

Multiple Sclerosis Society of Canada

Combined Financial Statements
December 31, 2010

June 17, 2011

Independent Auditor's Report

**To the Members
of the Multiple Sclerosis Society of Canada**

We have audited the accompanying combined financial statements of Multiple Sclerosis Society of Canada, which comprise the combined balance sheets as at December 31, 2010 and 2009 and the combined statements of revenue and expenditures, changes in net assets and cash flows for the year ended December 31, 2010 and the four months ended December 31, 2009, and the related notes including a summary of significant accounting policies.

Management's responsibility for the combined financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of combined 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 combined financial statements based on our audits. We conducted our audits 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of Multiple Sclerosis Society of Canada as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the year ended December 31, 2010 and the four months ended December 31, 2009 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Multiple Sclerosis Society of Canada

Combined Balance Sheet

(in thousands of dollars)

	As at Dec. 31, 2010 \$	As at Dec. 31, 2009 \$	As at Aug. 31, 2009 \$
Assets			
Current assets			
Cash and cash equivalents	13,329	11,924	15,504
Short-term investments	188	193	99
Accounts receivable and accrued interest	2,892	2,041	1,891
Prepaid expenses and supplies	1,154	1,479	2,224
	<u>17,563</u>	<u>15,637</u>	<u>19,718</u>
Marketable securities (note 3)	10,063	11,401	11,198
Capital assets (note 4)	<u>3,990</u>	<u>3,806</u>	<u>3,684</u>
	<u>31,616</u>	<u>30,844</u>	<u>34,600</u>
Liabilities			
Current liabilities			
Payable to Multiple Sclerosis Scientific Research Foundation (note5)	2,186	3,841	3,161
Accounts payable and accrued liabilities	2,884	2,093	3,318
Research grants payable	5,086	3,833	4,367
Deferred revenue (note 6)	2,036	2,262	2,221
Deferred lease inducement	64	64	64
Deferred capital contributions (note7)	173	132	135
	<u>12,429</u>	<u>12,225</u>	<u>13,266</u>
Long-term liabilities			
Deferred lease inducement	954	725	745
Deferred capital contributions (note 7)	1,020	1,198	1,043
Research grants payable (note 8)	2,274	1,649	1,737
	<u>4,248</u>	<u>3,572</u>	<u>3,525</u>
	<u>16,677</u>	<u>15,797</u>	<u>16,791</u>
Net Assets			
Restricted for endowment purposes	467	483	482
Internally restricted for research program (note 9)	3,054	3,554	3,554
Internally restricted for other purposes	1,556	1,470	1,350
Unrestricted	9,862	9,540	12,423
	<u>14,939</u>	<u>15,047</u>	<u>17,809</u>
	<u>31,616</u>	<u>30,844</u>	<u>34,600</u>

Approved by the Board of Directors



Director



Director

Multiple Sclerosis Society of Canada

Combined Statement of Revenue and Expenditures

(in thousands of dollars)

	Twelve months ended Dec. 31, 2010 \$	Four months ended Dec. 31, 2009 \$	Twelve months ended Aug. 31, 2009 \$
Revenue			
Leadership giving activity			
Bequests	3,032	1,527	3,684
endMS Research & Training Network	2,332	1,224	1,165
Corporate giving and major donors	1,585	636	1,472
Grants from governments	1,344	514	1,846
Grants from pharmaceutical companies	407	119	516
Other grants	933	320	662
	<hr/> 9,633	<hr/> 4,340	<hr/> 9,345
Community based fundraising events	27,180	2,044	26,056
Individual giving and direct marketing	17,088	7,860	16,975
Dinners, tournaments, and third party events	4,349	1,865	4,516
Gaming	1,569	415	1,259
Sale of goods	349	403	416
United Way and HealthPartners	1,727	467	1,779
Public awareness activities	1,304	16	1,511
Investment income	1,023	423	241
Miscellaneous	306	53	204
Memberships	79	34	85
	<hr/> 64,607	<hr/> 17,920	<hr/> 62,387
Fundraising expenditures			
Leadership giving	1,925	785	2,069
Community based fundraising events	10,934	2,778	11,270
Individual giving and direct marketing	10,616	5,066	10,849
Dinners, tournaments, and third party events	1,706	680	2,063
Gaming	340	106	433
Cost of goods sold	236	235	281
Indirect fundraising	1,564	520	1,689
	<hr/> 27,321	<hr/> 10,170	<hr/> 28,654
Program and administration expenditures			
Client services	9,640	3,719	10,524
Research	7,118	576	7,324
Research – endMS Research & Training Network	2,442	1,387	1,165
Research – CCSVI (note 9)	699	-	-
Public education and awareness	6,995	1,587	5,167
Chapter and volunteer support and development	3,762	939	3,013
Government and community relations	1,690	501	1,570
MS Clinics	922	286	889
Administration	4,130	1,521	4,467
	<hr/> 37,398	<hr/> 10,516	<hr/> 34,119
	<hr/> 64,719	<hr/> 20,686	<hr/> 62,773
Deficiency of revenue over expenditures for the period	<hr/> (112)	<hr/> (2,766)	<hr/> (386)

Multiple Sclerosis Society of Canada

Combined Statement of Changes in Net Assets

(in thousands of dollars)

					Twelve months ended Dec. 31, 2010
	Restricted for endowment purposes \$	Internally restricted for research programs \$	Internally restricted for other purposes \$	Unrestricted \$	Total \$
Balance – beginning of year	483	3,554	1,470	9,540	15,047
Excess (deficiency) of revenue over expenditures for the year	-	(500)	6	382	(112)
Transfers	(20)	-	80	(60)	-
Interest earned on endowment contributions	4	-	-	-	4
Balance – end of year	467	3,054	1,556	9,862	14,939
					Four months ended Dec. 31, 2009
	Restricted for endowment purposes \$	Internally restricted for research programs \$	Internally restricted for other purposes \$	Unrestricted \$	Total \$
Balance – beginning of period	482	3,554	1,350	12,423	17,809
Deficiency of revenue over expenditures for the period	-	-	-	(2,766)	(2,766)
Interest earned on endowment contributions	1	-	-	-	1
Contributed assets	-	-	120	-	120
Deficit on amalgamation of VIMSS(note 2)	-	-	-	(117)	(117)
Balance – end of period	483	3,554	1,470	9,540	15,047
					Twelve months ended Aug. 31, 2009
	Restricted for endowment purposes \$	Internally restricted for research programs \$	Internally restricted for other purposes \$	Unrestricted \$	Total \$
Balance – beginning of year	426	3,554	1,297	12,780	18,057
Deficiency of revenue over expenditures for the year	-	-	-	(386)	(386)
Transfers	52	-	53	(105)	-
Interest earned on endowment contributions	4	-	-	-	4
New chapter (Montreal East)	-	-	-	134	134
Balance – end of year	482	3,554	1,350	12,423	17,809

Multiple Sclerosis Society of Canada

Combined Statement of Cash Flows

(in thousands of dollars)

	Twelve months ended Dec. 31, 2010 \$	Four months ended Dec. 31, 2009 \$	Twelve months ended Aug. 31, 2009 \$
Cash provided by (used in)			
Operating activities			
Deficiency of revenue over expenditures for the period	(112)	(2,766)	(386)
Non-cash items			
Amortization of capital assets	635	204	736
Recognition of deferred revenue	(1,884)	(887)	(2,981)
Recognition of deferred capital contributions	(196)	(70)	(596)
New chapter (Montreal East)	-	-	134
Amortization of deferred lease inducement	(64)	(20)	(64)
Net changes in non-cash working capital	488	(569)	(1,694)
	<u>(1,133)</u>	<u>(4,108)</u>	<u>(4,851)</u>
Investing activities			
Net change in short-term investments	5	(94)	(51)
Sale of marketable securities	2,305	-	93
Purchase of marketable securities	(967)	(203)	-
Investment in capital assets	(819)	(326)	(678)
	<u>524</u>	<u>(623)</u>	<u>(636)</u>
Financing activities			
Lease inducement received	293	-	133
Deferred revenue received	1,658	928	2,963
Deferred capital contributions received	59	222	466
Interest earned on endowment contributions	4	1	4
	<u>2,014</u>	<u>1,151</u>	<u>3566</u>
Increase (decrease) in cash and cash equivalents during the period	1,405	(3,580)	(1,921)
Cash and cash equivalents – Beginning of period	11,924	15,504	17,425
Cash and cash equivalents – End of period	13,329	11,924	15,504

Multiple Sclerosis Society of Canada

Notes to the Combined Financial Statements

December 31, 2010

(in thousands of dollars)

1 Nature of operations

The Multiple Sclerosis Society of Canada (MS Society or the Society) is incorporated under the laws of Canada. The Society is a registered charity under the Income Tax Act and is therefore exempt from income taxes and may issue official donation receipts for income tax purposes to donors. Its mission is to be a leader in finding a cure for multiple sclerosis (MS) and to enable people affected by MS to enhance their quality of life. The Society is comprised of seven divisions, their chapters and a national office.

In March 2009, the National Board of the MS Society approved a change in the year-end of the MS Society from August 31 to December 31 effective 2009. The four months ended December 31, 2009 represent the financial reporting period necessary to transition from the August 31 year-end date to December 31. This four-month transition period does not represent the normal operating activities of the Society as the majority of the fundraising activity of the Society occurs during the spring and summer months. The deficit for the transition period and subsequent reduction of cash and unrestricted net assets was anticipated and the Society had sufficient cash and unrestricted net assets on hand to absorb the shortfall and reduction. The twelve months ended August 31, 2009 are therefore presented for comparative purposes as it is the most recent twelve-month fiscal year.

2 Summary of significant accounting policies

Basis of reporting

The Society operates through a number of incorporated entities that all contribute to a common mission. These combined financial statements represent the assets, liabilities, net assets and operations of the MS Society, the Multiple Sclerosis Society of Canada (Quebec Division) and the following Quebec Chapters of the Multiple Sclerosis Society of Canada that have separate legal status:

Abitibi-Temiscamingue Chapter, Banlieue West Chapter, Bas-Saint-Laurent Chapter, Centre of Quebec Chapter, Cote-Nord Chapter, Montreal East Chapter, Estrie Chapter, Grandby and Regions Chapter, Lac-St-Jean Chapter, Lanaudiere Chapter, Laurentides Chapter, Laval Chapter, Manicouagan Chapter, Mauricie Chapter, Monteregie Chapter, Montreal Chapter, Outaouais Chapter, Region of Quebec Chapter, St-Hyacinthe-Acton Chapter, Sorel-Tracy Chapter and Therese-de-Blainville/Basses-Laurentides Chapter

The Society includes the accounts of the divisions, which are in Alberta and the Northwest Territories, the Atlantic provinces, British Columbia and Yukon, Manitoba, Ontario, and Saskatchewan, their chapters and the national office of the Society.

On September 1, 2009, the Vancouver Island Multiple Sclerosis Society (VIMSS) merged with the MS Society, South Vancouver Island Chapter. This was accounted for by aggregating the financial statement elements of VIMSS with the British Columbia and Yukon Division. As a result of the merger, the unrestricted net assets were reduced by \$117 in the four-month period ended December 31, 2009.

The combined balances are presented after the elimination of intercompany balances.

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(in thousands of dollars)

Changes in accounting policies and restatement of prior period balance

Effective September 1, 2009, the Society adopted retrospectively Canadian Institute of Chartered Accountants (CICA) Handbook Section 4470, Disclosure of Allocated Expenses By Not-for-profit Organizations. This requires an organization to disclose its allocation policy, if it classifies expenses by function and allocates some of its general support costs to another function. This impacts the Society's disclosures but does not affect the Society's results or financial position.

Effective September 1, 2009, the Society also adopted retrospectively the changes to CICA Handbook Section 4400, Financial Statement Presentation By Not-for-profit Organizations. These changes include a requirement for revenues and expenses to be recognized and presented at their gross amounts when an organization acts as a principal in the transactions. The adoption of this change has impacted the Society's presentation of amounts on the combined statement of revenue and expenditures. Comparative balances have also been restated to reflect this change, resulting in an increase to both revenue and direct fundraising expenditures of \$28,710 for the year ended August 31, 2009.

During the period ended December 31, 2009, the Society reviewed and amended the revenue recognition policy relating to event related donations. The amounts which were previously deferred and recognized at the time of the event, are now recognized when received or receivable. Management judges that this policy provides more reliable and relevant information because it better matches the taxation year for the majority of its donors and the business cycle of the Society with a December 31st year-end date. As a result, comparative balances have been restated, resulting in a decrease of deferred revenues and an increase in opening net assets of \$438.

During the year ended December 31 2010, it was determined that a bequest received in a prior period, which had been treated as an unrestricted contribution and recognized as revenue in that period was in fact a restricted amount given for a specific purpose. Comparative balances have been restated to reflect this, resulting in an increase in deferred revenues and a decrease in opening net assets of \$475.

The net impact of these two items on the comparative balances is summarized below:

	As previously stated		Restated
	Aug. 31, 2009	Adjustment	Aug. 31, 2009
	\$	\$	\$
Deferred revenue	2,184	37	2,221
Opening net assets	18,094	(37)	18,057

Revenue recognition

The Society recognizes unrestricted contributions as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations and grants received from contributors, which have attached special provisions for their use, are deferred on receipt and subsequently recognized as revenue when the related specified expenditures are made. Capital contributions are deferred and recognized as revenue as the related costs and capital amortization are recorded as expenditures. Other revenue is recognized when earned.

Endowment contributions and income thereon are recognized as direct increases in net assets.

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(in thousands of dollars)

Financial instruments

The Society utilizes various financial instruments. Unless otherwise noted, it is the Society's opinion that it is not exposed to significant interest, currency, or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

The Society classifies its financial instruments as identified below into the following categories based on the purpose for which the asset was acquired or the liability incurred:

Assets/liabilities	Category	Measurement
Cash and cash equivalents	held-for-trading	fair value
Accounts receivable and accrued interest	loans and receivables	amortized cost
Short-term investments	held-for-trading	fair value
Marketable securities	held-for-trading	fair value
Accounts payable and accrued liabilities	other liabilities	amortized cost
Payable to Multiple Sclerosis Scientific Research Foundation	other liabilities	amortized cost
Research grants payable	held-for-trading	Fair value

Financial assets and liabilities that are classified as held-for-trading are comprised of investments in various mutual funds held by Phillips, Hager & North (see note 3) and research grants payable (see note 8). They are carried in the combined balance sheet at fair value with changes in fair value recognized in the combined statement of revenue and expenditures and included in investment income. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

The Society has chosen to apply CICA Section 3861, Financial Instruments – Disclosure and Presentation in place of CICA Handbook Section 3862, Financial Instruments – Disclosures, and CICA Handbook Section 3863, Financial Instruments – Presentation.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term, interest bearing securities that mature within 90 days of their issuance.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided over the assets' estimated useful lives as follows:

Office equipment, computer equipment and software	3 years straight-line
Buildings	20 years straight-line
Leasehold improvements	straight-line over the life of the lease

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Research grants payable

Two peer review subcommittees (Biomedical Research Review and Health Research Review) of the Medical Advisory Committee (MAC), review and recommend to the MAC funding of research projects and personnel support on the dual criteria of scientific excellence and relevance to MS. The MAC presents its recommendations to the National Board, which approves funding to researchers, payable in future years and records it as a liability and expense in the year of approval. Ongoing monitoring of research progress occurs on a continuing basis as part of an overall commitment to reportability and accountability. Since research grants are usually multi-year commitments, changes in project commitments are adjusted in the year they occur.

Deferred lease inducements

Lease inducements received by the Society are deferred and amortized as an adjustment to rent expense over the term of the lease on a straight-line basis.

Funds restricted for endowment purposes

The Society has received funds with externally imposed restrictions stipulating the resources received be maintained permanently while the investment income on those amounts must be used for specific purposes.

Internally restricted funds

The Society has funds that have been internally restricted by the Board of Directors at the national, divisional or chapter levels for the following purposes:

a) Research program

These funds have been restricted to provide funding for research projects in future years.

b) Other purposes

These funds have been restricted by divisions or chapters of the Society for building replacement, working capital and program services.

Inter-fund transfers are approved by the Board of Directors at the national, divisional or chapter levels as appropriate, and in the current year relate primarily to the reclassification of amounts previously restricted for specific internal purposes on the basis that these amounts are no longer required for their original purpose.

Allocation of expenses

The Society provides direct services to people affected by MS, funding for research into the cause and cure for MS, public education and awareness activities, volunteer development and support, government relations, and stakeholder advocacy programs. The costs of each program include the costs of personnel responsible for delivering these programs as well as expenditures that are directly related to conducting these programs.

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The Society also incurs costs related to fundraising, administration and governance. Like the program areas, these costs include the costs of personnel with responsibilities in these areas as well as expenditures that are directly related to these activities.

Where personnel have responsibilities that relate to more than one functional area, the costs are charged to each area based on time spent on each function. The charges related to personnel costs are reviewed on an annual basis and adjustments are made during the year for significant changes in an individual's area of responsibility.

In addition to these costs, a number of support expenditures are incurred that are shared between all areas. These include expenses relating to office equipment, amortization of capital assets, office rent and occupancy costs, insurance, office supplies, outside services (such as payroll processing), telephone system expenses, and audit fees. The Society charges all support costs to each area based on the relative head count for each area (note 11).

Contributed services and non-capital assets

These combined financial statements do not reflect the substantial value of services and non-capital assets contributed by volunteers and other interested parties.

Use of estimates

The preparation of combined financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

3 Marketable securities

Marketable securities are comprised of the following:

	As at Dec. 31, 2010		As at Dec. 31, 2009		As at Aug. 31, 2009	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
	\$	\$	\$	\$	\$	\$
Funds held with Phillips, Hager & North	9,703	9,945	11,712	11,259	11,622	10,908
Provincial bonds	113	113	137	137	285	285
Other	5	5	5	5	5	5
	9,821	10,063	11,854	11,401	11,912	11,198

As of December 31, 2010, funds held with Phillips, Hager & North consist of: \$36 (December 31, 2009 - \$34; August 31, 2009 - \$35) in money market funds; \$4,820 (December 31, 2009 - \$5,435; August 31, 2009 - \$5,244) in Canadian fixed income funds; \$2,524 (December 31, 2009 - \$2,990; August 31, 2009 - \$3,140) in

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(in thousands of dollars)

Canadian equity funds; and \$2,565 (December 31, 2009 - \$2,800; August 31, 2009 - \$2,489) in foreign equity funds.

4 Capital assets

	As at Dec. 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Office equipment, computer equipment and software	5,848	(5,087)	761
Buildings	1,445	(528)	917
Leasehold improvements	3,312	(1,562)	1,750
Land	562	-	562
	11,167	(7,177)	3,990
	As at Dec. 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Office equipment, computer equipment and software	5,384	(4,722)	662
Buildings	1,445	(455)	990
Leasehold improvements	3,062	(1,470)	1,592
Land	562	-	562
	10,453	(6,647)	3,806
	As at Aug. 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Office equipment, computer equipment and software	5,304	(4,548)	756
Buildings	1,200	(435)	765
Leasehold improvements	3,181	(1,460)	1,721
Land	442	-	442
	10,127	(6,443)	3,684

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(in thousands of dollars)

5 Payable to Multiple Sclerosis Scientific Research Foundation

	Twelve months ended Dec. 31, 2010 \$	Four months ended Dec. 31, 2009 \$	Twelve months ended Aug. 31, 2009 \$
Balance – Beginning of period	3,841	3,161	4,652
Amounts authorized during the period	2,710	1,900	2,165
Amounts paid during the period	(4,365)	(1,220)	(3,656)
	<u>2,186</u>	<u>3,841</u>	<u>3,161</u>

Included in the amounts authorized above is \$nil (December 31, 2009 - \$nil; August 31, 2009 - \$1,000) restricted for the ongoing research funded by the Multiple Sclerosis Scientific Research Foundation (the Foundation) and \$2,710 (December 31, 2009 - \$1,900; August 31, 2009 - \$1,165) restricted for the endMS Research & Training Network.

The Foundation is an organization established to carry on and promote scientific research in or related to the disease of MS, is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act (Canada). The Foundation has three common directors with the Society and receives 51% (December 31, 2009 – 59%; August 31, 2009 - 34%) of its revenue from the Society.

6 Deferred revenue

	Twelve months ended Dec. 31, 2010 \$	Four months ended Dec. 31, 2009 \$	Twelve months ended Aug. 31, 2009 \$
Balance – Beginning of period	2,262	2,221	2,239
Add: Amounts received in the period	2,019	1,296	2,963
Less: Amounts recognized during the period	(2,245)	(1,255)	(2,981)
	<u>2,036</u>	<u>2,262</u>	<u>2,221</u>

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(in thousands of dollars)

7 Deferred capital contributions

	Twelve months ended Dec. 31, 2010 \$	Four months ended Dec. 31, 2009 \$	Twelve months ended Aug. 31, 2009 \$
Balance – Beginning of period	1,330	1,178	1,308
Add: Amounts received in the period	59	222	466
Less: Amounts recognized during the period	(196)	(70)	(596)
Balance – End of period	1,193	1,330	1,178
Less: Current portion	173	132	135
	1,020	1,198	1,043

8 Long-term research grants payable

Amounts designated to fund research projects are payable as follows:

	As at Dec. 31, 2010 \$	As at Dec. 31, 2009 \$	As at Aug. 31, 2009 \$
Long-term portion of research grants payable within			
Two fiscal years from the balance sheet date	1,931	1,342	1,410
Three fiscal years from the balance sheet date	343	307	327
	2,274	1,649	1,737

9 Restricted research funds

Revenue was received in 2010 with a restriction to fund research into chronic cerebrospinal venous insufficiency (CCSVI) and MS due to significant public interest in this area of research. During 2010, \$199 of funds raised through MS Society fundraising events, net of direct fundraising expenditures, had been restricted to support this research. Also during 2010, the National Board of Directors approved a total commitment of \$699 of funding for research into CCSVI and MS. As a result, the internally restricted net assets for research have been reduced by \$500 in 2010.

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(in thousands of dollars)

10 Allocation of expenses

Shared support expenditures have been allocated as follows:

	Twelve months ended Dec. 31, 2010	Four months ended Dec. 31, 2009	Twelve months ended Aug. 31, 2009
	\$	\$	\$
Program and administration expenditures	1,371	447	1,235
Fundraising expenditures	1,064	480	1,405
	<u>2,435</u>	<u>927</u>	<u>2,640</u>

11 Management of capital

The Society defines its capital as the amounts included in its net asset balances, which include both unrestricted and restricted amounts. Restricted amounts include contributions whose use has been specified by the donor. Management believes it is in compliance with the restrictions of the contributions.

The Society's objective when managing its capital is to safeguard the Society's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits to its beneficiaries and its stakeholders.

The Society sets the amount of net asset balances in proportion to risk, manages the net asset structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

12 Commitments

The minimum annual lease payments for office premises and equipment are as follows:

	\$
2011	1,324
2012	1,086
2013	981
2014	873
2015	801
Thereafter	<u>1,066</u>
	<u>6,131</u>

13 Comparative figures

Certain August 31, 2009 and December 31, 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.