

Financial Statements of

MOVEMBER CANADA

Year ended April 30, 2017



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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, 2017, the statements of operations, 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.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Movember Canada as at April 30, 2017, 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

August 29, 2017
Vaughan, Canada

MOVEMBER CANADA

Statement of Financial Position

April 30, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 36,030,857	\$ 49,760,004
Short-term investments (note 2)	11,077,235	6,000,000
Accrued interest	511,573	378,326
Accounts receivable	104,159	149,212
Inventory	39,049	–
Prepaid expenses and deposits	43,997	43,271
Due from related parties (note 4)	315,951	2,633
	<u>48,122,821</u>	<u>56,333,446</u>
Long-term investments (note 2)	8,000,000	7,000,000
Capital assets (note 3)	197,746	18,891
	<u>\$ 56,320,567</u>	<u>\$ 63,352,337</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 424,662	\$ 141,476
Due to related parties (note 4)	115,461	337,523
Distribution payable to Prostate Cancer Canada (note 5)	23,850,457	27,608,138
	<u>24,390,580</u>	<u>28,087,137</u>
Net assets:		
Funds designated for Canadian Men's Health Network	26,858,943	29,624,302
Unrestricted	5,071,044	5,640,898
	<u>31,929,987</u>	<u>35,265,200</u>
Commitments (note 7)		
	<u>\$ 56,320,567</u>	<u>\$ 63,352,337</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

MOVEMBER CANADA

Statement of Operations

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Donations	\$ 14,208,229	\$ 16,321,420
Interest	609,425	617,370
Corporate sponsorship	587,263	469,174
Ticket sales and sales of goods	101,532	69,552
	<u>15,506,449</u>	<u>17,477,516</u>
Expenses (note 6):		
Program (note 6(c))	15,594,972	18,444,797
Fundraising	2,151,080	1,886,205
Administration	1,083,273	1,189,306
Foreign exchange loss (gain)	12,337	(34,030)
	<u>18,841,662</u>	<u>21,486,278</u>
Deficiency of revenue over expenses	<u>\$ (3,335,213)</u>	<u>\$ (4,008,762)</u>

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Changes in Net Assets

Year ended April 30, 2017, with comparative information for 2016

			2017	2016
	Unrestricted	Funds designated for Canadian Men's Health Network	Total	Total
Net assets, beginning of year	\$ 5,640,898	\$ 29,624,302	\$ 35,265,200	\$ 39,273,962
Deficiency of revenue over expenses	(3,335,213)	–	(3,335,213)	(4,008,762)
Interfund transfer	2,765,359	(2,765,359)	–	–
Net assets, end of year	\$ 5,071,044	\$ 26,858,943	\$ 31,929,987	\$ 35,265,200

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Cash Flows

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Cash (used in) provided by:		
Operating activities:		
Deficiency of revenue over expenses	\$ (3,335,213)	\$ (4,008,762)
Amortization which does not involve cash	45,149	15,597
Change in non-cash operating working capital:		
Decrease (increase) in accrued receivable interest	(133,247)	192,508
Decrease (increase) in accounts receivable	45,053	(23,410)
Increase in inventory	(39,049)	—
Increase in prepaid expenses and deposits	(726)	(26,877)
Decrease (increase) in amounts due from related parties	(313,318)	33,949
Increase (decrease) in accounts payable and accrued liabilities	283,186	(43,853)
Decrease in due to related parties	(222,062)	(2,068,543)
Decrease in distribution payable to Prostate Cancer Canada	(3,757,681)	(2,166,610)
	<u>(7,427,908)</u>	<u>(8,096,001)</u>
Investing activities:		
Addition to capital assets	(224,004)	(13,861)
Decrease (increase) in investments	(6,077,235)	10,000,000
	<u>(6,301,239)</u>	<u>9,986,139</u>
Increase (decrease) in cash and cash equivalents	(13,729,147)	1,890,138
Cash and cash equivalents, beginning of year	49,760,004	47,869,866
Cash and cash equivalents, end of year	<u>\$ 36,030,857</u>	<u>\$ 49,760,004</u>

See accompanying notes to financial statements.

MOVEMBER CANADA

Notes to Financial Statements

Year ended April 30, 2017

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 number 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.

Pledged donations are recorded when received due to uncertainty involved in their collection.

Interest income is recorded on an accrual basis.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, bank balances and guaranteed investment certificates with maturity dates of 90 days or less remaining at April 30, 2017.

(d) Inventory:

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value. Cost of inventory is determined on a first in first out basis. Net realizable value represents the estimated selling price for inventory less all estimated costs of completion and costs necessary to make the sale.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2017

1. Significant accounting policies (continued):

(e) 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	20%
Computer equipment	40%
Leasehold improvements	20%

(f) 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.

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Notes to Financial Statements (continued)

Year ended April 30, 2017

1. Significant accounting policies (continued):

(g) Contributed goods and services:

A number of volunteers contribute a significant amount of time each year to assist in carrying out the Organization's service delivery activities. In addition, businesses and corporations contribute in-kind gifts and/or services. Because of the difficulty in determining the fair value, contributed gifts and services are not recognized in the financial statements.

(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. Investments:

Investments held consist of term deposits, bearing coupon rates in the range of 0.95% to 1.55% (2016 - 1.25 to 1.55%) with maturity dates ranging from June 15, 2017 to November 10, 2018 (2016 - December 19, 2016 to July 24, 2018).

3. Capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 51,754	\$ (26,716)	\$ 25,038	\$ 7,892
Computer equipment	135,791	(121,909)	13,882	10,999
Leasehold improvements	187,427	(28,601)	158,826	–
	\$ 374,972	\$ (177,226)	\$ 197,746	\$ 18,891

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2017

4. Due from/(to) related parties:

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

	2017	2016
Due from other divisions of Movember Group Pty Limited ("Movember Group")	\$ –	\$ 2,450
Due from/(to) Movember Group	306,834	(335,002)
Due to Movember USA	(115,461)	(2,521)
Due from Movember New Zealand	8,828	–
Due from Movember Europe	289	183
	<u>\$ 200,490</u>	<u>\$ (334,890)</u>

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

The amounts due to Movember Group relate to services provided by the group head office. During the year, services provided to the Organization totalled \$3,557,984 (2016 - \$3,261,506).

The amounts due to Movember USA relate to an allocation of North American marketing project costs to Movember Canada.

The amounts due from Movember New Zealand relate to foreign exchange on allocation of expenses from Movember Canada.

The amounts due from Movember Europe relate to foreign exchange on allocation of expenses from Movember Canada.

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 are unsecured and non-interest bearing, with no specific terms of repayment, but are generally settled within 30 days.

The fair value of this related party balance cannot be determined given the related party nature of the transactions.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2017

5. 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 \$6,233,319 (2016 - \$7,108,390) payable in the following year. The remaining balance has no specific terms of payments.

6. Allocation of expenses:

(a) General support expenses of \$3,557,984 (2016 - \$3,261,506) provided by the headquarters have been allocated to other functions as follows:

	2017	2016
Program expenses	\$ 2,020,498	\$ 2,005,915
Fundraising	879,039	681,919
Administration	658,447	573,672
	<u>\$ 3,557,984</u>	<u>\$ 3,261,506</u>

(b) Salary and benefits cost of \$1,483,960 (2016 - \$1,346,737) has been allocated to other functions as follows:

	2017	2016
Program expenses	\$ 824,154	\$ 753,630
Fundraising	659,806	593,107
Administration	—	—
	<u>\$ 1,483,960</u>	<u>\$ 1,346,737</u>

(c) Included in program expenses are direct investments in Men's Health programs of \$6,031,785 (2016 - \$7,787,076).

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Notes to Financial Statements (continued)

Year ended April 30, 2017

7. Commitments:

- (a) The Organization rents premises under an operating lease, which expires on November 30, 2020. The approximate future minimum payments are as follows:

2018	\$	149,200
2019		149,200
2020		149,200
2021		87,000
	\$	534,600

- (b) Grant commitments:

As at April 30, 2017, the Organization has approved grants of \$8,104,000, 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.

2018	\$	6,768,000
2019		844,000
2020		429,000
2021		63,000

8. Financial instruments:

- (a) 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 a 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, other charitable initiatives and the discharge of liabilities.

There was no change to the above risk exposure from 2016.

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Notes to Financial Statements (continued)

Year ended April 30, 2017

8. Financial instruments (continued):

(b) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed interest rate term deposits. However, the interest rate risk is reduced to a minimum because the Organization staggers the term deposit maturity dates.

9. Comparative Information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.