

Financial Statements of

MOVEMBER CANADA

And Independent Auditors' Report thereon

Year ended April 30, 2022



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Movember Canada

Opinion

We have audited the financial statements of Movember Canada (the Entity), which comprise:

- the statement of financial position as at April 30, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Page 3

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

September 8, 2022

MOVEMBER CANADA

Statement of Financial Position

April 30, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 29,456,152	\$ 27,136,818
Short-term investments (note 2)	30,627,304	17,147,429
Accrued income	177,272	240,180
Accounts receivable	368,089	424,875
Prepaid expenses and deposits	52,489	43,291
Due from related parties (note 4)	96	138,296
	<u>60,681,402</u>	<u>45,130,889</u>
Long-term investments (note 2)	5,419,635	11,839,073
Capital assets (note 3)	15,513	39,697
	<u>\$ 66,116,550</u>	<u>\$ 57,009,659</u>

Liabilities and Net Assets

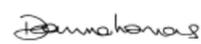
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,170,534	\$ 1,482,237
Deferred revenue	115,000	108,500
Due to related parties (note 4)	339,886	382,621
Distribution payable to Canadian Cancer Society (note 5)	<u>2,312,302</u>	<u>2,312,302</u>
	3,937,722	4,285,660
Net assets:		
Funds designated for Men's Health Programs	54,581,152	45,344,874
Unrestricted	<u>7,597,676</u>	<u>7,379,125</u>
	62,178,828	52,723,999
Commitments (note 7)		
	<u>\$ 66,116,550</u>	<u>\$ 57,009,659</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

MOVEMBER CANADA

Statement of Operations

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Donations	\$ 23,500,108	\$ 23,344,133
Partnerships	622,281	260,114
Interest and other income	365,403	578,422
Restricted grants	79,000	50,000
Foreign exchange gain	32,501	—
Government assistance (note 8)	—	576,104
	<u>24,599,293</u>	<u>24,808,773</u>
Expenses (note 6):		
Program (note 6(c))	10,558,621	10,418,812
Fundraising	3,429,924	3,520,208
Administration	1,155,919	1,107,483
Foreign exchange loss	—	92,580
	<u>15,144,464</u>	<u>15,139,083</u>
Excess of revenue over expenses	<u>\$ 9,454,829</u>	<u>\$ 9,669,690</u>

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Changes in Net Assets

Year ended April 30, 2022, with comparative information for 2021

			2022	2021
	Unrestricted	Funds designated for Men's Health Programs	Total	Total
Net assets, beginning of year	\$ 7,379,125	\$ 45,344,874	\$ 52,723,999	\$ 43,054,309
Excess of revenue over expenses	9,454,829	–	9,454,829	9,669,690
Interfund transfer	(9,236,278)	9,236,278	–	–
Net assets, end of year	\$ 7,597,676	\$ 54,581,152	\$ 62,178,828	\$ 52,723,999

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Cash Flows

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 9,454,829	\$ 9,669,690
Amortization which does not involve cash	33,153	77,606
Change in non-cash operating working capital:		
Decrease in accrued income	62,908	321,517
Decrease (increase) in accounts receivable	56,786	(30,599)
Increase in prepaid expenses and deposits	(9,198)	(25,420)
Decrease (increase) in due from related parties	138,200	(98,166)
Increase (decrease) in accounts payable and accrued liabilities	(311,703)	1,152,150
Increase in deferred revenue	6,500	14,413
Decrease in due to related parties	(42,735)	(171,623)
Decrease in distribution payable to Canadian Cancer Society	—	(857,805)
	9,388,740	10,051,763
Investing activities:		
Addition to capital assets	(8,969)	(11,511)
Increase in investments	(7,060,437)	(6,153,129)
	(7,069,406)	(6,164,640)
Increase in cash and cash equivalents	2,319,334	3,887,123
Cash and cash equivalents, beginning of year	27,136,818	23,249,695
Cash and cash equivalents, end of year	\$ 29,456,152	\$ 27,136,818

See accompanying notes to financial statements.

MOVEMBER CANADA

Notes to Financial Statements

Year ended April 30, 2022

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, 2022.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2022

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	20%
Computer equipment	40%
Leasehold improvements	20%

(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 measured at amortized cost 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.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2022

1. Significant accounting policies (continued):

(f) 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.

(g) Allocation of expenses:

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

(h) Government assistance:

In the prior year, the Organization applied for financial assistance under available government incentive programs. Government assistance was recognised as revenue in the same financial year the corresponding expenses were incurred and recognized. The Organization did not receive or recognize any government assistance in the current financial year.

(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. Actual results could differ from those estimates.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2022

2. Investments:

Investments consist of the following:

	2022	2021
Term deposits	\$ 41,074,189	\$ 36,802,278
Corporate and financial bonds	–	99,147
	<u>\$ 41,074,189</u>	<u>\$ 36,901,425</u>

Cash and cash equivalents include \$5,027,250 (2021 - \$7,914,923) of term deposits with maturity dates of 90 days or less remaining at April 30, 2022.

The term deposits bear coupon rates in the range of 0.40% to 2.72% (2021 - 0.45% to 2.72%) with maturity dates ranging from June 4, 2022 to October 30, 2023 (2021 - May 6, 2021 to October 30, 2023).

The corporate and financial bond held with a coupon rate of 1.58% and a yield to maturity of 2.10% matured on September 13, 2021.

3. Capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Furniture and fixtures	\$ 56,356	\$ 54,091	\$ 2,265	\$ 5,218
Computer equipment	244,303	233,487	10,816	22,068
Leasehold improvements	201,484	199,052	2,432	12,411
	<u>\$ 502,143</u>	<u>\$ 486,630</u>	<u>\$ 15,513</u>	<u>\$ 39,697</u>

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2022

4. Due from (to) related parties:

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

	2022	2021
Due from (to) Movember Group Pty Limited	\$ (338,345)	\$ 138,080
Due to Movember USA	(1,541)	(245,625)
Due from Movember Germany	96	–
Due to Movember Europe	–	(136,780)
	<u>\$ (339,790)</u>	<u>\$ (244,325)</u>

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

The amounts due to and from Movember Group Pty Limited relate to services provided by the group head office. During the year, services provided to the Organization totalled \$5,619,962 (2021 - \$4,603,557).

The amounts due to Movember USA relate to intercompany allocation of expenses from the Organization.

The amounts due from Movember Germany relate to intercompany allocation of expenses.

The amounts due to Movember Europe relate to intercompany allocation of expenses from the Organization.

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.

Related party balances are settled on 90-day terms. Therefore, due to the short-term nature of the balances, their carrying value approximates their fair value.

5. Distribution payable to Canadian Cancer Society ("CCS"):

The amount payable to CCS is non-interest bearing with no significant terms of repayment.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2022

6. Allocation of expenses:

- (a) General support expenses of \$5,619,962 (2021 - \$4,603,557) provided by the headquarters have been allocated to other functions as follows:

	2022	2021
Program expenses	\$ 3,547,892	\$ 2,760,679
Fundraising	988,742	1,039,609
Administration	1,083,328	803,269
	<u>\$ 5,619,962</u>	<u>\$ 4,603,557</u>

- (b) Salary and benefits cost of \$2,352,217 (2021 - \$1,959,229) has been allocated to other functions as follows:

	2022	2021
Program expenses	\$ 1,770,902	\$ 1,325,450
Fundraising	581,315	633,779
	<u>\$ 2,352,217</u>	<u>\$ 1,959,229</u>

- (c) Included in program expenses are direct investments in Men's Health programs of \$3,669,259 (2021 - \$4,770,704).

7. Commitments:

- (a) The Organization rents premises under an operating lease, which expires on November 30, 2023.

As at April 30, 2022, the Organization has future operating lease commitments of \$255,157.

2023	\$ 160,694
2024	94,463

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2022

7. Commitments (continued):

(b) Grant commitments:

As at April 30, 2022, the Organization has approved grants of \$5,276,624, 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 the statement of changes in net assets.

2023	\$ 2,926,663
2024	1,995,086
2025	354,875

8. Government wage subsidies:

In the prior year, the Organization applied for and received government assistance in the form of the Canadian Emergency Wage Subsidy ("CEWS"). The total CEWS recorded in the statement of operations in the prior year amounted to \$576,104, of which \$26,322 was included in accounts receivable as of April 30, 2021. In the current financial year, the Organization has not applied or received any additional government assistance other than what has been outlined above as receivable as at April 30, 2021.

9. 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 CCS and Board of Directors approved programs, other charitable initiatives and the discharge of liabilities.

There was no change to the above risk exposure from 2021.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2022

9. Financial instruments (continued):

(b) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed interest rate term deposits, guaranteed investment certificates and bond purchases. However, the interest rate risk is reduced to a minimum because the Organization staggers the investment maturity dates and spreads the risk between multiple institutions and investment types.

(c) General economic risk:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The COVID-19 pandemic has had a significant impact on the global economic environment due to government-imposed lockdowns and social distancing requirements globally. The Organization has been successful in managing the continued financial and operational impacts of COVID-19. During the current financial year, the Organization experienced a varying impact across its income streams which was consistent with the prior year. In addition, COVID-19 has continued to impact the delivery of programmatic activities. However, the delivery of programmatic activities is now starting to return to normal pre-COVID-19 levels.