Movember Foundation

Financial Statements
For the Years Ended
April 30, 2018 and 2017
and
Independent Auditor’s Report

Movember Foundation
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Independent Auditor's Report

To the Board of Directors
Movember Foundation
Culver City, California

We have audited the accompanying financial statements of Movember Foundation (a non-profit organization) which comprise the statements of financial position as of April 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

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 of 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 Movember Foundation as of April 30, 2018 and 2017, 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.

HBLA Certified Public Accountants, Inc.

August 16, 2018

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Movember Foundation
Statements of Financial Position
April 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	$ 17,257,682	$ 18,159,106
Accounts and other receivables	561,356	58,741
Net related party receivable	250,106	576,982
Inventory	2,676	24,374
Prepaid expenses	212,861	77,095
Total current assets	18,284,681	18,896,298
Property and equipment, net	29,064	24,433
Other Assets		
Deposits	101,119	75,501
Total assets	$ 18,414,864	$ 18,996,232
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 193,951	$ 304,789
Accrued expenses	172,241	163,499
Payments received in advance	346,170	1,841,186
Payable to Men's Health Partners	3,412,481	4,902,784
Total current liabilities	4,124,843	7,212,258
Net Assets		
Unrestricted		
Board designated for Men's Health Programs	9,497,130	7,261,702
Undesignated	4,792,891	4,522,272
Total net assets	14,290,021	11,783,974
Total liabilities and net assets	$ 18,414,864	$ 18,996,232

See accompanying notes to financial statements

Movember Foundation
Statements of Activities and Changes in Net Assets
For the Years Ended April 30, 2018 and 2017

	2018	2017
Changes in Unrestricted Net Assets		
Support and revenue		
Fundraising contributions received	$ 16,989,270	$ 16,286,551
Sales of goods	193,171	174,542
Interest and other income	107,956	51,344
Total support and revenue	17,290,397	16,512,437
Expenses		
Program		
Men's Health Programs	3,983,861	4,072,168
Funds donated and program delivery payments	6,940,128	7,535,958
Administration	1,139,056	1,255,237
Fundraising	2,721,305	2,567,741
Total expenses	14,784,350	15,431,104
Increase in unrestricted net assets	2,506,047	1,081,333
Unrestricted net assets at beginning of year	11,783,974	10,702,641
Unrestricted net assets at end of year	$ 14,290,021	$ 11,783,974

See accompanying notes to financial statements

Movember Foundation
Statement of Functional Expenses
For the Year Ended April 30, 2018

	Program		Supporting Services		
	Men's Health Programs	Funds Donated and Program Delivery Payments	Administration	Fundraising	Total
Donation to Prostate Cancer Foundation	$ -	$ 3,000,000	$ -	$ -	$ 3,000,000
Program delivery payments	-	6,534,384	-	-	6,534,384
Reimbursement of donation to LIVE**STRONG** Foundation	-	(2,594,256)	-	-	(2,594,256)
Administration	11,809	-	54,377	733	66,919
Marketing and promotion	313,725	-	-	313,725	627,450
Health education, awareness, and communication	298,692	-	-	297,533	596,225
Professional services	80,868	-	29,968	367,818	478,654
Information and technology	14,772	-	41,355	-	56,127
Salaries and related costs	1,161,429	-	9,651	649,462	1,820,542
Travel	58,690	-	-	57,730	116,420
Entertainment	2,522	-	3,800	14,941	21,263
Web	2,550	-	-	2,550	5,100
Rent and utilities	44,455	-	165,394	2,734	212,583
Foreign exchange loss (see Note 7)	-	-	4,799	-	4,799
Global services allocations	1,993,122	-	809,324	1,014,079	3,816,525
Depreciation	1,227	-	20,388	-	21,615
Total expenses	$ 3,983,861	$ 6,940,128	$ 1,139,056	$ 2,721,305	$ 14,784,350

See accompanying notes to financial statements

Movember Foundation
Statement of Functional Expenses
For the Year Ended April 30, 2017

	Program		Supporting Services		
	Men's Health Programs	Funds Donated and Program Delivery Payments	Administration	Fundraising	Total
Donation to Prostate Cancer Foundation	$ -	$ 4,727,784	$ -	$ -	$ 4,727,784
Program delivery payments	-	5,065,905	-	-	5,065,905
Reimbursement of Donation to LIVE**STRONG** Foundation	-	(2,257,731)	-	-	(2,257,731)
Administration	6,392	-	49,788	-	56,180
Marketing and promotion	255,598	-	-	249,833	505,431
Health education, awareness, and communication	321,475	-	-	221,932	543,407
Professional services	121,858	-	38,553	297,429	457,840
Information and technology	(194,035)	-	64,427	-	(129,608)
Salaries and related costs	1,250,243	-	-	726,710	1,976,953
Travel	74,335	-	-	46,163	120,498
Entertainment	18,993	-	10,628	214	29,835
Web	15,484	-	-	83	15,567
Rent and utilities	35,113	-	261,831	-	296,944
Other	-	-	42,889	-	42,889
Foreign exchange gain (see Note 7)	(9)	-	(989)	-	(998)
Global services allocation	2,166,073	-	768,064	1,025,377	3,959,514
Depreciation	648	-	20,046	-	20,694
Total expenses	$ 4,072,168	$ 7,535,958	$ 1,255,237	$ 2,567,741	$ 15,431,104

See accompanying notes to financial statements

Movember Foundation
Statements of Cash Flows
For the Years Ended April 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Increase in unrestricted net assets	$ 2,506,047	$ 1,081,333
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	21,615	20,694
Loss on disposal of property and equipment	-	2,163
(Increase) decrease in assets:		
Accounts and other receivables	(502,615)	967,761
Related party receivable	326,876	(263,738)
Deposits	(25,618)	26,600
Inventory	21,698	(24,374)
Prepaid expenses	(135,766)	(24,099)
Increase (decrease) in liabilities:		
Accounts payable	(110,838)	202,997
Accrued expenses	8,742	30,193
Payments received in advance	(1,495,016)	1,841,186
Payable to Men's Health Partners	(1,490,303)	(965,761)
Total adjustments	(3,381,225)	1,813,622
Net cash provided (used) by operating activities	(875,178)	2,894,955
Cash flows from investing activities		
Purchases of property and equipment	(26,246)	(7,662)
Net increase (decrease) in cash and cash equivalents	(901,424)	2,887,293
Cash and cash equivalents, beginning of year	18,159,106	15,271,813
Cash and cash equivalents, end of year	$ 17,257,682	$ 18,159,106

See accompanying notes to financial statements

1. Organization

Movember Foundation (the Foundation) (a California non-profit Corporation), with an office in Culver City, California, is a not-for-profit organization formed in 2007 to organize and promote events and campaigns to bring the world's largest movement for men's health to the United States. The Foundation aims to help men live longer, healthier, and happier lives through investing in three key areas: prostate cancer, testicular cancer, and mental health and suicide prevention. The Foundation raises funds primarily from individual donors and provides donations to select organizations that serve as the Foundation's Men's Health Partners including the Foundation (to fund internal programs), the Prostate Cancer Foundation (PCF), the Prevention Institute, the University of South Florida, the University of Washington, the University of California San Francisco, and the LIVE**STRONG** Foundation (LSF). The Foundation is an affiliate of the Australian based The Movember Group Pty Limited (MGPL), Trustee of the Movember Foundation.

The Foundation's internal programs help fund world-class medical research and support programs, including the Global Action Plan (GAP) and the TrueNTH initiative. GAP is an international collaborative research initiative, fast tracking to a time when no man will die from prostate or testicular cancer. There are six GAP projects currently underway, of which five address prostate cancer and one addresses testicular cancer. TrueNTH is the Foundation's global initiative in Australia, Canada, the United Kingdom and the United States to help men, their families, and their caregivers to improve the quality of life after a prostate cancer or testicular cancer diagnosis. TrueNTH is an international collaboration bringing together key disciplines and skills from across the world to develop innovative, evidence-based interventions and patient-centered care models that will improve the physical and mental well-being of men living with prostate or testicular cancer.

2. Summary of Significant Accounting Policies

Support and Revenue

The Foundation receives most of its income from contributions. The primary campaign activities occur in the month of November each year. Amounts contributed are recognized when they are received by the Foundation or when there is a written unconditional promise to give by the donor.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Net assets of the two restricted classes are created by donor-imposed restrictions on their use. All other net assets, including Board-designated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

Unrestricted net assets consist of funds that are available for the Foundation to utilize in any of its programs or supporting services at the discretion of the Board of Directors.

Temporarily restricted net assets consist of funds that are restricted by donors for a specific time period or purpose.

Permanently restricted net assets consist of funds that contain donor-imposed restrictions requiring the principal be invested in perpetuity and that only the income be used. Income earned on these funds may be unrestricted or temporarily restricted, depending upon the donor-imposed restrictions. There were no temporarily or permanently restricted net assets at April 30, 2018 or 2017.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers cash on hand, cash in demand deposit accounts including money market funds, and instruments with an original maturity date of 90 days or less at date of purchase to be cash and cash equivalents. The Foundation maintains its cash and cash equivalent balances with four banks. Deposits of up to $250,000 at FDIC-insured institutions are covered by FDIC insurance. Deposits are

2. Summary of Significant Accounting Policies (Continued)

generally in excess of the FDIC insurance limit; however, management does not believe the Foundation is exposed to any significant related credit risk.

Property and Equipment

Property and equipment are stated at cost, or fair market value at the date of donation if the property is donated, less accumulated depreciation. Depreciation is accounted for on the straight line method over the estimated useful lives of the assets, which is 5 years for furniture and fixtures and 2.5 years for computer equipment. Leasehold improvements are depreciated over the shorter of the useful life of the improvement or the lease term, including renewal periods that are reasonably assured.

Expenditures for maintenance and repairs are expensed in the period incurred. Expenditures for major improvements are capitalized. Costs of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and the statements of functional expenses. Certain costs have been allocated among the programs, administration, and fundraising activities benefited.

Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and under Section 23701(d) of the California Revenue and Taxation Code.

The Foundation's informational returns for the years ended April 30, 2015 and subsequent remain open for examination by the Internal Revenue Service. The returns for California, the Foundation's only state jurisdiction, remain open for examination by state tax authorities for the years ended April 30, 2014 and subsequent.

Management Estimates

Preparing the Foundation's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases. This ASU will require entities to recognize lease assets and lease liabilities on the face of the financial statements and to disclose key information about leasing arrangements to enable readers of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. This ASU will be effective for fiscal years beginning after December 15, 2019. Management is evaluating the impact of adopting this new ASU on the combined financial statements.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. This ASU will simplify the face of the financial statements by eliminating the distinction between resources with permanent restrictions and those with temporary restrictions, while at the same time enhancing the footnote disclosures to provide financial statement readers with more useful information about an entity's resources and changes in those resources. This ASU will be effective for fiscal years beginning after December 15, 2017. Management is evaluating the impact of adopting this new ASU on the financial statements.

2. Summary of Significant Accounting Policies (Continued)

In June, 2018, the FASB issued ASU 2018-08 intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by non-for-profit organizations. The ASU addresses how to characterize grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions), as well as distinguish between conditional and unconditional contributions. This ASU will be effective for fiscal years beginning after December 15, 2018.

Reclassifications

Certain amounts in the prior year comparative information have been reclassified to conform to the current year financial statement presentation. These reclassifications have no effect on previously reported net assets.

Subsequent Events

Management has evaluated subsequent events through August 16, 2018, the date the financial statements were available to be issued.

3. Receivable from Beneficiary

During the year ended April 30, 2015, the Foundation set up the TrueNTH program, which was intended to be administered by LSF. During the year ended April 30, 2016, the Foundation agreed to undertake the management of various programs previously administered by LSF, including the TrueNTH program and the GAP7 program. As a result, LSF agreed to return funds donated by the Foundation in previous years, at the rate at which the Foundation spends funds on these programs. Included in accounts and other receivables at April 30, 2018 is $509,488, which represents amounts due from LSF to the Foundation for expenses incurred in the year then ended. As of April 30, 2017, LSF had already paid the Foundation for expenses incurred in the year then ended.

4. Property and Equipment

Property and equipment consists of the following at April 30:

	2018	**2017**
Furniture and fixtures	$ 54,492	$ 46,383
Computer equipment	106,157	87,681
Leasehold improvements	32,661	32,661
Total property and equipment	193,310	166,725
Less accumulated depreciation	(164,246)	(142,292)
Total property and equipment, net	$ 29,064	$ 24,433

5. Distributions to Men's Health Partners, Donations Payable, and Payments Received in Advance

All donations to the Men's Health Partners are included under program expenses in the statements of activities and changes in net assets.

Donations payable totaling $3,412,481 and $4,902,784 reflected in the statements of financial position at April 30, 2018 and 2017, respectively, consist of binding commitments awarded to Men's Health Partners during the years then ended but not paid as of the end of each financial year.

Payments received in advance totaling $346,170 and $1,841,186 reflected in the statements of financial position at April 30, 2018 and 2017, respectively, consist of amounts paid by LSF to the Foundation for administration of the TrueNTH and GAP7 programs in the following year.

6. Operating Leases

The Foundation leases office space in Culver City, California under a lease agreement (the Agreement) amended and extended on August 28, 2017 and expiring on October 31, 2023. Minimum monthly payments under the Agreement are $33,025 plus various common area charges and utilities. The Agreement provides for rent increases.

Rent expense was approximately $204,000 and $284,000 for the years ended April 30, 2018 and 2017, respectively.

Future minimum lease payments are as follows for the years ending April 30:

2019	$	427,122
2020		472,461
2021		531,348
2022		547,292
2023		563,708
Thereafter		287,462
Total	$	2,829,393

7. Foreign Exchange

Included in administration costs are foreign exchange gains and losses, which relate to expenses allocated from MGPL for the Foundation's share of its global expenses (see Note 8). These intercompany allocations are subject to the inherent risks associated with foreign exchange rate movements. Foreign currency denominated assets and liabilities are translated into U.S. dollars at the exchange rate existing at the statement of financial position date, and revenue and expense items are translated at the exchange rate existing at the transaction date. MGPL structures intercompany transactions and settlements to ensure that the majority of foreign exchange gains or losses, representing changes in exchange rates from the transaction date to the settlement date, are borne by MGPL and not by the Foundation.

During the years ended April 30, 2018 and 2017, fluctuations in the value of the U.S. dollar caused a net foreign exchange loss of approximately $5,000 and a net foreign exchange gain of approximately $1,000, respectively.

8. Global Service Allocations

MGPL, together with local country affiliates (including the Foundation), is a global operation with its head office based in Melbourne, Australia. In order to minimize costs in all countries in which the Foundation operates, MGPL charges the Foundation for its share of certain costs for central services. These services are conducted centrally to ensure consistency over the Movember brand and to achieve economies of scale for Movember's global programs, thereby resulting in lower costs in each country. The services carried out centrally include website development, hosting and maintenance; campaign theme design and related materials; financial and accounting services; human resources services; and general management, including program implementation and beneficiary partner management services. Management of MGPL and the Foundation believe the charge from MGPL is significantly less than if the Foundation were to conduct all of these activities on a stand-alone local basis. The costs are charged on actual consumption or, where this cannot be identified, on an equitable basis that is fair to all regions. MGPL does not charge interest or mark up costs. The global services allocation expense for the Foundation was $3,816,525 and $3,959,514 for the years ended April 30, 2018 and 2017, respectively.

9. Related Party Transactions

The Foundation performs a variety of services, primarily related to salaries, for MGPL, Movember Canada, and other related entities, and charges them for these services. Expense reimbursements received or receivable from MGPL for services provided during the years ended April 30, 2018 and 2017 totaled $4,150,216 and $2,810,329, respectively, and from Movember Canada totaled $509,565 and $192,255, respectively.

The Foundation purchases and pays for campaign and Mo Collection merchandise on behalf of Movember Europe and other related entities. Those entities then reimburse the Foundation for their share of the products purchased. Expense reimbursements received or receivable from Movember Europe for campaign and Mo Collection merchandise provided during the years ended April 30, 2018 and 2017 totaled $78,361 and $37,712, respectively.

Reimbursements received or receivable are netted against the related operating expenses.

MGPL charged the Foundation its share of certain costs for services provided by MGPL through the global services allocation (see Note 8) and for program management. These amounts totaled $5,169,764 and $4,446,140 during the years ended April 30, 2018 and 2017, respectively.

Amounts receivable from (payable to) related parties are as follows at April 30:

	2018	2017
MGPL	$ 112,111	$ 422,472
Canada	(225)	84,552
Europe (Consolidated)	139,220	62,792
New Zealand	-	7,166
e.V. (Germany)	(1,000)	-
Total	$ 250,106	$ 576,982

10. Allocation of Joint Costs

During the years ended April 30, 2018 and 2017, the Foundation conducted activities that included a campaign and special events and incurred joint costs of $5,629,852 and $5,353,659, respectively. Joint costs were allocated as follows.

	2018	2017
Men's Health Awareness	$ 2,392,139	$ 2,271,934
Administration	818,975	781,153
Fundraising	2,418,738	2,300,572
Total	$ 5,629,852	$ 5,353,659

11. Retirement Plan

The Foundation maintains a 401(k) retirement plan for its employees who are 21 years of age and older. Under the plan, eligible employees may elect to defer up to 80% of their compensation subject to Internal Revenue Service limits. The Foundation does not make any matching contributions.