Flows

Years ended April 30, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 18,824,898	$ 5,569,486
Amortization which does not involve cash	37,540	20,878
	18,862,438	5,590,364
Change in non-cash operating working capital:		
Increase in accounts receivable	(74,460)	(142,488)
Increase in prepaid expenses and deposits	(12,304)	(40,040)
Increase in accounts payable and accrued liabilities	44,031	99,243
Increase (decrease) in due to related parties	(852,864)	934,811
Increase (decrease) in distribution payable to Prostate Cancer Canada	(7,899,550)	32,840,762
	(8,795,147)	33,692,288
	10,067,291	39,282,652
Investing activities:		
Addition to capital assets	(27,708)	(72,863)
Increase in cash and cash equivalents	10,039,583	39,209,789
Cash and cash equivalents, beginning of year	39,209,789	–
Cash and cash equivalents, end of year	$ 49,249,372	$ 39,209,789

See accompanying notes to financial statements.

Movember Canada (the "Organization") is a charitable organization dedicated to promoting awareness for men's health, specifically prostate cancer. The Organization was incorporated on November 12, 2010 under the Canada Corporations Act and charitable status was obtained on July 25, 2011 (Registration # 84821 5604 RR0001). Operation did not commence until July, 2011. The Organization is not required to pay income taxes while it maintains its status as a charity.

1. Significant accounting policies:

(a) Basis of presentation:

On May 1, 2012, the Organization adopted Canadian Accounting Standards for Not-For-Profit Organizations ("ASNPO").

These are the first financial statements prepared in accordance with ASNPO. In accordance with the transitional provisions of ASNPO, the Organization has adopted the changes retrospectively subject to certain exemptions allowed under the standards. The transition date is May 1, 2011 and all comparative information provided has been represented by applying ASNPO. A statement of financial position as at May 1, 2011 had not been prepared as there were nil balances as at May 1, 2011, and inclusion in these financial statements is not meaningful.

These financial statements have been prepared in accordance with ASNPO, using the deferred method of accounting for contributions.

There were no adjustments to the statement of financial position as at May 1, 2011 or the statement of operations and changes in net assets for the year ended April 30, 2012, as a result of the transition to ASNPO.

(b) Revenue recognition:

The Organization follows the deferral method of accounting for revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recorded on an accrual basis.

1. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, bank balance and guaranteed investment certificates with a duration of less than 90 days from the date of acquisition.

(d) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis using the following annual rates:

Furniture and fixtures	40%
Computer equipment	40%

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

1. Significant accounting policies (continued):

(f) Contributed services:

A number of volunteers contribute a significant amount of time each year to assist in carrying out the Organization's service delivery activities. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

(g) Contributed gifts-in-kind:

The work of the Organization is supported by donated gifts-in-kind. The donated items are recorded at fair value as revenue and expenses at the date of contribution when fair value is reasonably determined.

(h) Allocation of expenses:

Certain support expenses are allocated to other functions based on either task-based service or estimated effort expensed.

(i) Use of estimates:

The preparation of financial statements in conformity with ASNPO 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 dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant items subject to such estimates and assumptions include the amortization of capital assets and accrued liabilities. Actual results could differ from those estimates.

2. Capital assets:

2013	Cost	Accumulated amortization	Net book value
Furniture and fixtures	$ 19,001	$ 10,137	$ 8,864
Computer equipment	81,570	48,281	33,289
	$ 100,571	$ 58,418	$ 42,153

2. Capital assets (continued):

2012	Cost	Accumulated amortization	Net book value
Furniture and fixtures	$ 10,148	$ 2,987	$ 7,161
Computer equipment	62,715	17,891	44,824
	$ 72,863	$ 20,878	$ 51,985

3. Due to related parties:

The amounts due to related parties consist of the following:

	2013	2012
Due to other divisions of the Movember Group Pty Limited ("Movember Group"), net	$ 25,948	$ 18,461
Due to the Movember Group	55,999	916,350
	$ 81,947	$ 934,811

The amounts due to other divisions of the Movember Group represent advances provided to the Organization from time to time.

The amounts due to Movember Group are related to services provided by the headquarters. During the year, services provided to the Organization totalled $1,813,137 (2012 - $872,387). The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to related parties is unsecured and non-interest bearing with no specific terms of repayment.

The fair value of due to related parties cannot be determined given the related party nature of the transactions.

4. Distribution payable to Prostate Cancer Canada ("PCC"):

The Organization entered into a beneficiary agreement with PCC whereby donations are distributed to PCC. The amount payable is non-interest bearing, with $8,500,000 (2012 - $17,000,000) payable in the following year. The remaining balance has no specific terms of payments.

5. Allocation of expenses:

(a) General support expenses provided by the headquarters of $1,813,137 (2012 - $872,387) have been allocated to other functions as follows:

	2013	2012
Program expenses	$ 656,163	$ 305,335
Fundraising	925,493	453,641
Administration	231,481	113,411
	$ 1,813,137	$ 872,387

(b) Salary and benefits cost of $1,273,907 (2012 - $736,646) has been allocated to other functions as follows:

	2013	2012
Program expenses	$ 214,655	$ 96,530
Fundraising	1,043,193	627,672
Administration	16,059	12,444
	$ 1,273,907	$ 736,646

6. Commitments:

The Organization rents a premise under a long-term operating lease which expires on September 30, 2016. The future minimum payments are as follows:

2014	$ 44,287
2015	46,842
2016	47,268
2017	19,695
	$ 158,092

7. Financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization assesses, on a continuous basis, amounts receivable and provides for any amounts that are not collectible in the allowance of doubtful accounts.

(b) Liquidity risk:

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization manages its liquidity risk by monitoring its operating requirements and prepares budget and cash forecast to ensure it has sufficient funds to fulfill its obligations.

As at year end, the cash and cash equivalents are earmarked towards disbursement to PCC and Global Action Plan Programs and other charitable initiatives and discharge of liabilities.