

Movember Foundation

Financial Statements
For the Years Ended
April 30, 2021 and 2020
and
Independent Auditor's Report

Movember Foundation
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Independent Auditor's Report

To the Board of Directors
Movember Foundation
Culver City, California

We have audited the accompanying financial statements of Movember Foundation (a non-profit organization) which comprise the statements of financial position as of April 30, 2021 and 2020, 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 audits 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 as of April 30, 2021 and 2020, 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.

HBLA Certified Public Accountants, Inc.

September 9, 2021

Movember Foundation
Statements of Financial Position
April 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 24,496,225	\$ 20,522,571
Accounts and other receivables, net of allowance for doubtful accounts of \$35,700 and \$144,466 at April 30, 2021 and 2020, respectively	125,379	415,569
Net related party receivable	16,158	669,090
Inventory	-	2,397
Prepaid expenses	<u>251,808</u>	<u>182,772</u>
Total current assets	24,889,570	21,792,399
Property and equipment, net	19,749	32,207
Other Assets		
Investments	2,520,261	1,997,506
Deposits	<u>116,169</u>	<u>105,049</u>
Total assets	<u>\$ 27,545,749</u>	<u>\$ 23,927,161</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 489,466	\$ 996,799
Accrued expenses	1,435,194	442,925
Borrowings (PPP loan)	<u>632,500</u>	<u>-</u>
Total current liabilities	<u>2,557,160</u>	<u>1,439,724</u>
Net Assets		
Without Donor Restrictions		
Board designated for Men's Health Programs	17,698,383	15,189,203
Undesignated	<u>7,261,233</u>	<u>7,261,233</u>
Total net assets without donor restrictions	24,959,616	22,450,436
With Donor Restrictions	<u>28,973</u>	<u>37,001</u>
Total net assets	<u>24,988,589</u>	<u>22,487,437</u>
Total liabilities and net assets	<u>\$ 27,545,749</u>	<u>\$ 23,927,161</u>

See accompanying notes to financial statements

Movember Foundation
Statements of Activities and Changes in Net Assets
For the Years Ended April 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Changes in Net Assets Without Donor Restrictions		
Support and revenue		
Fundraising contributions received	\$ 15,304,902	\$ 17,882,709
Sales of goods and barbershop revenue	-	114,150
Interest and other income	860,697	371,461
Net assets released from restriction	<u>37,001</u>	<u>-</u>
Total support and revenue without donor restrictions	<u>16,202,600</u>	<u>18,368,320</u>
Expenses		
Program		
Men's Health Programs	4,230,906	5,117,525
Funds donated and program delivery payments	5,793,709	5,634,438
Administration	949,208	1,451,696
Fundraising	<u>2,719,597</u>	<u>3,688,933</u>
Total expenses	<u>13,693,420</u>	<u>15,892,592</u>
Increase in net assets without donor restrictions	2,509,180	2,475,728
Net assets without donor restrictions at beginning of year	<u>22,450,436</u>	<u>19,974,708</u>
Net assets without donor restrictions at end of year	<u><u>\$ 24,959,616</u></u>	<u><u>\$ 22,450,436</u></u>
Changes in Net Assets With Donor Restrictions		
Support and revenue		
Fundraising contributions received	\$ 28,973	\$ 37,001
Net assets released from restriction	<u>(37,001)</u>	<u>-</u>
Increase (decrease) in net assets with donor restrictions	(8,028)	37,001
Net assets with donor restrictions at beginning of year	<u>37,001</u>	<u>-</u>
Net assets with donor restrictions at end of year	<u><u>\$ 28,973</u></u>	<u><u>\$ 37,001</u></u>

See accompanying notes to financial statements

Movember Foundation
Statement of Functional Expenses
For the Year Ended April 30, 2021

	<u>Program</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Men's Health Programs</u>	<u>Funds Donated and Program Delivery Payments</u>	<u>Administration</u>	<u>Fundraising</u>	
Donation to Prostate Cancer Foundation	\$ -	\$ 1,946,028	\$ -	\$ -	\$ 1,946,028
Program delivery payments	-	3,847,681	-	-	3,847,681
Administration	7,649	-	40,392	-	48,041
Marketing and promotion	480,577	-	-	480,577	961,154
Health education, awareness, and communication	198,665	-	-	198,665	397,330
Professional services	274,337	-	41,388	518,823	834,548
Information and technology	17,340	-	29,006	5,477	51,823
Salaries and related costs	1,757,130	-	-	756,699	2,513,829
Travel	899	-	-	898	1,797
Entertainment	58	-	402	106	566
Rent and utilities	121,611	-	240,929	-	362,540
Foreign exchange loss (see Note 7)	59	-	5,522	59	5,640
Global services allocations	1,369,385	-	575,747	755,197	2,700,329
Depreciation	3,196	-	15,822	3,096	22,114
Total expenses	<u>\$ 4,230,906</u>	<u>\$ 5,793,709</u>	<u>\$ 949,208</u>	<u>\$ 2,719,597</u>	<u>\$ 13,693,420</u>

See accompanying notes to financial statements

Movember Foundation
Statement of Functional Expenses
For the Year Ended April 30, 2020

	<u>Program</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Men's Health Programs</u>	<u>Funds Donated and Program Delivery Payments</u>	<u>Administration</u>	<u>Fundraising</u>	
Donation to Prostate Cancer Foundation	\$ -	\$ 1,423,934	\$ -	\$ -	\$ 1,423,934
Program delivery payments	-	5,915,641	-	-	5,915,641
Reimbursement of donations previously made to LIVESTRONG Foundation	-	(163,571)	-	-	(163,571)
Prostate Cancer Foundation	-	(1,541,566)	-	-	(1,541,566)
Administration	16,793	-	200,648	233	217,674
Marketing and promotion	914,223	-	-	910,868	1,825,091
Health education, awareness, and communication	375,806	-	-	375,806	751,612
Professional services	135,661	-	47,818	405,102	588,581
Information and technology	11,283	-	28,035	-	39,318
Salaries and related costs	1,830,511	-	-	729,371	2,559,882
Travel	89,495	-	-	38,408	127,903
Entertainment	3,252	-	15,710	2,445	21,407
Rent and utilities	169,047	-	278,720	-	447,767
Foreign exchange loss (see Note 7)	9	-	1,147	-	1,156
Global services allocations	1,567,207	-	861,459	1,222,637	3,651,303
Depreciation	4,238	-	18,159	4,063	26,460
Total expenses	\$ 5,117,525	\$ 5,634,438	\$ 1,451,696	\$ 3,688,933	\$ 15,892,592

See accompanying notes to financial statements

Movember Foundation
Statements of Cash Flows
For the Years Ended April 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in net assets without donor restrictions	\$ 2,509,180	\$ 2,475,728
Increase (decrease) in net assets with donor restrictions	(8,028)	37,001
	<u>2,501,152</u>	<u>2,512,729</u>
Total increase in net assets	2,501,152	2,512,729
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization of discount/premium of investments	7,100	(1,356)
Depreciation	22,114	26,460
Borrowings (PPP loan) forgiven	(633,400)	-
(Increase) decrease in assets:		
Accounts and other receivables	290,190	2,163,634
Related party receivable	652,932	(115,567)
Deposits	(11,120)	-
Inventory	2,397	402
Prepaid expenses	(69,036)	24,746
Increase (decrease) in liabilities:		
Accounts payable	(507,333)	433,621
Accrued expenses	992,269	120,551
Payments received in advance	-	(133,583)
Payable to Men's Health Partners	-	(1,912,480)
	<u>746,113</u>	<u>606,428</u>
Total adjustments	746,113	606,428
Net cash provided by operating activities	<u>3,247,265</u>	<u>3,119,157</u>
Cash flows from investing activities		
Purchases of property and equipment	(9,656)	(20,228)
Purchases of investments	(529,855)	-
	<u>(539,511)</u>	<u>(20,228)</u>
Net cash used by investing activities	(539,511)	(20,228)
Cash flows from financing activities		
Proceeds from borrowings (PPP loans)	<u>1,265,900</u>	-
	<u>3,973,654</u>	<u>3,098,929</u>
Net increase in cash and cash equivalents	3,973,654	3,098,929
Cash and cash equivalents, beginning of year	<u>20,522,571</u>	<u>17,423,642</u>
Cash and cash equivalents, end of year	<u>\$ 24,496,225</u>	<u>\$ 20,522,571</u>

See accompanying notes to financial statements

Movember Foundation

Notes to Financial Statements

April 30, 2021 and 2020

1. Organization

Movember Foundation (the Foundation) (a California non-profit Corporation), with an office in Santa Monica, California, is a not-for-profit organization formed in 2007 to raise funds and awareness for men's health. It is a global movement that aims to help men live happier, healthier, and longer lives through investing in the key cause areas of mental health and suicide prevention, prostate cancer, and testicular cancer.

While the Foundation is supported through year-round fundraising efforts, the annual Movember campaign held in November is the primary fundraising initiative for the Foundation. During the month, supporters sign up and fundraise by growing a moustache, taking the Move challenge, hosting an event or "Mo'ing their own way" through an idea of their own. Through their actions they seek donations from their networks and, consequently, help spread the Foundation's health messages to their family, friends, and colleagues.

The Foundation funds and delivers research and health programs covering prostate cancer, testicular cancer, mental health and suicide prevention, and men's health. It continues to fund prostate cancer biomedical research programs both directly and through its partnership with the Prostate Cancer Foundation. Research strategy is focused on supporting translational research and clinical trials with a particular focus on men who are at high risk of, or have already experienced, disease progression. Through the Prostate Cancer Foundation, the Foundation funds national research projects. As part of the Foundation's Global Action Plan, the Foundation funds research institutions in the United States as part of globally integrated research projects.

The Foundation's prostate cancer clinical quality registry and survivorship programs seek to improve the quality of life of men diagnosed and living with prostate or testicular cancer. A large number of hospitals and institutions in the United States participate in the Foundation's global prostate cancer registries, addressing men with both localized and advanced prostate cancer. These registries collect clinical and patient reported outcome data to improve the quality of treatment and care. Prostate cancer digital health products (True North for prostate cancer and Nuts and Bolts for testicular cancer) empower men with knowledge and information throughout their cancer journey.

The Foundation funds and oversees mental health and suicide prevention programs with a particular focus on prevention and early intervention. In its seventh year, Making Connections is a national mental health initiative that focuses on identifying and developing innovative and promising approaches to improve the mental health and well-being for men and boys of color and for veterans and their families.

A number of new initiatives were launched during the year ended April 30, 2021:

The Movember Media Accelerator for Black Men is a pilot program seeking to improve the mental health outcomes for 15–25-year-old African Americans. The Foundation is working with digital media creators to create a range of content that incorporates specific behavior change messaging, which will be distributed to their audiences with the objective of creating a positive impact among large numbers of young Black men across the United States.

Movember's Family Man is the world's first online parenting program designed with fathers in mind (though available to all caregivers). The product was created to increase participation by fathers in parenting programs, thereby supporting their mental health.

Movember Conversations is a digital resource that supports people in learning how to have better conversations that can support the men in their lives, whether it is a friend in need, a colleague who is not coping, or a family member who isn't himself.

The Veterans and First Responders Grant Program was launched for the purpose of identifying those current programs that show promise in improving the mental health of veterans and first responders and building the evidence for effective interventions.

Movember Foundation
Notes to Financial Statements
April 30, 2021 and 2020

1. Organization (Continued)

In addition to the Prostate Cancer Foundation, the Foundation provides donations to select organizations such as the Prevention Institute, the University of Michigan, WETA, the University of South Florida, the University of Washington, the University of California Los Angeles, Farmington Valley Health District, Kokua Kalihi Valley Comprehensive Family Services, SecondMuse LLC, Sinai Health System, and Southern Plans Tribal Health Board.

The Foundation is an affiliate of the Australian-based Movember Group Pty Limited (MGPL), Trustee of the Movember Foundation.

2. 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.

The Foundation reports information regarding contributions and support received in its statements of financial position and statements of activities and changes in net assets according to two classes of net assets based upon the existence or absence of donor-imposed restrictions:

Net Assets Without Donor Restrictions – Contributions that are considered to be available for unrestricted use.

Net Assets With Donor Restrictions – Contributions received that are restricted by donors for a specific time period or purpose. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Income earned on these assets may or may not be restricted, depending upon the donor-imposed restrictions.

When donor restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Organization reports both the revenue and the related expense in the net assets without donor restrictions category.

Cash and Cash Equivalents

For purposes of the statements 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.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on accounts receivable using the allowance method. The allowance for doubtful accounts is determined based on past collection experience and consideration of current economic conditions. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Movember Foundation
Notes to Financial Statements
April 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost, or fair market value at the date of donation if the property is donated, less accumulated depreciation. Depreciation is accounted for on the straight-line method over the estimated useful life of the asset, which is 5 years for furniture and fixtures and 2.5 years for computer equipment. Leasehold improvements are depreciated over the shorter of the useful life of the improvement or the lease term, including renewal periods that are reasonably assured.

Expenditures for maintenance and repairs are expensed in the period incurred. Expenditures for major improvements 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.

Investments

Investments in fixed income securities are reported at amortized cost. Discounts and premiums to the face amount are accreted and amortized using the effective interest rate method over the lives of the respective securities. Interest income is recognized on the accrual basis.

Deferred Rent

Rent expense on the facility lease, including scheduled rent increases, is recorded on a straight-line basis over the term of the lease. The net excess of rent expense over cash paid to date has been recorded as deferred rent in the accompanying statements of financial position.

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.

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.

Borrowings (PPP Loans)

The Foundation accounted for the loans under the Paycheck Protection Program (PPP) as conditional contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities - Revenue Recognition*. Under this standard, loan proceeds are deemed a refundable advance until such time as the related conditions are met. In the case of the PPP loans, this included meeting certain employee counts and incurring eligible expenditures.

Recently Adopted Accounting Pronouncement

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The ASU addresses how to characterize grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions), as well as distinguish between conditional and unconditional contributions. The Foundation adopted this ASU in the year ended April 30, 2020.

Movember Foundation
Notes to Financial Statements
April 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, which will require entities to recognize lease assets and lease liabilities on the face of the financial statements and to disclose key information about leasing arrangements to enable readers of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. This ASU will be effective for nonpublic entities with annual reporting periods beginning after December 15, 2021. Management is evaluating the impact of adopting this new ASU on the financial statements.

3. Property and Equipment

Property and equipment consisted of the following at April 30:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 61,156	\$ 61,156
Computer equipment	162,861	153,206
Leasehold improvements	<u>32,661</u>	<u>32,661</u>
Total property and equipment	256,678	247,023
Less accumulated depreciation	<u>(236,929)</u>	<u>(214,816)</u>
Total property and equipment, net	<u>\$ 19,749</u>	<u>\$ 32,207</u>

4. Investments

The Foundation invests in a bond portfolio and uses a hold-to-maturity strategy for these investments. All bond investments are rated A- or above, in line with the Foundation's low risk investment target. As of April 30, 2021, this bond portfolio was comprised of the following assets:

<u>Bond Issuer</u>	<u>Settlement Date</u>	<u>Maturity Date</u>	<u>Face Value</u>	<u>Coupon Rate</u>	<u>Effective Interest Rate</u>	<u>Carrying Value</u>
Microsoft Corp	06/08/18	02/06/22	\$ 500,000	2.400%	2.954%	\$ 500,956
Bank of NY Mellon	06/08/18	04/28/23	500,000	3.500%	3.454%	500,724
Oracle Corp	04/11/19	09/15/21	500,000	1.900%	2.525%	495,081
Wells Fargo Corp	04/11/19	10/22/21	500,000	3.625%	2.783%	502,504
Oracle Corp	12/16/20	09/15/23	500,000	2.400%	0.434%	<u>520,996</u>
						<u>\$ 2,520,261</u>

Movember Foundation
Notes to Financial Statements
April 30, 2021 and 2020

5. Borrowings (PPP Loans)

On May 13, 2020, the Foundation received a loan from Sunwest Bank totaling \$633,400, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted on March 27, 2020. Under the original terms of the loan, monthly payments of principal and interest at 1% were payable commencing in December 2020 (a deferral period of six months) and ending in May 2022. In October 2020, the Paycheck Protection Program Flexibility Act of 2020 (Flexibility Act) extended the deferral period for payments of principal, interest, and fees on all PPP loans to the date that the US Small Business Administration (SBA) remits the borrower's loan forgiveness amount to the lender (or, if any part of the loan is not forgiven, 10 months after the end of the borrower's loan forgiveness covered period, which is April 8, 2021 for the Foundation). The extension of the deferral period automatically applies to all PPP loans and the SBA does not require a formal modification to the promissory note.

Funds from the loan could only be used for payroll costs, mortgage interest payments, lease payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. During the year ended April 30, 2021, the Foundation used the full \$633,400 loan amount for qualifying expenses and recognized an equivalent amount as other income in the statement of activities and changes in net assets. The loan was forgiven on March 31, 2021.

On January 25, 2021, the Foundation received a second loan under the PPP of \$632,500 from Sunwest Bank. The loan, in the form of a note dated January 25, 2021, matures on January 25, 2026 and bears interest at a rate of 1% per annum. The note may be prepaid by the Foundation at any time prior to maturity with no prepayment penalties. The forgiveness feature is similar to the first-round loan. The Foundation intends to use the entire loan amount for qualifying expenses and therefore will be applying for full forgiveness.

6. Operating Leases

The Foundation leases office space in Culver City, California under a lease agreement (the Agreement) amended and extended on August 28, 2017 and expiring on October 31, 2023. Minimum monthly payments under the Agreement are \$44,713 and \$43,411 for the years ended April 30, 2021 and 2020, respectively, plus various common area charges and utilities. The Agreement provides for rent increases. The Foundation allocates a portion of its facility rent to related entities. On May 17, 2021, the Foundation moved its headquarters to Santa Monica, California (see Note 19).

The Foundation leases office space in Culver City, California under a short-term lease agreement that expires in October 2021.

The Foundation leases office space in New York on a month-to-month basis.

Rent expense, net of amounts allocated to related entities, was approximately \$348,000 and \$425,000 for the years ended April 30, 2021 and 2020, respectively.

Future minimum lease payments under lease agreements that have initial or remaining lease terms in excess of one year are as follows for the years ending April 30:

2022	\$	742,542
2023		965,598
2024		703,418
2025		430,515
2026		445,583
Thereafter		<u>74,685</u>
Total	\$	<u><u>3,362,341</u></u>

Movember Foundation
Notes to Financial Statements
April 30, 2021 and 2020

6. Operating Leases (Continued)

The Foundation entered into a sub-lease agreement for the original office space in Culver City commencing March 1, 2021 and expiring on October 31, 2023. Minimum monthly payments to be received under the sub-lease are \$44,814. The sub-lease provides for rent increases.

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

2022	\$	548,520
2023		564,976
2024		<u>288,110</u>
Total	\$	<u>1,401,606</u>

7. Foreign Exchange

Included in administration costs are foreign exchange gains and losses, which relate to expenses allocated from MGPL for the Foundation's share of its global expenses (see Note 8). 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. MGPL structures intercompany transactions and settlements to ensure that the majority of foreign exchange gains or losses, representing changes in exchange rates from the transaction date to the settlement date, are borne by MGPL and not by the Foundation. During the years ended April 30, 2021 and 2020, fluctuations in the value of the U.S. dollar caused a net foreign exchange loss of \$5,640 and \$1,156, respectively.

8. Global Service Allocations

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 ensure consistency over the Movember brand and 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. Management of MGPL and the Foundation 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 considered fair to all regions. MGPL does not charge interest or mark up costs. The global services allocation expense for the Foundation was \$2,700,329 and \$3,651,303 for the years ended April 30, 2021 and 2020, respectively.

9. Related Party Transactions

The Foundation performs a variety of services, primarily related to salaries, for MGPL, Movember Canada, and other related entities, and charges them for these services. Expense reimbursements received or receivable from MGPL for services provided during the years ended April 30, 2021 and 2020 totaled \$1,441,250 and \$2,926,964, respectively, and from Movember Canada totaled \$663,735 and \$584,426, respectively.

During the year ended April 30, 2021, entities outside of the US received donations on behalf of the Foundation's fundraising initiatives, for which the funds receivable to the Foundation as of April 30, 2021 totaled \$110,517. During the year ended April 30, 2020, the Foundation received donations from US-based entities on behalf of the European fundraising initiatives, for which the funds payable to European entities as of April 30, 2020 totaled \$357,160.

Movember Foundation
Notes to Financial Statements
April 30, 2021 and 2020

9. Related Party Transactions (Continued)

Reimbursements received or receivable were netted against the related operating expenses.

MGPL charged the Foundation its share of certain costs for services provided by MGPL through the global services allocation (see Note 8) and for program management. These amounts totaled \$2,070,645 and \$3,926,048 during the years ended April 30, 2021 and 2020, respectively.

Amounts receivable from (payable to) related parties consisted of the following at April 30:

	<u>2021</u>	<u>2020</u>
MGPL	\$ (270,711)	\$ 490,208
Canada	198,476	184,056
Europe (Consolidated)	89,393	(7,773)
New Zealand	-	3,599
e.V. (Germany)	(1,000)	(1,000)
	<u>\$ 16,158</u>	<u>\$ 669,090</u>
Total	<u>\$ 16,158</u>	<u>\$ 669,090</u>

10. Net Assets with Donor Restrictions

On May 24, 2019, the Foundation received a residuary estate allocation of \$100,000 to be used toward the Movember Rated program. During the year ended April 30, 2020, the Foundation had spent \$62,999 of the contribution for this purpose. The remaining \$37,001 was reported as fundraising contributions received with donor restrictions on the statement of activities and changes in net assets for the year ended April 30, 2020. The balance of the residuary estate allocation of \$37,001 was used for the Movember Rated program during the year ended April 30, 2021 and released from restriction.

During the year ended April 30, 2021, the Foundation received donations totaling \$26,786 that are restricted for the Mr. Porter Health in Mind Fund, which will go toward men's mental health initiatives in accordance with the Foundation's mental health strategy. A committee comprised of representatives from both the Foundation and Mr. Porter, a retailer that specializes in design menswear, will decide how the funds are to be used.

11. Allocation of Joint Costs

During the years ended April 30, 2021 and 2020, the Foundation conducted activities that included a campaign and special events and incurred joint costs of \$5,461,741 and \$7,382,839, respectively. Joint costs were allocated as follows:

	<u>2021</u>	<u>2020</u>
Men's Health Awareness	\$ 2,431,511	\$ 3,111,118
Administration	583,514	867,488
Fundraising	2,446,716	3,404,233
Total	<u>\$ 5,461,741</u>	<u>\$ 7,382,839</u>

12. Retirement Plan

The Foundation maintains a 401(k) retirement 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.

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13. Availability of Financial Assets and Liquidity

The Foundation has \$8,437,920 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditure, as follow:

	<u>2021</u>	<u>2020</u>
Financial assets*, at April 30:	\$ 26,136,303	\$ 21,607,230
Less those unavailable for general expenditures within one year, due to:		
Board designations:		
Amounts set aside for Men's Health Programs	<u>(17,698,383)</u>	<u>(15,189,203)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,437,920</u>	<u>\$ 6,418,027</u>

* Total assets, less nonfinancial assets (i.e. property and equipment, inventory, prepaid expenses, and non-current investments).

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in certificates of deposit and bond portfolios to use the interest income as a secondary revenue stream.

14. Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Additionally, the financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Those expenses include salaries and wages, facility expenses, and depreciation. The allocations for salaries and wages are made on an individual employee basis, and the percentages used to allocate those employees to the various departments is evaluated on an annual basis during the budget preparation process. Rent, utilities, insurance, and depreciation expense are allocated based on a square footage analysis of the floor plans at the Foundation's various locations.

All donations to Men's Health Partners are included under program expenses in the statements of activities and changes in net assets.

15. Concentrations and Contingencies

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. At times, deposits may be in excess of the FDIC insurance limit; however, management does not believe the Foundation is exposed to any significant related credit risk.

Two corporate sponsors together accounted for 80% of the accounts and other receivables balance as of April 30, 2020. There were no such concentrations as of April 30, 2021.

The Foundation is subject to various claims and legal proceedings covering matters that arise in the ordinary course of its activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition of the Foundation.

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16. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at April 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 19,496,225	\$ 15,522,571
Term Deposits	5,000,000	5,000,000
Total cash and cash equivalents	<u>\$ 24,496,225</u>	<u>\$ 20,522,571</u>

17. Receivable from Beneficiary

During the year ended April 30, 2015, the Foundation set up the True North program, which was intended to be administered by the LIVESTRONG Foundation (LSF). During the year ended April 30, 2016, the Foundation agreed to undertake the management of various programs previously administered by LSF, including the True North program and the GAP7 program. As a result, LSF agreed to return funds donated by the Foundation in previous years, at the rate at which the Foundation spends funds on these programs. Included in accounts and other receivables at April 30, 2019 was \$2,370,599, which represented amounts due from LSF to the Foundation for expenses incurred in the year then ended. LSF paid this amount in full during the year ended April 30, 2020.

18. Accrued Expenses

Accrued expenses consisted of the following at April 30:

	<u>2021</u>	<u>2020</u>
General accruals	\$ 1,177,894	\$ 139,272
Employee-related accruals	163,983	201,045
Deferred rent liability	<u>93,317</u>	<u>102,608</u>
Total accrued expenses	<u>\$ 1,435,194</u>	<u>\$ 442,925</u>

19. Subsequent Events

Management has evaluated subsequent events through September 9, 2021, the date the financial statements were available to be issued.

On May 17, 2021, the Foundation entered into a lease agreement for office space in Santa Monica, California commencing July 1, 2021 for a term of five years. Minimum monthly payments under this lease are \$32,542 plus various common area charges and utilities. Rent is abated from August 2021 through November 2021. The lease agreement provides for rent increases.