

Financial Statements of

MOVEMBER CANADA

And Independent Auditor's Report thereon

Year ended April 30, 2023



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INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's 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.



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- 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 auditor's 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 auditor's 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 5, 2023

MOVEMBER CANADA

Statement of Financial Position

April 30, 2023, with comparative information for 2022

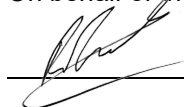
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 44,122,268	\$ 29,456,152
Short-term investments (note 2)	26,547,552	30,627,304
Accrued income	741,702	177,272
Accounts receivable	467,719	368,089
Prepaid expenses and deposits	41,155	52,489
Due from related parties (note 4)	442,004	96
	<u>72,362,400</u>	<u>60,681,402</u>
Long-term investments (note 2)	2,510,604	5,419,635
Capital assets (note 3)	24,653	15,513
	<u>\$ 74,897,657</u>	<u>\$ 66,116,550</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 919,050	\$ 1,011,192
Employee obligations	195,163	159,342
Deferred revenue	75,000	115,000
Due to related parties (note 4)	79,384	339,886
Distribution payable to Canadian Cancer Society (note 5)	2,312,302	2,312,302
	<u>3,580,899</u>	<u>3,937,722</u>
Net assets:		
Funds designated for Men's Health Programs	63,719,082	54,581,152
Unrestricted	7,597,676	7,597,676
	<u>71,316,758</u>	<u>62,178,828</u>
Commitments (note 7)		
	<u>\$ 74,897,657</u>	<u>\$ 66,116,550</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

MOVEMBER CANADA

Statement of Operations

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Donations	\$ 23,486,385	\$ 23,500,108
Partnerships	637,167	622,281
Interest and other income	1,483,260	365,403
Restricted grants	198,555	79,000
Foreign exchange gain	35,122	32,501
	<hr/> 25,840,489	<hr/> 24,599,293
Expenses (note 6):		
Program (note 6(c))	12,123,191	10,558,621
Fundraising	3,646,128	3,429,924
Administration	933,240	1,155,919
	<hr/> 16,702,559	<hr/> 15,144,464
Excess of revenue over expenses	<hr/> \$ 9,137,930	<hr/> \$ 9,454,829

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Changes in Net Assets

Year ended April 30, 2023, with comparative information for 2022

			2023	2022
	Unrestricted	Funds designated for Men's Health Programs	Total	Total
Net assets, beginning of year	\$ 7,597,676	\$ 54,581,152	\$ 62,178,828	\$ 52,723,999
Excess of revenue over expenses	9,137,930	–	9,137,930	9,454,829
Interfund transfer	(9,137,930)	9,137,930	–	–
Net assets, end of year	\$ 7,597,676	\$ 63,719,082	\$ 71,316,758	\$ 62,178,828

See accompanying notes to financial statements.

MOVEMBER CANADA

Statement of Cash Flows

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 9,137,930	\$ 9,454,829
Amortization which does not involve cash	14,164	33,153
Change in non-cash operating working capital:		
Accrued income	(564,430)	62,908
Accounts receivable	(99,630)	56,786
Prepaid expenses and deposits	11,334	(9,198)
Due from related parties	(441,908)	138,200
Accounts payable and accrued liabilities	(92,142)	(288,428)
Employee obligations	35,821	(23,275)
Deferred revenue	(40,000)	6,500
Due to related parties	(260,502)	(42,735)
	<u>7,700,637</u>	<u>9,388,740</u>
Investing activities:		
Addition to capital assets	(23,304)	(8,969)
Increase (decrease) in investments	6,988,783	(7,060,437)
	<u>6,965,479</u>	<u>(7,069,406)</u>
Increase in cash and cash equivalents	14,666,116	2,319,334
Cash and cash equivalents, beginning of year	29,456,152	27,136,818
Cash and cash equivalents, end of year	<u>\$ 44,122,268</u>	<u>\$ 29,456,152</u>

See accompanying notes to financial statements.

MOVEMBER CANADA

Notes to Financial Statements

Year ended April 30, 2023

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.

Partnership revenue is recognized when the services are provided. Any amounts received for future services are deferred until the services are provided.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, bank balances and term deposits with maturity dates of 3 months or less remaining as at April 30, 2023.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2023

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%

Capital assets, including property, plant and equipment subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the asset's carrying amount to the higher of an asset's fair value less costs of disposal or its value in use. If the carrying amount of the asset exceeds its recoverable amount, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset.

(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.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2023

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

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.

(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) 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.

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Notes to Financial Statements (continued)

Year ended April 30, 2023

1. Significant accounting policies (continued):

(i) Foreign exchange:

Monetary items denominated in a foreign currency and non-monetary items carried at market value are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses are translated at average rates of exchange during the year. Exchange gains and losses are included in the determination of net income for the year.

2. Cash and investments:

Cash and investments consist of the following:

	2023	2022
Cash and cash equivalents:		
Cash at bank and on hand	\$ 31,747,833	\$ 24,428,902
Term deposits with maturity 3 months or less	12,374,435	5,027,250
Total cash and cash equivalents	44,122,268	29,456,152
Short-term investments:		
Term deposits with maturity 12 months or less, 3 months or more	26,547,552	30,627,304
Long-term investments:		
Term deposits with maturity 12 months or more	2,510,604	5,419,635
Total cash and investments	\$ 73,180,424	\$ 65,503,091

The term deposits bear coupon rates in the range of 0.70% to 5.15% (2022 - 0.40% to 2.72%) with maturity dates ranging from June 8, 2023 to July 15, 2024 (2022 - June 4, 2022 to October 30, 2023).

The corporate and financial bond, that was held and matured on September 13, 2021 during the comparative 2022 financial year, had a coupon rate of 1.58% and a yield to maturity of 2.10%.

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Notes to Financial Statements (continued)

Year ended April 30, 2023

3. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 56,356	\$ 54,411	\$ 1,945	\$ 2,265
Computer equipment	267,606	245,818	21,788	10,816
Leasehold improvements	201,484	200,564	920	2,432
	<u>\$ 525,446</u>	<u>\$ 500,793</u>	<u>\$ 24,653</u>	<u>\$ 15,513</u>

4. Due from (to) related parties:

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

	2023	2022
Due from Movember Group Pty Limited	\$ 434,436	\$ –
Due from Movember USA	7,472	–
Due from Movember Germany	96	96
Total due from related parties	442,004	96
Due to Movember Group Pty Limited	–	(338,345)
Due to Movember USA	–	(1,541)
Due to Movember New Zealand	(321)	–
Due to Movember Mainland Europe	(2,642)	–
Due to Movember Europe	(76,421)	–
Total due to related parties	(79,384)	(339,886)
Due from (to) related parties	<u>\$ 362,620</u>	<u>\$ (339,790)</u>

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 \$5,157,221 (2022 - \$5,619,962).

The amounts due to and due from related parties 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.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2023

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

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 90 days.

Related party balances are generally 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 or specific terms of repayment.

6. Allocation of expenses:

(a) General support expenses of \$5,157,221 (2022 - \$5,619,962) provided by the group head office have been allocated to other functions as follows:

	2023	2022
Program expenses	\$ 3,146,431	\$ 3,547,892
Fundraising	1,251,780	988,742
Administration	759,010	1,083,328
	<u>\$ 5,157,221</u>	<u>\$ 5,619,962</u>

(b) Salary and benefits cost of \$2,799,936 (2022 - \$2,352,217) has been allocated to other functions as follows:

	2023	2022
Program expenses	\$ 2,097,163	\$ 1,770,902
Fundraising	702,773	581,315
	<u>\$ 2,799,936</u>	<u>\$ 2,352,217</u>

(c) Included in program expenses are direct investments in Men's Health programs of \$4,623,571 (2022 - \$3,669,259).

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2023

7. Commitments:

- (a) The Organization rents premises under an operating lease, which expires in financial year 2026 on November 30, 2025.

As at April 30, 2023, the Organization has future operating lease commitments of \$439,645.

2024	\$	165,488
2025		172,236
2026		101,921

- (b) Grant commitments:

As at April 30, 2023, the Organization has approved grants of \$3,921,376, 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.

2024	\$	2,724,402
2025		1,009,097
2026		187,877

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 flow 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 2022.

MOVEMBER CANADA

Notes to Financial Statements (continued)

Year ended April 30, 2023

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 investment maturity dates and spreads the risk between multiple institutions and investment types.

(c) Currency risk:

The Organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. To minimize this exposure, the Organization engages local suppliers in Canadian dollars when possible. As a result, the majority of the Organizations program, fundraising and administration expenditure is not exposed to exchange rate fluctuations.

However, the Organization occasionally engages suppliers in various countries to provide services denominated in the local currency. In addition, the Organization is also charged an allocation of central services costs from the parent company which is denominated in Australian dollars. The Organization does not currently enter into forward contracts to mitigate this risk.

There has been no change to the risk exposure during the current financial year.

9. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the prior year's earnings.