

MOVEMBER FOUNDATION
(FORMERLY KNOWN AS MOVEMBER, INC.)

Financial Statements
For the Years Ended
April 30, 2013 and 2012
and
Independent Auditor's Report

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

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Independent Auditor's Report

To the Board of Directors
Movember Foundation
Venice, California

We have audited the accompanying financial statements of Movember Foundation (formerly known as Movember, Inc.) (a non-profit organization) (the Foundation) which comprise the statements of financial position as of April 30, 2013 and 2012, 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 (formerly known as Movember, Inc.) as of April 30, 2013 and 2012, 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.

H&A Certified Public Accountants, Inc.

August 21, 2013

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

STATEMENTS OF FINANCIAL POSITION

APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,897,827	\$ 13,215,000
Accounts and other receivables	123,385	-
Net related party receivable	56,655	-
Prepaid expenses	33,149	10,941
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	10,111,016	13,225,941
PROPERTY AND EQUIPMENT, net	17,842	13,098
OTHER ASSETS		
Deposits	9,600	9,600
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 10,138,458</u>	<u>\$ 13,248,639</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accrued expenses	\$ 61,002	\$ 48,250
Payable to Men's Health Partners	6,965,345	10,268,873
Net related party payable	-	177,792
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	7,026,347	10,494,915
NET ASSETS		
Unrestricted		
Board designated for Global Action Plan	271,294	1,167,926
Undesignated	2,731,949	1,585,798
Temporarily restricted	108,868	-
	<hr/>	<hr/>
TOTAL NET ASSETS	3,112,111	2,753,724
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,138,458</u>	<u>\$ 13,248,639</u>

See accompanying notes to financial statements

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>CHANGES IN UNRESTRICTED NET ASSETS</u>		
SUPPORT AND REVENUE		
Contributions received	\$ 20,823,524	\$ 15,263,318
Gala party	29,439	8,815
Interest and other income	10,245	12,057
	<u>20,863,208</u>	<u>15,284,190</u>
TOTAL SUPPORT AND REVENUE		
EXPENSES		
Program		
Men's health awareness	1,780,071	1,090,260
Donated to Men's Health Partners	16,530,690	10,268,873
Administration	446,435	470,109
Fundraising	1,856,493	1,097,594
	<u>20,613,689</u>	<u>12,926,836</u>
TOTAL EXPENSES		
INCREASE IN UNRESTRICTED NET ASSETS	249,519	2,357,354
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	<u>2,753,724</u>	<u>396,370</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 3,003,243</u>	<u>\$ 2,753,724</u>
<u>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions received	\$ 108,868	\$ -
TEMPORARILY RESTRICTED NET ASSETS AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>
TEMPORARILY RESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 108,868</u>	<u>\$ -</u>

See accompanying notes to financial statements

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED APRIL 30, 2013

	Program		Supporting Services		Total
	Men's Health Awareness	Funds Donated	Administration	Fundraising	
Donation to Prostate Cancer Foundation	\$ -	\$ 10,339,272	\$ -	\$ -	\$ 10,339,272
Donation to LIVESTRONG Foundation Administration	-	6,191,418	-	-	6,191,418
Marketing and promotion	232,162	-	35,284	-	35,284
Health education, awareness, and communication	522,991	-	-	4,489	236,651
Professional services	1,679	-	38,509	438,546	478,734
Information and technology	-	-	41,882	-	41,882
Salaries and related costs	424,187	-	39,921	644,043	1,108,151
Travel	57,433	-	-	24,614	82,047
Entertainment	6,135	-	13,653	-	19,788
Web	10,293	-	-	-	10,293
Rent and utilities	-	-	66,833	-	66,833
Other	-	-	42,836	-	42,836
Foreign exchange gain (see Note F)	-	-	(11,720)	-	(11,720)
Global services allocation	525,191	-	167,907	729,224	1,422,322
Depreciation	-	-	11,330	-	11,330
TOTAL EXPENSES	\$ 1,780,071	\$ 16,530,690	\$ 446,435	\$ 1,856,493	\$ 20,613,689

See accompanying notes to financial statements

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED APRIL 30, 2012

	Program		Supporting Services		Total
	Men's Health Awareness	Funds Donated	Administration	Fundraising	
Donation to Prostate Cancer Foundation	\$ -	\$ 5,704,930	\$ -	\$ -	\$ 5,704,930
Donation to LIVE STRONG Foundation Administration	-	4,563,943	-	-	4,563,943
Marketing and promotion	130,907	-	37,778	-	37,778
Health education, awareness, and communication	388,238	-	-	1,812	132,719
Professional services	21,683	-	192,544	10,555	398,793
Information and technology	-	-	45,516	-	45,516
Salaries and related costs	277,687	-	6,576	574,589	858,852
Travel	53,661	-	-	22,999	76,660
Entertainment	4,104	-	4,785	-	8,889
Web	-	-	-	7,445	7,445
Rent and utilities	-	-	65,891	-	65,891
Other	-	-	35,290	257	35,547
Global services allocation	213,980	-	76,312	287,393	577,685
Depreciation	-	-	5,417	-	5,417
TOTAL EXPENSES	\$ 1,090,260	\$ 10,268,873	\$ 470,109	\$ 1,097,594	\$ 12,926,836

See accompanying notes to financial statements

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in unrestricted and temporarily restricted net assets	<u>\$ 358,387</u>	<u>\$ 2,357,354</u>
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,330	5,417
Loss on disposal of property and equipment	87	-
(Increase) decrease in assets:		
Accounts and other receivables	(123,385)	-
Related party receivable	(56,655)	-
Prepaid expenses and other assets	(22,208)	(3,139)
Increase (decrease) in liabilities:		
Accounts payable	-	(605)
Accrued expenses	12,752	1,505
Payable to Men's Health Partners	(3,303,528)	6,301,619
Related party payable	(177,792)	(319,041)
Total adjustments	<u>(3,659,399)</u>	<u>5,985,756</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(3,301,012)</u>	<u>8,343,110</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(16,161)</u>	<u>(12,465)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,317,173)	8,330,645
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>13,215,000</u>	<u>4,884,355</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,897,827</u>	<u>\$ 13,215,000</u>

See accompanying notes to financial statements

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2013 AND 2012

NOTE A - ORGANIZATION

Movember Foundation (the Foundation) (a California non-profit Corporation), with an office in Venice, 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 and to bring much needed awareness and funding to cancers that affect men, specifically prostate and testicular cancer. The Foundation raises funds primarily from individual donors and provides donations to the two organizations that serve as the Foundation's Men's Health Partners, the Prostate Cancer Foundation (PCF), which receives 50% of the income to be donated, and the LIVESTRONG Foundation (LSF), which receives 40% of the income to be donated. The remaining 10% of the net campaign income is retained internally for the Global Action Plan (GAP), a global program governed by the Global Scientific Committee and the Movember Board of Directors which awards funds to various researchers and institutions. The GAP funds are designated as Board Designated for Global Action Plan at April 30, 2013 and 2012 in the accompanying statements of net assets. The Foundation is an affiliate of the Australian based The Movember Group Pty Ltd (MGPL), Trustee of the Movember Foundation. Effective April 8, 2013, the name of the Foundation changed from Movember, Inc. to Movember Foundation.

NOTE B – 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. Temporarily restricted net assets at April 30, 2013 relate to unconditional promises to pay. They would be released from restriction upon the Foundation's receipt of the funds.

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2013 AND 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 permanently restricted net assets at April 30, 2013 or 2012.

Cash and Cash Equivalents

For purposes of the statement 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 one bank. 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. Deposits are 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 if the property is donated, less accumulated depreciation. Depreciation is accounted for on the declining balance or straight line method over the estimated useful lives of the assets, which is 2.5 years for the computer equipment, furniture, and fixtures.

Expenditures for maintenance and repairs are expensed in the period incurred. Expenditures for major items 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 functional expenses. Certain costs have been allocated among the programs, administrative, 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, 2010 and subsequent remain open for examination by the Internal Revenue Service. The returns for California, the

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2013 AND 2012

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foundation's only state jurisdiction, remain open for examination by state tax authorities for the years ended April 30, 2009 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.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

NOTE C – CASH AND CASH EQUIVALENTS

The Foundation's cash and cash equivalents balances have been designated by the Board of Directors for the following purposes as of April 30:

	<u>2013</u>	<u>2012</u>
Payable to Men's Health Partners	\$6,965,345	\$10,268,873
Reserved for Global Action Plan	271,294	1,167,926
Reserved for future expenses and reserves	<u>2,661,188</u>	<u>1,778,201</u>
Total cash and cash equivalents	<u><u>\$9,897,827</u></u>	<u><u>\$13,215,000</u></u>

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at April 30:

	<u>2013</u>	<u>2012</u>
Computer equipment, furniture, and fixtures	\$ 36,778	\$ 21,365
Less accumulated depreciation	<u>(18,936)</u>	<u>(8,267)</u>
Total property and equipment, net	<u><u>\$ 17,842</u></u>	<u><u>\$ 13,098</u></u>

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2013 AND 2012

NOTE E – DISTRIBUTIONS TO BENEFICIARIES AND DONATIONS PAYABLE

Included in the award of \$10,339,272 to PCF for the year ended April 30, 2013 is a GAP distribution of \$2,600,000. All of the distributions to PCF and LSF are included under program expenses in the statements of activities and changes in net assets.

Donations payable totaling \$6,965,345 and \$10,268,873 reflected in the statements of financial position at April 30, 2013 and 2012, respectively, consist of binding commitments awarded to PCF and LSF during the years then ended but not paid as of the end of each financial year.

NOTE F – OPERATING LEASES

On February 23, 2010, the Foundation signed a lease agreement for office space in Venice, California, which was subsequently amended and extended to August 23, 2013. Minimum monthly payments under the lease agreement were \$5,092 plus various common area charges and utilities through March 2013 and were then increased to \$10,000, which included common area charges and utilities.

On May 30, 2013, the Foundation entered into a five-year lease agreement (the Agreement) for office space in Culver City, California. Minimum monthly payments under the Agreement are \$29,343 plus various common area charges and utilities. The Agreement provides for rent increases. On June 6, 2013, the Foundation made a payment of \$161,443 toward this lease, which included a security deposit of \$132,100 plus first month rent of \$29,343. Under certain circumstances, \$60,000 of the security deposit may be refunded to the Foundation on an accelerated basis.

Rent expense was approximately \$63,900 and \$60,800 for the years ended April 30, 2013 and 2012, respectively. Rent reimbursed from MGPL, a related entity, totaled approximately \$11,000 for the year ended April 30, 2013.

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

2014	\$ 294,087
2015	360,036
2016	370,830
2017	381,954
2018	393,414
Thereafter	<u>99,075</u>
Total	<u>\$1,899,396</u>

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2013 AND 2012

NOTE G – FOREIGN EXCHANGE

Included in the Foundation's administration costs for the year ended April 30, 2013 is an exchange gain, which relates to expenses allocated from MGPL for the Foundation's share of its global expenses (see Note H). 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. Because the Foundation settles intercompany transactions in the currency of the receiving entity, any foreign exchange gains or losses representing changes in exchange rates from the transaction date to the settlement date are borne by the Foundation.

During the years ended April 30, 2013 and 2012, fluctuations in the value of the U.S. dollar caused a net foreign exchange gain of \$11,720 and \$0, respectively.

NOTE H – GLOBAL SERVICES ALLOCATION

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 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. MGPL's and the Foundation's management 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 \$1,422,322 and \$577,685 for the years ended April 30, 2013 and 2012, respectively.

NOTE I – RELATED PARTY TRANSACTIONS

The Foundation performs accounting and other services for Movember Canada and charges them for these services. Expense reimbursements received or receivable from Movember Canada for accounting and other services provided during the years ended April 30, 2013 and 2012 totaled \$97,975 and \$50,075, respectively. Reimbursements received or receivable are netted against related operating expenses.

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2013 AND 2012

NOTE I –RELATED PARTY TRANSACTIONS (Continued)

During the years ended April 30, 2013 and 2012, MGPL charged the Foundation its share of certain costs for services provided by MGPL’s directors through the global services allocation (see Note H). Furthermore, the Foundation charged MGPL and some of the other international entities for certain expenses, primarily related to salaries, paid by the Foundation but allocated to those entities.

The following tables summarize the composition of the net related party receivables and payables at April 30, 2013 and 2012:

	April 30, 2013			
	MGPL	Canada	UK	Total
Receivable	\$ 30,449	\$ 25,860	\$ 841	\$ 57,150
Payable	(495)	-	-	(495)
Net receivable	<u>\$ 29,954</u>	<u>\$ 25,860</u>	<u>\$ 841</u>	<u>\$ 56,655</u>

	April 30, 2012			
	MGPL	Canada	UK	Total
Receivable	\$ 316,958	\$ 42,756	\$ -	\$ 359,714
Payable	(528,857)	(8,649)	-	(537,506)
Net receivable (payable)	<u>\$ (211,899)</u>	<u>\$ 34,107</u>	<u>\$ -</u>	<u>\$ (177,792)</u>

MGPL retains the services of Urchin Associates, which is under the directorship of one of MGPL’s directors, to develop the creative concept for the global campaign each year. Urchin’s world-class creative, brand, and design services have been fundamental to the campaign concept.

MOVEMBER FOUNDATION (FORMERLY KNOWN AS MOVEMBER, INC.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2013 AND 2012

NOTE J – ALLOCATION OF JOINT COSTS

During the years ended April 30, 2013 and 2012, the Foundation conducted activities that included a campaign and special events and incurred joint costs of \$2,795,776 and \$1,798,416, respectively. Joint costs were allocated as follows.

	<u>2013</u>	<u>2012</u>
Men's Health Awareness	\$1,166,641	\$ 774,814
Administration	209,508	104,571
Fundraising	1,419,627	919,031
Total	<u>\$2,795,776</u>	<u>\$1,798,416</u>

NOTE K – RETIREMENT PLAN

The Foundation maintains a 401(k) Profit Sharing 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.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 21, 2013, the date the financial statements were available to be issued.

At a meeting on April 30, 2013, the Foundation's Board of Directors decided to commence selling promotional merchandise through the Movember Collection. These items will be available for sale on the Foundation's website and at events during the 2013 fundraising campaign.