

Multiple Sclerosis Scientific Research Foundation

Financial Statements
December 31, 2021



Independent auditor's report

To the Board of Directors of Multiple Sclerosis Scientific Research Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Multiple Sclerosis Scientific Research Foundation (the Foundation) as at December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Foundation's financial statements comprise:

- the balance sheet as at December 31, 2021;
- the statement of revenue and expenditures 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
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

PricewaterhouseCoopers LLP
PwC Centre, 354 Davis Road, Suite 600, Oakville, Ontario, Canada L6J 0C5
T: +1 905 815 6300, F: +1 905 815 6499

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 these 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.
- 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 Foundation'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 Foundation'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 Foundation 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.

We 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 23, 2022

Multiple Sclerosis Scientific Research Foundation

Balance Sheet

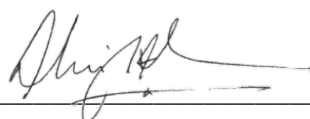
As at December 31, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash and cash equivalents	1,200,073	1,732,236
Accounts receivable from Multiple Sclerosis Society of Canada (note 3(a))	2,293,129	2,350,853
Interest and other receivables	25,865	1,446,166
	<u>3,519,067</u>	<u>5,529,255</u>
Investments (note 4)	12,111,455	12,338,359
	<u>15,630,522</u>	<u>17,867,614</u>
Liabilities		
Current liabilities		
Accounts payable to Multiple Sclerosis Society of Canada (note 3(b))	499,377	743,708
Accrued liabilities and other payables	28,298	549,569
Research grants payable	5,070,287	4,878,870
	<u>5,597,962</u>	<u>6,172,147</u>
Research grants payable (note 5)	3,575,777	5,552,504
	<u>9,173,739</u>	<u>11,724,651</u>
Net Assets		
Restricted for endMS Acts-of-Greatness	892,000	(405,924)
Internally restricted	1,723,752	1,723,752
Unrestricted	3,841,031	4,825,135
	<u>6,456,783</u>	<u>6,142,963</u>
	<u>15,630,522</u>	<u>17,867,614</u>

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Multiple Sclerosis Scientific Research Foundation

Statement of Revenue and Expenditures

For the year ended December 31, 2021

	2021	2020
Revenue		
Donations	3,069,305	4,544,781
Investment income	50,123	288,929
	60,630	3,129,935
	238,806	286,548
	299,436	4,831,329
	3,418,864	4,831,329
Expenditures		
Grants (note 3(c))	-	1,630,775
Professional fees	-	51,199
Investment management fees	-	31,995
Bank charges	-	13,970
endMS Campaign II (Acts-of-Greatness) expenses	-	1,750,074
	1,750,074	3,478,013
	1,369,354	(59,149)
	(71,430)	372,969
	444,399	423,808
	(984,104)	313,820
	313,820	4,109,034
Excess (deficiency) of revenue over expenditures before the undernoted	(59,149)	3,685,226
Fair value changes in investments	372,969	423,808
Excess (deficiency) of revenue over expenditures for the year	313,820	4,109,034

The accompanying notes are an integral part of these financial statements.

Multiple Sclerosis Scientific Research Foundation

Statement of Changes in Net Assets

For the year ended December 31, 2021

	2021			
	Restricted for endMS Acts-of- Greatness \$	Internally restricted \$	Unrestricted \$	Total \$
Net assets – Beginning of year	(405,924)	1,723,752	4,825,135	6,142,963
Excess (deficiency) of revenue over expenditures for the year	1,297,924	-	(984,104)	313,820
Net assets – End of year	892,000	1,723,752	3,841,031	6,456,783
	2020			
	Restricted for endMS Acts-of- Greatness \$	Internally restricted \$	Unrestricted \$	Total \$
Net assets – Beginning of year	(4,535,625)	1,723,752	4,845,802	2,033,929
Excess (deficiency) of revenue over expenditures for the year	4,129,701	-	(20,667)	4,109,034
Net assets – End of year	(405,924)	1,723,752	4,825,135	6,142,963

The accompanying notes are an integral part of these financial statements.

Multiple Sclerosis Scientific Research Foundation

Statement of Cash Flows

For the year ended December 31, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	313,820	4,109,034
Non-cash items		
Fair value change in investments	(372,969)	(423,808)
Reinvested investment income	(233,196)	(189,972)
	<u>(292,345)</u>	<u>3,495,254</u>
Changes in non-cash balances related to operations		
Accounts receivable from Multiple Sclerosis Society of Canada	57,724	446,356
Interest and other receivables	1,420,301	(1,406,537)
Accounts payable to Multiple Sclerosis Society of Canada	(244,331)	(1,234,849)
Accrued liabilities and other payables	(521,271)	258,978
Research grants payable	(1,785,310)	(2,116,518)
	<u>(1,072,887)</u>	<u>(4,052,570)</u>
	(1,365,232)	(557,316)
Investing activities		
Proceeds from sale of investments	<u>833,069</u>	<u>126,247</u>
Change in cash and cash equivalents during the year	(532,163)	(431,069)
Cash and cash equivalents – Beginning of year	<u>1,732,236</u>	<u>2,163,305</u>
Cash and cash equivalents – End of year	<u><u>1,200,073</u></u>	<u><u>1,732,236</u></u>
Cash and cash equivalents comprise		
Cash	485,296	850,531
Cash equivalents	<u>714,777</u>	<u>881,705</u>
	<u><u>1,200,073</u></u>	<u><u>1,732,236</u></u>

The accompanying notes are an integral part of these financial statements.

Multiple Sclerosis Scientific Research Foundation

Notes to Financial Statements

December 31, 2021

1 Purpose of organization

Multiple Sclerosis Scientific Research Foundation (the Foundation) is a registered charitable organization without share capital incorporated under the laws of Ontario and is a registered charity under the Income Tax Act (Canada). Accordingly, the Foundation is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met. The Foundation's purpose is to carry on and promote scientific research in or relating to the disease of multiple sclerosis (MS) and, for that purpose exclusively, to receive, maintain and apply funds.

2 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

For financial reporting purposes, revenue and expenditures have been classified into the following funds:

- Unrestricted

The unrestricted fund accounts for the Foundation's general fundraising, granting and administrative activities and reports unrestricted resources available for immediate use.

- Restricted for endMS Acts-of-Greatness

The endMS Acts-of-Greatness Campaign is a \$75 million national fundraising campaign that builds on the Multiple Sclerosis Society of Canada's previous campaign success. Through donor support, the campaign will focus on priority areas to advance the most promising research in Canada and around the world, build research capacity in Canada and connect people affected by MS with the information and support they need.

- Internally restricted

Internally restricted net assets are comprised of amounts that the Board of Directors has restricted by resolution for specific initiatives.

Multiple Sclerosis Scientific Research Foundation

Notes to Financial Statements

December 31, 2021

Revenue recognition

All unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the appropriate fund.

Income from bonds is accrued on a daily basis and dividends on common shares are accrued when declared. Discounts and premiums on bond purchases are amortized on a straight-line basis over the terms of the bonds and are included in income in the current year.

Financial assets and liabilities

The Foundation measures its financial assets and financial liabilities initially at fair value. Subsequently, investments are recorded at fair value and cash and cash equivalents, accounts receivable from the Multiple Sclerosis Society of Canada (the Society), interest and other receivables, accounts payable to the Society, accrued liabilities and other payables and research grants payable are recorded at amortized cost.

Investments comprise bonds and equities. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of revenue and expenditures. Transaction costs related to investments are expensed as incurred.

The Foundation is exposed to interest rate and credit risks on its bond holdings. The Foundation manages its credit risk by investing in bonds in its investment portfolio. This risk is managed through the Foundation's investment policy.

Other than as discussed above, it is management's opinion that the Foundation is not exposed to significant interest rate or credit risks from its financial assets and financial liabilities. The Foundation is exposed to foreign currency risk in its investment portfolio. This risk is managed through the Foundation's investment policy.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid short-term interest bearing securities that mature within 90 days of the year-end.

Foreign currency translation

Transactions completed in foreign currencies are translated into Canadian dollars at the rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet date and all other assets and liabilities are translated at the applicable historical exchange rate.

Translation gains and losses are recognized in the statement of revenue and expenditures in the period in which they occur.

Multiple Sclerosis Scientific Research Foundation

Notes to Financial Statements

December 31, 2021

Research grants payable

Commitments approved by the Board of Directors of the Foundation for research grants payable in future years are recorded as an expenditure and liability in the year of approval and reviewed on an annual basis. A risk-free interest rate is used to discount the obligation to its fair value at the balance sheet date.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

3 Related party transactions

The Society is an organization whose mission is to be a leader in finding a cure for MS and enabling people affected by MS to enhance their quality of life. The Foundation receives almost all of its funding from the Society and has a common director with the Society.

- a) During the year, the Foundation received \$3,069,305 (2020 – \$4,457,610) in donations for the endMS Acts-of-Greatness campaign.

As at December 31, 2021, \$2,293,129 (2020 – \$2,350,853) is receivable from the Society.

- b) The Society provides overhead and administrative services for an annual fee of \$20,000. In addition, the Foundation reimburses the Society for any costs paid by the Society on the Foundation's behalf.

As at December 31, 2021, \$499,377 (2020 – \$743,708) is owing to the Society.

- c) During the year, the Foundation provided a grant to the Society of \$7,967 (2020 – \$299,740).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Multiple Sclerosis Scientific Research Foundation

Notes to Financial Statements

December 31, 2021

4 Investments

	2021 \$	2020 \$
Bonds		
Federal	2,184,208	2,489,847
Provincial	4,503,276	4,675,250
Corporate	1,884,045	1,975,460
	<hr/> 8,571,529	<hr/> 9,140,557
Equities		
Canada	1,558,085	1,441,857
United States	1,342,694	1,142,490
Other	639,147	613,455
	<hr/> 3,539,926	<hr/> 3,197,802
	<hr/> 12,111,455	<hr/> 12,338,359

As at December 31, 2021, the bonds bear interest at rates varying between 0.75% and 4.50% and mature between December 15, 2022 and June 1, 2030. Investments include \$5,625,787 (2020 – \$5,745,261) relating to the endMS Acts-of-Greatness campaign.

5 Long-term research grants payable

The Foundation has committed research grants to researchers over multiple years and the fair value discount has been recorded in endMS Acts-of-Greatness research grants on the statement of revenue and expenditures. Expected payments are as follows:

	\$
2023	1,573,826
2024	1,501,280
Thereafter	609,280
	<hr/> 3,684,386
Less: Fair value adjustment	108,609
	<hr/> 3,575,777