June 20, 2017

Independent Auditor’s Report

To the Members of
Multiple Sclerosis Scientific Research Foundation

We have audited the accompanying financial statements of Multiple Sclerosis Scientific Research Foundation, which comprise the balance sheet as at December 31, 2016 and the statements of revenue and expenditures, change in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor’s responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.
Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Multiple Sclerosis Scientific Research Foundation as at December 31, 2016 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.

PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants
Multiple Sclerosis Scientific Research Foundation  
Balance Sheet  
As at December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>660,124</td>
<td>515,820</td>
</tr>
<tr>
<td>Accounts receivable from Multiple Sclerosis Society of Canada (note 3(a))</td>
<td>2,678,642</td>
<td>1,810,680</td>
</tr>
<tr>
<td>Interest and other receivables</td>
<td>89,848</td>
<td>224,839</td>
</tr>
<tr>
<td><strong>Investments (note 4)</strong></td>
<td>16,363,568</td>
<td>16,653,749</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable to Multiple Sclerosis Society of Canada (note 3(b))</td>
<td>4,875,077</td>
<td>3,158,908</td>
</tr>
<tr>
<td>Accrued liabilities and other payables</td>
<td>136,781</td>
<td>29,929</td>
</tr>
<tr>
<td>Research grants payable</td>
<td>5,095,078</td>
<td>5,001,270</td>
</tr>
<tr>
<td><strong>Research grants payable</strong></td>
<td>10,106,936</td>
<td>8,190,107</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted for endMS Research and Training Network</td>
<td>2,412,397</td>
<td>3,799,588</td>
</tr>
<tr>
<td>Restricted for endMS Whatever-It-Takes</td>
<td>1,434,166</td>
<td>510,970</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>5,176,043</td>
<td>3,801,120</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>19,792,182</td>
<td>19,205,088</td>
</tr>
</tbody>
</table>

Approved by the Board of Directors

[Signatures]

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, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General donations</td>
<td>516,602</td>
<td>463,002</td>
</tr>
<tr>
<td>(note 3(a))</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations for endMS</td>
<td>604,955</td>
<td>753,952</td>
</tr>
<tr>
<td>Research and Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network (note 3(a))</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations for endMS</td>
<td>2,330,326</td>
<td>966,333</td>
</tr>
<tr>
<td>Whatever-It-Takes (note 3(a))</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>305,483</td>
<td>423,604</td>
</tr>
<tr>
<td>Investment income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for endMS Research</td>
<td>102,221</td>
<td>123,938</td>
</tr>
<tr>
<td>and Training Network</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,859,587</td>
<td>2,729,829</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>endMS Research</td>
<td>2,039,047</td>
<td>2,344,480</td>
</tr>
<tr>
<td>and Training Network</td>
<td></td>
<td></td>
</tr>
<tr>
<td>endMS Whatever-It-Takes</td>
<td>1,407,130</td>
<td>2,735,344</td>
</tr>
<tr>
<td>Grants (note 3(c))</td>
<td>417,041</td>
<td>4,636,971</td>
</tr>
<tr>
<td>Grant returns</td>
<td>(571,336)</td>
<td>-</td>
</tr>
<tr>
<td>Professional fees</td>
<td>85,766</td>
<td>62,509</td>
</tr>
<tr>
<td>Investment management fees</td>
<td>40,350</td>
<td>44,472</td>
</tr>
<tr>
<td>Bank charges</td>
<td>11,660</td>
<td>16,741</td>
</tr>
<tr>
<td></td>
<td>3,429,658</td>
<td>9,840,517</td>
</tr>
<tr>
<td>**Excess (deficiency)</td>
<td>429,929</td>
<td>(7,110,688)</td>
</tr>
<tr>
<td>of revenue over</td>
<td></td>
<td></td>
</tr>
<tr>
<td>expenditures before</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the undernoted</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fair value change in investments</strong></td>
<td>480,999</td>
<td>299,881</td>
</tr>
<tr>
<td>**Excess (deficiency)</td>
<td>910,928</td>
<td>(6,810,807)</td>
</tr>
<tr>
<td>of revenue over</td>
<td></td>
<td></td>
</tr>
<tr>
<td>expenditures for the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th></th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restricted</td>
<td>Restricted</td>
<td>Restricted</td>
</tr>
<tr>
<td></td>
<td>for endMS Research</td>
<td>for endMS Whatever-It-</td>
<td>Unrestricted</td>
</tr>
<tr>
<td></td>
<td>and Training Network</td>
<td>Takes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Net assets - Beginning of year</td>
<td>$3,799,588</td>
<td>$510,970</td>
<td>$3,801,120</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenditures for the year</td>
<td>$(1,387,191)</td>
<td>$923,196</td>
<td>$1,374,923</td>
</tr>
<tr>
<td>Net assets - End of year</td>
<td>$2,412,397</td>
<td>$1,434,166</td>
<td>$5,176,043</td>
</tr>
</tbody>
</table>

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, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenditures for the year</td>
<td>910,928</td>
<td>(6,810,807)</td>
</tr>
<tr>
<td>Non-cash items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value change in investments</td>
<td>(480,999)</td>
<td>(299,881)</td>
</tr>
<tr>
<td></td>
<td>429,929</td>
<td>(7,110,688)</td>
</tr>
<tr>
<td>Changes in non-cash balances related to operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable from Multiple Sclerosis Society of Canada</td>
<td>(867,962)</td>
<td>771,899</td>
</tr>
<tr>
<td>Interest and other receivables</td>
<td>134,991</td>
<td>(164,981)</td>
</tr>
<tr>
<td>Accounts payable to Multiple Sclerosis Society of Canada</td>
<td>1,716,169</td>
<td>1,862,119</td>
</tr>
<tr>
<td>Accrued liabilities and other payables</td>
<td>106,852</td>
<td>301</td>
</tr>
<tr>
<td>Research grants payable</td>
<td>(2,148,855)</td>
<td>3,811,518</td>
</tr>
<tr>
<td></td>
<td>(1,056,805)</td>
<td>6,280,856</td>
</tr>
<tr>
<td></td>
<td>(626,876)</td>
<td>(829,832)</td>
</tr>
<tr>
<td>Investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>8,464,790</td>
<td>12,888,307</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(7,693,610)</td>
<td>(11,887,049)</td>
</tr>
<tr>
<td></td>
<td>771,180</td>
<td>1,001,258</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents during the year</td>
<td>144,304</td>
<td>171,426</td>
</tr>
<tr>
<td>Cash and cash equivalents - Beginning of year</td>
<td>515,820</td>
<td>344,394</td>
</tr>
<tr>
<td>Cash and cash equivalents - End of year</td>
<td>660,124</td>
<td>515,820</td>
</tr>
<tr>
<td>Cash and cash equivalents comprise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>84,757</td>
<td>91,327</td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>575,367</td>
<td>424,493</td>
</tr>
<tr>
<td></td>
<td>660,124</td>
<td>515,820</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Multiple Sclerosis Scientific Research Foundation
Notes to Financial Statements
December 31, 2016

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, revenues 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 Research and Training Network

  The endMS Research and Training Network consists of various training programs, activities and awards aimed at graduate students and postdoctoral fellows intent on furthering their knowledge and training in MS.

- Restricted for endMS Whatever-It-Takes

  The endMS Whatever-It-Takes 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.
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, cash and cash equivalents, investments and research grants payable are recorded at fair value and accounts receivable from Multiple Sclerosis Society of Canada, interest and other receivables, accounts payable and other payables to Multiple Sclerosis Society of Canada and accrued liabilities and other payables 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 that are A rated or better.

Other than as discussed above, it is management’s opinion that the Foundation is not exposed to significant interest 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.
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 Multiple Sclerosis Society of Canada (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 the following donations from the Society:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>endMS Research and Training Network</td>
<td>604,955</td>
<td>753,952</td>
</tr>
<tr>
<td>endMS Whatever-It-Takes</td>
<td>2,330,326</td>
<td>965,333</td>
</tr>
<tr>
<td>General donations - Royal Bank golf tournament</td>
<td>385,658</td>
<td>429,765</td>
</tr>
</tbody>
</table>

As at December 31, 2016, $2,678,642 (2015 - $1,810,680) is receivable from the Society.

b) The Foundation reimburses the Society for all direct costs associated with the services provided and expenses paid. In addition, the Society provides overhead and administrative services for an annual fee of $20,000. During the year, the Society paid the following expenditures on the Foundation’s behalf:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>endMS Research and Training Network</td>
<td>2,039,047</td>
<td>2,344,480</td>
</tr>
<tr>
<td>endMS Whatever-It-Takes</td>
<td>1,407,130</td>
<td>2,735,344</td>
</tr>
<tr>
<td>Professional fees</td>
<td>85,769</td>
<td>62,509</td>
</tr>
</tbody>
</table>

As at December 31, 2016, $4,875,077 (2015 - $3,158,908) is owing to the Society.

c) During the year, the Foundation provided a grant to the Society of $254,421 (2015 - $571,926).
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.

4 Investments

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>3,910,206</td>
<td>4,503,506</td>
</tr>
<tr>
<td>Provincial</td>
<td>5,903,642</td>
<td>5,332,217</td>
</tr>
<tr>
<td>Corporate</td>
<td>2,109,451</td>
<td>1,710,227</td>
</tr>
<tr>
<td></td>
<td>11,923,299</td>
<td>11,545,950</td>
</tr>
<tr>
<td>Equities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>2,008,855</td>
<td>2,010,389</td>
</tr>
<tr>
<td>United States</td>
<td>1,791,569</td>
<td>2,281,888</td>
</tr>
<tr>
<td>Other</td>
<td>639,845</td>
<td>815,522</td>
</tr>
<tr>
<td></td>
<td>4,440,269</td>
<td>5,107,799</td>
</tr>
<tr>
<td></td>
<td>16,363,568</td>
<td>16,653,749</td>
</tr>
</tbody>
</table>

As at December 31, 2016, the bonds bear interest at rates varying between 1.34% and 3.4% and mature between June 15, 2018 and December 15, 2025. Investments include $7,085,682 (2015 - $5,600,311) relating to the endMS Research and Training Network.