

Financial Statements of

MOVEMBER CANADA

And Independent Auditors' Report thereon

Year ended April 30, 2020



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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, 2020
- 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, 2020, 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' Responsibility 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 represents 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 10, 2020

MOVEMBER CANADA

Statement of Financial Position

April 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 23,249,695	\$ 29,946,139
Short-term investments (note 2)	15,056,287	4,980,581
Accrued interest	561,697	533,352
Accounts receivable	394,276	253,580
Prepaid expenses and deposits	17,871	130,495
Due from related parties (note 4)	40,130	620,435
	<u>39,319,956</u>	<u>36,464,582</u>
Long-term investments (note 2)	7,777,086	7,794,104
Capital assets (note 3)	105,792	136,518
	<u>\$ 47,202,834</u>	<u>\$ 44,395,204</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 330,087	\$ 185,613
Deferred revenue	94,087	90,000
Due to related parties (note 4)	554,244	8,420
Distribution payable to Prostate Cancer Canada (note 5)	3,170,107	5,454,107
	<u>4,148,525</u>	<u>5,738,140</u>
Net assets:		
Funds designated for Men's Health Programs	34,623,710	32,273,541
Unrestricted	8,430,599	6,383,523
	<u>43,054,309</u>	<u>38,657,064</u>
Commitments (note 7)		
Subsequent event (note 9)		
	<u>\$ 47,202,834</u>	<u>\$ 44,395,204</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

MOVEMBER CANADA

Statement of Operations

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Donations	\$ 19,694,518	\$ 17,066,320
Interest	793,627	691,098
Partnerships	323,008	339,334
Foreign exchange gain	–	67,157
Ticket sales	19,851	25,825
	<hr/> 20,831,004	<hr/> 18,189,734
Expenses (note 6):		
Program (note 6(c))	11,666,547	9,602,673
Fundraising	3,665,716	3,669,975
Administration	1,036,216	1,088,644
Foreign exchange loss	65,280	–
	<hr/> 16,433,759	<hr/> 14,361,292
Excess of revenue over expenses	<hr/> \$ 4,397,245	<hr/> \$ 3,828,442

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Changes in Net Assets

Year ended April 30, 2020, with comparative information for 2019

			2020	2019
	Unrestricted	Funds designated for Men's Health Programs	Total	Total
Net assets, beginning of year	\$ 6,383,523	\$ 32,273,541	\$ 38,657,064	\$ 34,828,622
Excess of revenue over expenses	4,397,245	–	4,397,245	3,828,442
Interfund transfer	(2,350,169)	2,350,169	–	–
Net assets, end of year	\$ 8,430,599	\$ 34,623,710	\$ 43,054,309	\$ 38,657,064

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Cash Flows

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 4,397,245	\$ 3,828,442
Amortization which does not involve cash	76,187	67,623
Change in non-cash operating working capital:		
Increase in accrued interest	(28,345)	(27,994)
Decrease (increase) in accounts receivable	(140,696)	151,781
Decrease (increase) in prepaid expenses and deposits	112,624	(93,180)
Decrease (increase) in due from related parties	580,305	(177,701)
Increase (decrease) in accounts payable and accrued liabilities	144,474	(312,972)
Increase in deferred revenue	4,087	90,000
Increase in due to related parties	545,824	7,682
Decrease in distribution payable to Prostate Cancer Canada	(2,284,000)	(5,232,350)
	<u>3,407,705</u>	<u>(1,698,669)</u>
Investing activities:		
Addition to capital assets	(45,461)	(45,395)
Decrease (increase) in investments	(10,058,688)	11,544,545
	<u>(10,104,149)</u>	<u>11,499,150</u>
Increase (decrease) in cash and cash equivalents	(6,696,444)	9,800,481
Cash and cash equivalents, beginning of year	29,946,139	20,145,658
Cash and cash equivalents, end of year	<u>\$ 23,249,695</u>	<u>\$ 29,946,139</u>

See accompanying notes to financial statements.

MOVEMBER CANADA

Notes to Financial Statements

Year ended April 30, 2020

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, 2020.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2020

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 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, 2020

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. Investments:

Investments consist of the following:

	2020	2019
Term deposits	\$ 29,833,156	\$ 27,375,745
Corporate and financial bonds	998,816	1,711,827
	<u>\$ 30,831,972</u>	<u>\$ 29,087,572</u>

Cash and cash equivalents includes \$7,998,599 (2019 - \$16,312,887) of term deposits with maturity dates of 90 days or less remaining at April 30, 2020.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2020

2. Investments (continued):

The term deposits bear coupon rates in the range of 1.20% to 3.09% (2019 - 1.40% to 3.09%) with maturity dates ranging from May 6, 2020 to November 28, 2022 (2019 - June 27, 2019 to November 28, 2022). The corporate and financial bonds are held with coupon rates in the range of 1.58% to 4.65% and bear a yield to maturity in the range of 1.84% to 2.10% (2019 - 1.71% to 2.10%) with maturity dates ranging from June 4, 2020 to September 13, 2021 (2019 - October 28, 2019 to September 13, 2021).

3. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 56,356	\$ 46,273	\$ 10,083	\$ 14,064
Computer equipment	225,381	180,692	44,689	31,450
Leasehold improvements	199,926	148,906	51,020	91,004
	<u>\$ 481,663</u>	<u>\$ 375,871</u>	<u>\$ 105,792</u>	<u>\$ 136,518</u>

4. Due from (to) related parties:

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

	2020	2019
Due from Movember Group Pty Limited	\$ 21,459	\$ 563,411
Due from (to) Movember USA	(258,757)	7,621
Due from Movember UK Trading	-	34,923
Due from Movember Germany	6,691	6,691
Due to Movember Europe	(282,962)	(631)
Due to Movember New Zealand	(545)	-
	<u>\$ (514,114)</u>	<u>\$ 612,015</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 \$4,376,935 (2019 - \$5,634,629).

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2020

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

The amounts due from (to) Movember USA relate to foreign exchange on allocation of expenses from the Organization.

The amounts due from Movember UK Trading relate to the allocation of proceeds from a Global Sponsorship Agreement.

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

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

The amounts due to Movember New Zealand relate to intercompany allocation of expenses.

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.

5. Distribution payable to Prostate Cancer Canada ("PCC"):

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

6. Allocation of expenses:

(a) General support expenses of \$4,376,935 (2019 - \$5,634,629) provided by the headquarters have been allocated to other functions as follows:

	2020	2019
Program expenses	\$ 2,282,169	\$ 3,487,403
Fundraising	1,303,548	1,336,193
Administration	791,218	811,033
	<u>\$ 4,376,935</u>	<u>\$ 5,634,629</u>

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2020

6. Allocation of expenses (continued):

- (b) Salary and benefits cost of \$1,818,338 (2019 - \$1,741,510) has been allocated to other functions as follows:

	2020	2019
Program expenses	\$ 1,259,533	\$ 1,109,051
Fundraising	558,805	632,459
	<u>\$ 1,818,338</u>	<u>\$ 1,741,510</u>

- (c) Included in program expenses are direct investments in Men's Health programs of \$6,449,096 (2019 - \$3,452,914).

7. Commitments:

- (a) The Organization rents premises under an operating lease, which expires on November 30, 2021. The approximate future minimum payments are as follows:

2021	\$ 152,700
2022	92,000
	<u>\$ 244,700</u>

- (b) Grant commitments:

As at April 30, 2020, the Organization has approved grants of \$6,984,000, which will be paid in future years once the conditions of the grants have been met. These amounts are not reflected in the statements of operations and changes in net assets.

2021	\$ 4,329,000
2022	1,990,000
2023	665,000

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2020

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

There was no change to the above risk exposure from 2019.

(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.

9. Subsequent event:

COVID-19 is likely to have an impact on the Organization's operations and activities subsequent to the end of the fiscal year. While management has approved a comprehensive set of plans to mitigate some risks arising from the impact of COVID-19, it is not possible to accurately determine the nature or extent of the impacts or the time over which the Organization will be impacted. It is possible that it will be material to the Organization, as the effects and consequences are outside the Organization's control and are far reaching globally.