Financial Statements of

MOVEMBER CANADA

Year ended April 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Movember Canada

We have audited the accompanying financial statements of Movember Canada, which comprise the statement of financial position as at April 30, 2014, the statements of operations and changes in net assets and cash flows for the year 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 audit. We conducted our audit 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 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, 2014, and its results of operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

September 4, 2014
Toronto, Canada

MOVEMBER CANADA

Statement of Financial Position

April 30, 2014, with comparative information for 2013

		2014		2013
Assets				
Current assets:				
Cash and cash equivalents	$	62,897,225	$	49,249,372
Accounts receivable		207,471		216,948
Prepaid expenses and deposits		93,182		52,344
Due from related parties (note 3)		184,361		–
		63,382,239		49,518,664
Capital assets (note 2)		25,122		42,153
	$	63,407,361	$	49,560,817
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	150,239	$	143,274
Due to related parties (note 3)		–		81,947
Distribution payable to Prostate Cancer Canada (note 4)		30,191,808		24,941,212
		30,342,047		25,166,433
Net assets:				
Funds designated for Global Action Plan Programs		8,770,830		6,657,357
Funds designated for Canadian Men's Health Network		20,521,335		13,963,878
Unrestricted		3,773,149		3,773,149
		33,065,314		24,394,384
Commitments (note 6)				
	$	63,407,361	$	49,560,817

See accompanying notes to financial statements.

On behalf of the Board:

_________________________ Director

_________________________ Director

MOVEMBER CANADA

Statement of Operations and Changes in Net Assets

Year ended April 30, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Donations	$ 32,491,435	$ 41,880,947
Global allocation program	663,364	336,636
Corporate sponsorship	305,217	203,275
Interest	215,170	3,182
In-kind donations	152,489	166,000
Ticket sales and sales of goods	41,859	12,574
	33,869,534	42,602,614
Expenses (note 5):		
Program	21,902,783	20,171,588
Fundraising	2,481,498	2,948,231
Administration	698,739	632,616
Foreign exchange loss	115,584	25,281
	25,198,604	23,777,716
Excess of revenue over expenses	8,670,930	18,824,898
Net assets, beginning of year	24,394,384	5,569,486
Net assets, end of year	$ 33,065,314	$ 24,394,384

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Cash Flows

Year ended April 30, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 8,670,930	$ 18,824,898
Amortization which does not involve cash	36,627	37,540
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	9,477	(74,460)
Increase in prepaid expenses and deposits	(40,838)	(12,304)
Increase in amounts due from related parties	(184,361)	–
Increase in accounts payable and accrued liabilities	6,965	44,031
Decrease in due to related parties	(81,947)	(852,864)
Increase (decrease) in distribution payable to Prostate Cancer Canada	5,250,596	(7,899,550)
	13,667,449	10,067,291
Investing activities:		
Addition to capital assets	(19,596)	(27,708)
Increase in cash and cash equivalents	13,647,853	10,039,583
Cash and cash equivalents, beginning of year	49,249,372	39,209,789
Cash and cash equivalents, end of year	$ 62,897,225	$ 49,249,372

See accompanying notes to financial statements.

Movember Canada (the "Organization") is a charitable organization dedicated to promoting awareness for men's health. The Organization was previously incorporated on November 12, 2010 under the Canada Corporations Act and charitable status was obtained on July 25, 2011 (Registration # 84821 5604 RR0001) and was continued under the Canada Not-For-Profit Corporations Act in February 2014. 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:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations ("ASNPO"), using the deferred method of accounting for contributions.

(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.

(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.

1. Significant accounting policies (continued):

(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 date of the financial statements and the reported amounts of revenue and expenses during the year. 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:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	$ 19,863	$ 17,591	$ 2,272	$ 8,864
Computer equipment	100,304	77,454	22,850	33,289
	$ 120,167	$ 95,045	$ 25,122	$ 42,153

3. Due to (from) related parties:

The amounts due to (from) related parties consist of the following:

	2014	2013
Due to other divisions of the Movember Group Pty Limited ("Movember Group"), net	$ 4,664	$ 25,948
Due to (from) the Movember Group	(189,025)	55,999
	$ (184,361)	$ 81,947

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 $1,752,964 (2013 - $1,813,137). The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The amounts due to and from 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 $13,750,596 (2013 - $8,500,000) payable in the following year. The remaining balance has no specific terms of payments.

5. Allocation of expenses:

(a) General support expenses of $1,752,964 (2013 - $1,813,137) provided by the headquarters have been allocated to other functions as follows:

	2014	2013
Program expenses	$ 795,719	$ 656,163
Fundraising	761,840	925,493
Administration	195,405	231,481
	$ 1,752,964	$ 1,813,137

(b) Salary and benefits cost of $1,467,101 (2013 - $1,273,907) has been allocated to other functions as follows:

	2014	2013
Program expenses	$ 430,995	$ 214,655
Fundraising	976,682	1,043,193
Administration	59,424	16,059
	$ 1,467,101	$ 1,273,907

6. Commitments:

(a) The Organization rents premises under an operating lease which expires on September 30, 2016. The approximate future minimum payments are as follows:

2015	$ 46,800
2016	47,200
2017	19,700
	$ 113,700

6. Commitments (continued):

(b) Grant commitments:

During fiscal year 2014, the Organization has approved grants of approximately $8,202,000, which will be paid in future years once the conditions of the grants have been met. These amounts are not reflected in the statement of operations and changes in net assets.

2015	$ 2,320,000
2016	4,029,000
2017	1,853,000
	$ 8,202,000

7. Financial instruments:

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.

There was no change to the above risk exposure from 2013.