Financial Statements of

MOVEMBER CANADA

Year ended April 30, 2015

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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, 2015, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Movember Canada as at April 30, 2015, 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 13, 2015
Toronto, Canada

MOVEMBER CANADA

Statement of Financial Position

April 30, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$ 70,869,866	$ 62,897,225
Accrued receivable	570,834	–
Accounts receivable	125,802	207,471
Prepaid expenses and deposits	16,394	93,182
Due from related parties (note 4)	36,582	184,361
	71,619,478	63,382,239
Capital assets (note 3)	20,627	25,122
	$ 71,640,105	$ 63,407,361
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 185,329	$ 150,239
Due to related parties (note 4)	2,406,066	–
Distribution payable to Prostate Cancer Canada (note 5)	29,774,748	30,191,808
	32,366,143	30,342,047
Net assets:		
Funds designated for Canadian Men's Health Network	34,828,841	29,292,165
Unrestricted	4,445,121	3,773,149
	39,273,962	33,065,314
Commitments (note 7)		
	$ 71,640,105	$ 63,407,361

See accompanying notes to financial statements.

On behalf of the Board:

________________________ Director

________________________ Director

MOVEMBER CANADA

Statement of Operations

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Donations	$ 23,254,325	$ 32,491,435
Interest	605,793	215,170
Corporate sponsorship	185,162	305,217
Ticket sales and sales of goods	20,839	41,859
Global allocation program	–	663,364
	24,066,119	33,717,045
Expenses (note 6):		
Program	14,554,125	21,750,294
Fundraising	2,463,591	2,481,498
Administration	882,831	698,739
Foreign exchange loss (gain)	(43,076)	115,584
	17,857,471	25,046,115
Excess of revenue over expenses	$ 6,208,648	$ 8,670,930

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Changes in Net Assets

Year ended April 30, 2015, with comparative information for 2014

			2015	2014
	Unrestricted	Funds designated for Canadian Men's Health Network	Total	Total
Net assets, beginning of year (note 2)	$ 3,773,149	$ 29,292,165	$ 33,065,314	$ 24,394,384
Excess of revenue over expenses	6,208,648	–	6,208,648	8,670,930
Interfund transfer	(5,536,676)	5,536,676	–	–
Net assets, end of year	$ 4,445,121	$ 34,828,841	$ 39,273,962	$ 33,065,314

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Cash Flows

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 6,208,648	$ 8,670,930
Amortization which does not involve cash	21,435	36,627
Change in non-cash operating working capital:		
Decrease in accrued receivable	(570,834)	–
Decrease in accounts receivable	81,669	9,477
Decrease (increase) in prepaid expenses and deposits	76,788	(40,838)
Decrease (increase) in amounts due from related parties	147,779	(184,361)
Increase in accounts payable and accrued liabilities	35,090	6,965
Increase (decrease) in due to related parties	2,406,066	(81,947)
Increase (decrease) in distribution payable to Prostate Cancer Canada	(417,060)	5,250,596
	7,989,581	13,667,449
Investing activities:		
Addition to capital assets	(16,940)	(19,596)
Increase in cash and cash equivalents	7,972,641	13,647,853
Cash and cash equivalents, beginning of year	62,897,225	49,249,372
Cash and cash equivalents, end of year	$ 70,869,866	$ 62,897,225

See accompanying notes to financial statements.

Movember Canada (the "Organization") is a charitable organization dedicated to promoting awareness for men's health. The Organization was previously incorporated on November 12, 2010 under the Canada Corporations Act and charitable status was obtained on July 25, 2011 (registration # 84821 5604 RR0001) and was continued under the Canada Not-For-Profit Corporations Act in February 2014. The Organization is not required to pay income taxes while it maintains its status as a charity.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), using the deferred method of accounting for contributions.

(b) Revenue recognition:

The Organization follows the deferral method of accounting for revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 balance and guaranteed investment certificates with a duration of less than 90 days from the date of acquisition.

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis using the following annual rates:

Furniture and fixtures	40%
Computer equipment	40%

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

1. Significant accounting policies (continued):

(f) Contributed 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 expensed.

(h) 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. Change in accounting policy:

On May 1, 2014, management adopted a new accounting policy not to recognize in-kind donations and the corresponding expense in the statement of operations and changes in net assets. The policy change has been applied on a retrospective basis. Under the Chartered Professional Accountants of Canada Handbook Section 4100, Contributions - Revenue Recognition, an entity may elect to recognize contributed materials and services. In adopting the new accounting policy referred to above, management determined that the financial statements will provide more relevant financial information to the users.

2. Change in accounting policy (continued):

The impact on the comparative information, as a result of applying the new accounting policy, is summarized as follows:

	Amounts, as previously reported	Adjustments	Amounts, as restated
In-kind donations	$ 152,489	$ (152,489)	$ –
Program expenses	21,902,783	(152,489)	21,750,294
Excess of revenue over expenses	8,670,930	–	8,670,930
Operating net assets	24,394,384	–	24,394,384

3. Capital assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Furniture and fixtures	$ 23,737	$ 20,084	$ 3,653	$ 2,272
Computer equipment	113,370	96,396	16,974	22,850
	$ 137,107	$ 116,480	$ 20,627	$ 25,122

4. Due to (from) related parties:

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

	2015	2014
Due to other divisions of Movember Group Pty Limited ("Movember Group"), net	$ 127,430	$ 4,664
Due to (from) Movember Group	2,242,054	(189,025)
	$ 2,369,484	$ (184,361)

4. Due to (from) related parties (continued):

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 are related to services provided by the headquarters. During the year, services provided to the Organization totalled $2,156,527 (2014 - $1,752,964). The transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to and from related parties is unsecured and non-interest bearing, with no specific terms of repayment.

The fair value of due to related parties cannot be determined given the related party nature of the transactions.

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 $8,619,940 (2014 - $13,750,596) payable in the following year. The remaining balance has no specific terms of payments.

6. Allocation of expenses:

(a) General support expenses of $2,156,527 (2014 - $1,752,964) provided by the headquarters have been allocated to other functions as follows:

	2015	2014
Program expenses	$ 856,832	$ 795,719
Fundraising	878,278	761,840
Administration	421,417	195,405
	$ 2,156,527	$ 1,752,964

6. Allocation of expenses (continued):

(b) Salary and benefits cost of $1,694,842 (2014 - $1,467,101) has been allocated to other functions as follows:

	2015	2014
Program expenses	$ 485,712	$ 430,995
Fundraising	1,124,110	976,682
Administration	85,020	59,424
	$ 1,694,842	$ 1,467,101

7. Commitments:

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

2016	$ 47,200
2017	19,700
	$ 66,900

(b) Grant commitments:

As at April 30, 2015, the Organization has approved grants of $12,673,000, 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.

2016	$ 7,033,000
2017	4,423,000
2018	1,217,000
	$ 12,673,000

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 budget and cash forecast to ensure it has sufficient funds to fulfill its obligations.

As at year end, the cash and cash equivalents are earmarked towards disbursement to PCC and Global Action Plan Programs and other charitable initiatives and discharge of liabilities.

There was no change to the above risk exposure from 2014.

(b) Interest rate risk:

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