

Movember Foundation

Financial Statements
For the Years Ended
April 30, 2019 and 2018
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, 2019 and 2018, 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, 2019 and 2018, 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 15, 2019

Movember Foundation
Statements of Financial Position
April 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 17,423,642	\$ 17,257,682
Accounts and other receivables	2,579,203	561,356
Net related party receivable	553,523	250,106
Inventory	2,799	2,676
Prepaid expenses	207,518	212,861
	<hr/>	<hr/>
Total current assets	20,766,685	18,284,681
Property and equipment, net	38,439	29,064
Other Assets		
Investments	1,996,150	-
Deposits	105,049	101,119
	<hr/>	<hr/>
Total assets	<u>\$ 22,906,323</u>	<u>\$ 18,414,864</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 563,178	\$ 193,951
Accrued expenses	322,374	172,241
Payments received in advance	133,583	346,170
Donations payable to Men's Health Partners	1,912,480	3,412,481
	<hr/>	<hr/>
Total current liabilities	2,931,615	4,124,843
Net Assets		
Without Donor Restrictions		
Board designated for Men's Health Programs	14,185,447	9,497,130
Undesignated	5,789,261	4,792,891
	<hr/>	<hr/>
Total net assets	19,974,708	14,290,021
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Total liabilities and net assets	<u>\$ 22,906,323</u>	<u>\$ 18,414,864</u>

See accompanying notes to financial statements

Movember Foundation
Statements of Activities and Changes in Net Assets
For the Years Ended April 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions		
Support and revenue		
Fundraising contributions received	\$ 18,177,079	\$ 16,989,270
Sales of goods and barbershop revenue	133,140	193,171
Interest and other income	<u>326,611</u>	<u>107,956</u>
Total support and revenue without donor restrictions	<u>18,636,830</u>	<u>17,290,397</u>
Expenses		
Program		
Men's Health Programs	4,296,381	3,983,861
Funds donated and program delivery payments	4,595,118	6,940,128
Administration	1,014,561	1,139,056
Fundraising	<u>3,046,083</u>	<u>2,721,305</u>
Total expenses	<u>12,952,143</u>	<u>14,784,350</u>
Increase in net assets without donor restrictions	5,684,687	2,506,047
Net assets at beginning of year	<u>14,290,021</u>	<u>11,783,974</u>
Net assets at end of year	<u>\$ 19,974,708</u>	<u>\$ 14,290,021</u>

See accompanying notes to financial statements

Movember Foundation
Statement of Functional Expenses
For the Year Ended April 30, 2019

	<u>Program</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Men's Health Programs</u>	<u>Funds Donated and Program Delivery Payments</u>	<u>Administration</u>	<u>Fundraising</u>	
Donation to Prostate Cancer Foundation	\$ -	\$ 348,228	\$ -	\$ -	\$ 348,228
Program delivery payments	-	6,108,001	-	-	6,108,001
Reimbursement of donation previously made to LIVESTRONG Foundation	-	(1,861,111)	-	-	(1,861,111)
Administration	32,288	-	77,459	1,170	110,917
Marketing and promotion	573,892	-	-	569,138	1,143,030
Health education, awareness, and communication	386,516	-	-	386,408	772,924
Professional services	123,212	-	38,630	375,861	537,703
Information and technology	9,360	-	24,136	-	33,496
Salaries and related costs	1,481,359	-	-	620,679	2,102,038
Travel	101,413	-	-	45,555	146,968
Entertainment	1,117	-	11,078	4,387	16,582
Web	-	-	-	-	-
Rent and utilities	157,727	-	212,989	-	370,716
Foreign exchange loss (see Note 8)	-	-	1,394	-	1,394
Global services allocations	1,427,139	-	627,123	1,042,885	3,097,147
Depreciation	2,358	-	21,752	-	24,110
Total expenses	\$ 4,296,381	\$ 4,595,118	\$ 1,014,561	\$ 3,046,083	\$ 12,952,143

See accompanying notes to financial statements

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

	<u>Program</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Men's Health Programs</u>	<u>Funds Donated and Program Delivery Payments</u>	<u>Administration</u>	<u>Fundraising</u>	
Donation to Prostate Cancer Foundation	\$ -	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Program delivery payments	-	6,534,384	-	-	6,534,384
Reimbursement of donation previously made to LIVESTRONG 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 8)	-	-	4,799	-	4,799
Global services allocation	1,993,122	-	809,324	1,014,079	3,816,525
Depreciation	1,227	-	20,388	-	21,615
Total expenses	<u>\$ 3,983,861</u>	<u>\$ 6,940,128</u>	<u>\$ 1,139,056</u>	<u>\$ 2,721,305</u>	<u>\$ 14,784,350</u>

See accompanying notes to financial statements

Movember Foundation
Statements of Cash Flows
For the Years Ended April 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Increase in net assets without donor restrictions	\$ 5,684,687	\$ 2,506,047
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Amortization of discount/premium of investments	(1,790)	-
Depreciation	24,110	21,615
(Increase) decrease in assets:		
Accounts and other receivables	(2,017,847)	(502,615)
Related party receivable	(303,417)	326,876
Deposits	(3,930)	(25,618)
Inventory	(123)	21,698
Prepaid expenses	5,343	(135,766)
Increase (decrease) in liabilities:		
Accounts payable	369,227	(110,838)
Accrued expenses	150,133	8,742
Payments received in advance	(212,587)	(1,495,016)
Payable to Men's Health Partners	(1,500,001)	(1,490,303)
Total adjustments	<u>(3,490,882)</u>	<u>(3,381,225)</u>
Net cash provided (used) by operating activities	<u>2,193,805</u>	<u>(875,178)</u>
Cash flows from investing activities		
Purchases of property and equipment	(33,485)	(26,246)
Purchases of investments	(1,994,360)	-
Net cash used by investing activities	<u>(2,027,845)</u>	<u>(26,246)</u>
Net increase (decrease) in cash and cash equivalents	165,960	(901,424)
Cash and cash equivalents, beginning of year	<u>17,257,682</u>	<u>18,159,106</u>
Cash and cash equivalents, end of year	<u>\$ 17,423,642</u>	<u>\$ 17,257,682</u>

See accompanying notes to financial statements

Movember Foundation

Notes to Financial Statements

April 30, 2019 and 2018

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 these 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 projects managed and delivered directly by the Movember Foundation), the Prostate Cancer Foundation (PCF), the Prevention Institute, the University of Michigan, the University of California Los Angeles, the University of California Davis, the Dana Farber Cancer Institute, Duke University, the VA Portland Health Care System, Emory University, the Oregon Health and Science University, the University of North Carolina, John Hopkins University, the Moffitt Cancer Centre, the University of Colorado Denver, the University of Washington, North Western University, the University of Chicago, City of Hope, the University of Texas MD Anderson Cancer Center, the University of Wisconsin, the Weill Cornell Medical College, the Fred Hutchinson Cancer Research Center, the University of California San Francisco, the Prostate Cancer Clinical Trials Consortium (PCCTC) and the Memorial Sloan-Kettering Cancer Centre (MSK). The Foundation is an affiliate of the Australian based The Movember Group Pty Limited (MGPL), Trustee of the Movember Foundation.

The programs directly managed and delivered by the Movember Foundation consist of 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. To date, six GAP projects have been funded, of which five address prostate cancer and one addresses testicular cancer. TrueNTH is a global initiative operating in the United States, Australia, Canada, the United Kingdom, Ireland, and New Zealand to improve the quality of life for men living with or beyond prostate cancer or testicular cancer. It is an international collaboration bringing together knowledge and expertise from around the world to deliver evidence-based interventions, improved patient-centered care models, and digital resources to improve both physical and mental wellbeing. TrueNTH brings together key disciplines and skills from across the world to help men, their families, and their caregivers to improve the quality of life after a prostate cancer or testicular cancer diagnosis.

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.

The Foundation reports information regarding contributions and support received in its statements of financial position and statements of activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions:

Net Assets Without Donor Restrictions – Contributions that are considered to be available for unrestricted use.

Net Assets With Donor Restrictions – Contributions received that are restricted by donors for a specific time period or purpose. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Income earned on these assets may or may not be restricted, depending upon the donor imposed restrictions.

When donor restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Organization reports both the revenue and the related expense in the net assets without donor restrictions category.

Movember Foundation
Notes to Financial Statements
April 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

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.

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 life of the asset, 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.

Investments

Investments in fixed income securities are reported at amortized cost. Discounts and premiums to the face amount are accreted and amortized using the effective interest rate method over the lives of the respective securities. Interest income is recognized on the accrual basis.

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.

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.

Recently Adopted Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. This ASU is intended to 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. The Foundation adopted this ASU in the year ended April 30, 2019 and has adjusted the presentation of these statements accordingly.

Movember Foundation
Notes to Financial Statements
April 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, which 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 financial statements.

In June, 2018, the FASB issued ASU 2018-08, which is 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.

Subsequent Events

Management has evaluated subsequent events through August 15, 2019, 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, 2019 and 2018 is \$2,370,599 and \$509,488, respectively, which represents amounts due from LSF to the Foundation for expenses incurred in the years then ended.

4. Property and Equipment

Property and equipment consisted of the following at April 30:

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 61,156	\$ 54,492
Computer equipment	132,978	106,157
Leasehold improvements	<u>32,661</u>	<u>32,661</u>
Total property and equipment	226,795	193,310
Less accumulated depreciation	<u>(188,356)</u>	<u>(164,246)</u>
Total property and equipment, net	<u>\$ 38,439</u>	<u>\$ 29,064</u>

Movember Foundation
Notes to Financial Statements
April 30, 2019 and 2018

5. Investments

The Foundation invested in a bond portfolio during the year ended April 30, 2019 and uses a hold-to-maturity strategy for these investments. All bond investments are rated A- or above, in line with the Foundation's low risk investment target. As of April 30, 2019, this bond portfolio was comprised of the following assets:

<u>Bond Issuer</u>	<u>Settlement Date</u>	<u>Maturity Date</u>	<u>Face Value</u>	<u>Coupon Rate</u>	<u>Effective Interest Rate</u>	<u>Carrying Value</u>
Microsoft Corp	06/08/18	02/06/22	\$500,000	2.400%	2.954%	\$ 492,933
Bank of NY Mellon	06/08/18	04/28/23	500,000	3.500%	3.454%	500,917
Oracle Corp	04/11/19	09/15/21	500,000	1.900%	2.525%	493,993
Wells Fargo Corp	04/11/19	10/22/21	500,000	3.625%	2.783%	<u>508,307</u>
						<u>\$ 1,996,150</u>

6. 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 \$1,912,480 and \$3,412,481 reflected in the statements of financial position at April 30, 2019 and 2018, 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. The Foundation also awarded approximately \$2,000,000 in additional funds to one of these Men's Health Partners in May 2019.

Payments received in advance totaling \$133,583 and \$346,170 reflected in the statements of financial position at April 30, 2019 and 2018, respectively, consist of amounts paid by LSF to the Foundation for administration of the GAP7 program in the following year.

7. 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 \$42,146 plus various common area charges and utilities. The Agreement provides for rent increases. The Foundation allocates a portion of its facility rent to related entities.

The Foundation entered into a lease agreement for an office space in New York, commencing November 1, 2018, amended and extended on April 18, 2019, expiring October 31, 2019. Monthly lease payments are \$2,620.

Rent expense, net of amounts allocated to related entities, was approximately \$346,000 and \$204,000 for the years ended April 30, 2019 and 2017, respectively.

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

2020	\$ 488,181
2021	531,348
2022	547,292
2023	563,708
2024	<u>287,462</u>
Total	<u>\$ 2,417,991</u>

Movember Foundation
Notes to Financial Statements
April 30, 2019 and 2018

8. 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 9). 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, 2019 and 2018, fluctuations in the value of the U.S. dollar caused a net foreign exchange loss of approximately \$1,000 and \$5,000, respectively.

9. 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 \$3,097,147 and \$3,816,525 for the years ended April 30, 2019 and 2018, respectively.

10. 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, 2019 and 2018 totaled \$6,504,671 and \$3,838,699, respectively, and from Movember Canada totaled \$131,271 and \$523,073, respectively.

In prior years, the Foundation purchased and paid for campaign and Mo Collection merchandise on behalf of Movember Europe and other related entities. Those entities then reimbursed 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 year ended April 30, 2018 totaled \$78,361. Mo Collections ceased operations during the year ended April 30, 2018, and commencing May 1, 2018, each country became responsible for purchasing its own promotional products. During the year ended April 30, 2019, the Foundation received donations from US-based entities on behalf of the European fundraising initiatives, for which the funds payable to European entities as of April 30, 2019 totaled \$120,951.

Reimbursements received or receivable were 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 9) and for program management. These amounts totaled \$7,128,841 and \$5,067,796 during the years ended April 30, 2019 and 2018, respectively.

Movember Foundation
Notes to Financial Statements
April 30, 2019 and 2018

10. Related Party Transactions (Continued)

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

	<u>2019</u>	<u>2018</u>
MGPL	\$ 500,418	\$ 112,111
Canada	(7,911)	(225)
Europe (Consolidated)	57,247	139,220
New Zealand	4,769	-
e.V. (Germany)	<u>(1,000)</u>	<u>(1,000)</u>
Total	<u>\$ 553,523</u>	<u>\$ 250,106</u>

11. Allocation of Joint Costs

During the years ended April 30, 2019 and 2018, the Foundation conducted activities that included a campaign and special events and incurred joint costs of \$6,112,179 and \$5,629,852, respectively. Joint costs were allocated as follows:

	<u>2019</u>	<u>2018</u>
Men's Health Awareness	\$ 2,687,702	\$ 2,392,139
Administration	633,003	818,975
Fundraising	<u>2,791,474</u>	<u>2,418,738</u>
Total	<u>\$ 6,112,179</u>	<u>\$ 5,629,852</u>

12. 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.

13. Availability of Financial Assets and Liquidity

The Foundation has approximately \$6,371,000 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditure, as follow:

Financial assets, at April 30, 2019*	\$ 20,556,368
Less those unavailable for general expenditures within one year, due to:	
Board designations:	
Amounts set aside for Men's Health Programs	<u>(14,185,447)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,370,921</u>

* Total assets, less nonfinancial assets (i.e. property and equipment, inventory, prepaid expenses, and investments held to maturity)

Movember Foundation
Notes to Financial Statements
April 30, 2019 and 2018

13. Availability of Financial Assets and Liquidity (Continued)

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in certificates of deposit and bond portfolios to use the interest income as a secondary revenue stream.

14. Functional 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. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Additionally, the financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Those expenses include salaries and wages, facility expenses, and depreciation. The allocations for salaries and wages are made on an individual employee basis, and the percentages used to allocate those employees to the various departments is evaluated on an annual basis during the budget preparation process. Rent, utilities, insurance, and depreciation expense are allocated based on a square footage analysis of the floor plans at the Foundation's various locations.

15. Concentrations and Contingencies

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, deposits of up to \$250,000 at FDIC-insured institutions are covered by FDIC insurance. At times, deposits may be in excess of the FDIC insurance limit; however, management does not believe the Foundation is exposed to any significant related credit risk.

The Foundation is subject to various claims and legal proceedings covering matters that arise in the ordinary course of its activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition of the Foundation.

16. Cash and Cash Equivalents

Cash and cash equivalents are as follows at April 30:

	<u>2019</u>	<u>2018</u>
Cash	\$ 11,923,642	\$ 8,148,585
Term Deposits	<u>5,500,000</u>	<u>9,109,097</u>
Total cash and cash equivalents	<u>\$ 17,423,642</u>	<u>\$ 17,257,682</u>

17. Accrued Expenses

Accrued expenses are as follows at April 30:

	<u>2019</u>	<u>2018</u>
General accruals	\$ 134,586	\$ 39,839
Employee-related accruals	134,775	123,848
Deferred rent liability	<u>53,013</u>	<u>8,554</u>
Total accrued expenses	<u>\$ 322,374</u>	<u>\$ 172,241</u>