

**The Multiple Sclerosis Society of
Canada (Quebec Division) and
Quebec Chapters**

Combined Financial Statements
December 31, 2022

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Combined Financial Statements

December 31, 2022

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Independent auditor's report

To the Directors of
The Multiple Sclerosis Society of Canada (Quebec Division)

Our opinion

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the entities set out in note 2 to the combined financial statements (together, the Society) as at December 31, 2022 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 (ASNPO).

What we have audited

The Society's combined financial statements comprise:

- the combined balance sheet as at December 31, 2022;
- the combined statement of revenues and expenditures for the year then ended;
- the combined statement of changes in net assets for the year then ended;
- the combined statement of cash flows for the year then ended; and
- the notes to the combined 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 combined 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 Society in accordance with the ethical requirements that are relevant to our audit of the combined financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Emphasis of matter – combined financial statements

We draw attention to the fact that, as described in note 2 to the combined financial statements, the businesses included in the combined financial statements have not operated as a single entity. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if the businesses had operated as a single business during the year presented or of future results of the Society. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the combined financial statements

Management of the Society (management) is responsible for the preparation and fair presentation of the combined financial statements in accordance with ASNPO, 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.

In preparing the combined financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 Society'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 Society'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 combined 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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 LLP¹

Montréal, Quebec
May 30, 2023

¹ CPA auditor, public accountancy permit No. A130737

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Combined Balance Sheet

As at December 31, 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash		4,459,540	4,459,359
Accounts receivable	3	643,209	651,286
Inventory		17,193	17,193
Prepaid expenses		52,855	50,964
Current portion of investments	4	6,822	11,822
		5,179,619	5,190,624
Investments	4, 8	50,242	53,167
Capital assets	5	122,375	72,530
		5,352,236	5,316,321
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	1,672,998	1,901,408
Deferred revenues	7	364,094	149,216
Current portion of annuity payable	8	3,403	3,287
Current portion of long-term debt	10	-	60,000
		2,040,495	2,113,911
Obligations under capital leases		1,500	1,500
Annuity payable	8	10,955	14,358
Deferred contributions	9	57,592	57,592
		2,110,542	2,187,361
Net Assets			
Invested in capital assets		122,375	72,530
Internally restricted	11	603,153	400,514
Unrestricted		2,516,166	2,655,916
		3,241,694	3,128,960
		5,352,236	5,316,321
Commitments and contingencies	14		

Approved by the Board of Directors

_____ Director

_____ Director

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

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Combined Statement of Revenues and Expenditures

For the year ended December 31, 2022

	Note	2022 \$	2021 \$
Revenues			
Revenues from donations and government grants			
Corporate giving, individual giving and major donors		835,134	1,198,975
Bequests		832,374	135,973
Acts of greatness campaign		-	50,000
Government grants	2	1,345,277	2,098,698
Contributions from pharmaceutical partners		141,800	84,625
Other		-	14,833
Total revenues from donations and government grants		3,154,585	3,583,104
Other revenues			
Signature events		1,302,321	1,343,972
Local fundraising initiatives		800,817	486,193
Partnership events and campaigns		134,833	139,178
I challenge MS		505,115	372,988
Public awareness activities		917	5,588
HealthPartners		171,705	228,288
Registration fees – Activities provided to clients		38,710	34,930
Bingos and lotteries		98,761	53,606
Sale of goods		47,270	61,735
Investment revenues		9,014	15,630
Membership revenues		1,290	1,194
Total revenues		6,265,338	6,326,406
Expenditures			
Fundraising expenditures			
Donations and grants	2	318,780	361,062
Signature events		662,387	397,974
Local fundraising initiatives		425,294	431,501
Partnership events and campaigns		29,033	38,282
I challenge MS		299,749	131,794
Bingos and lotteries		5,437	5,396
Cost of goods sold		34,007	46,949
Indirect fundraising expenditures		154,518	191,176
Total fundraising expenditures		1,929,205	1,604,134
Program and administrative spending			
Client services	2, 12	1,136,598	1,031,924
Research	13	1,200,000	950,000
Research – Acts of greatness campaign	13	-	50,000
Public education and awareness		488,841	556,338
Chapter and volunteer support and development		619,132	636,489
Community relations		227,527	157,263
Administration		551,301	587,003
Total program and administrative spending		4,223,399	3,969,017
Total expenditures		6,152,604	5,573,151
Excess of revenues over expenditures for the year		112,734	753,255

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

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Combined Statement of Changes in Net Assets

For the year ended December 31, 2022

	Invested in capital assets \$	Internally restricted \$	Unrestricted \$	Total \$
As at January 1, 2021	290,587	185,156	1,899,962	2,375,705
Excess of revenues over expenditures for the year	-	-	753,255	753,255
Internally restricted (released)	-	215,358	(215,358)	-
Acquisition of capital assets	34,061	-	(34,061)	-
Amortization and writeoff of capital assets	(252,118)	-	252,118	-
As at December 31, 2021	72,530	400,514	2,655,916	3,128,960
Excess of revenues over expenditures for the year	-	-	112,734	112,734
Internally restricted (released)	-	202,639	(202,639)	-
Acquisition of capital assets	110,339	-	(110,339)	-
Amortization and writeoff of capital assets	(60,494)	-	60,494	-
As at December 31, 2022	122,375	603,153	2,516,166	3,241,694

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

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Combined Statement of Cash Flows

For the year ended December 31, 2022

	2022 \$	2021 \$
Cash flows from		
Operating activities		
Excess of revenues over expenditures for the year	112,734	753,255
Adjustments for		
Variation in value of mutual fund investments	7,925	(1,109)
Amortization and writeoff of capital assets	60,494	252,118
Amortization and writeoff of deferred lease inducement	-	(55,906)
Deferred contributions recognized in revenues	-	(140,562)
	<u>181,153</u>	<u>807,796</u>
Changes in non-cash working capital items		
Decrease in accounts receivable	8,077	904,001
Decrease in inventory	-	11,235
Decrease (increase) in prepaid expenses	(1,891)	2,941
Decrease in accounts payable and accrued liabilities	(228,410)	(57,202)
Increase (decrease) in deferred revenues	214,878	(23,561)
Increase in deferred contributions	-	10,421
	<u>(7,346)</u>	<u>847,835</u>
	<u>173,807</u>	<u>1,655,631</u>
Financing activities		
Payment of annuity	(3,287)	(3,174)
Payment of long-term debt	(60,000)	-
	<u>(63,287)</u>	<u>(3,174)</u>
Investing activities		
Acquisition of investments	(11,500)	(10,000)
Proceeds on sale of investments	11,500	110,005
Acquisition of capital assets	(110,339)	(34,061)
	<u>(110,339)</u>	<u>65,944</u>
Net increase in cash during the year	181	1,718,401
Cash – Beginning of year	<u>4,459,359</u>	<u>2,740,958</u>
Cash – End of year	<u>4,459,540</u>	<u>4,459,359</u>

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

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Notes to Combined Financial Statements

December 31, 2022

1 Organization

The Multiple Sclerosis Society of Canada (Quebec Division) (the Quebec Division) and 18 Quebec Chapters included in these combined financial statements were all incorporated under Part III of the Quebec Companies Act and work collaboratively for the purposes of providing services to people living with multiple sclerosis (MS) in Quebec, educating the public and financing medical research.

The Quebec Division and 16 Quebec Chapters are registered charitable organizations under the Income Tax Act (Canada). The 2 other Chapters are non-profit organizations for the purposes of this legislation.

2 Summary of significant accounting policies

Basis of accounting and presentation of combined financial statements

These combined financial statements have been prepared in accordance with Part III of the CPA Canada Handbook – Accounting – Accounting Standards for Not-for-Profit Organizations (ASNPO). They present the combined assets, liabilities, net assets and operations of the Quebec Division and the Quebec Chapters (collectively, the Society).

All inter-Society transactions and balances have been eliminated.

Use of estimates

The preparation of combined financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities reported in the combined financial statements and the reported amounts of revenues and expenditures for the year. Actual results could differ from those estimates.

Volunteer services and contributed materials and services

The work of the Society is dependent, among other things, on services provided by numerous volunteers. In addition, the Society may receive contributed materials and other services. Because these materials and services are not normally purchased by the Society, and because of the difficulty in determining their fair values, contributed materials and services are not recognized in these combined financial statements unless they relate to capital assets.

Revenue recognition – Contributions

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. 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.

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Notes to Combined Financial Statements

December 31, 2022

Government grants

On March 27, 2020, the federal government announced a Canada Emergency Wage Subsidy (CEWS), in effect, retroactively, from March 15 to August 29, 2020 and extended thereafter, allowing Canadian businesses economically affected by the COVID-19 pandemic (coronavirus disease) to keep workers employed. Certain eligibility criteria must be met in order to be eligible for the CEWS. The Society didn't recognize any amount in government grants revenue for the year ended December 31, 2022 in relation to this grant since this program ended on October 23, 2021 (2021 – \$678,884).

On October 9, 2020, the federal government proposed the Canada Emergency Rent Subsidy (CERS) to provide direct support to businesses, non-profits and charities that are economically affected by the COVID-19 pandemic (coronavirus disease). The CERS is a subsidy offered to cover part of the commercial rent or the real estate expenses retroactively for the period from September 27, 2020 until June 2021. The Society didn't recognize any amount in government grants revenue for the year ended December 31, 2022 with respect to this grant since this program ended on October 23, 2021 (2021 – \$94,133).

Inventory

Inventory is valued at the lower of cost and current replacement cost. Cost is generally determined on a first-in, first-out basis. Inventory comprises campaign and informational material.

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 for on a straight-line basis over the estimated useful lives of the assets. Amortization of computer and office equipment is provided for on a straight-line basis over three- and five-year periods, respectively. Leasehold improvements are amortized over the residual life of the lease.

Deferred lease inducement

The Quebec Division had an office lease which began on March 1, 2020 and was going to expire on June 30, 2032 for which it received free rent for a total period of four months. The free rent was going to be amortized on a straight-line basis over the term of the lease. However, the Society assigned this lease with effect from January 1, 2022 and therefore wrote off this provision for deferred lease inducement as at December 31, 2021.

Net assets

Net assets, other than those invested in capital assets and those that are internally restricted, are unrestricted. Internally restricted net assets result from a resolution of the Board of Directors of certain Chapters (note 11). Investment income earned on the restricted assets is unrestricted. The Society does not have externally imposed restrictions on its capital, except for the Chapters subsidized by the Programme de soutien aux organismes communautaires (PSOC) which must observe certain restrictions relating to the accumulation of surplus.

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Notes to Combined Financial Statements

December 31, 2022

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-raising activities, volunteer development and support, advocacy with governments, and stakeholder advocacy programs. The cost of each program includes the costs of personnel responsible for delivering it as well as expenditures that are directly related to its operation.

The Society also incurs costs related to fundraising, administration and governance. The expenses associated with these activities include the salaries of personnel responsible for these activities and directly related expenses.

Salary expenses are charged to the activity or activities for which the personnel are accountable for based on the allocation of time required to carry out their individual roles and responsibilities. The salary expenses are reviewed on an annual basis as part of the budgeting process, and adjustments are made during the year for significant changes in an individual's area of responsibility.

In addition to these direct costs, a number of support expenditures are incurred that are shared among all activities. The support expenditures include office equipment, amortization of capital assets, office rent and occupancy costs, and audit fees. The Society attributes these program fees and activities based on the hours spent on programs and activities by its employees.

Salary expenses and support expenditures are attributed between programs and activities as follows:

			2022	2021
	Quebec Division	Quebec Chapters	Total	Total
	\$	\$	\$	\$
Program spending	629,795	1,234,715	1,864,510	2,030,012
Fundraising expenditures	794,953	531,538	1,326,491	1,265,266
Administration	245,287	304,987	550,274	583,255
	1,670,035	2,071,240	3,741,275	3,878,533

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Notes to Combined Financial Statements

December 31, 2022

Financial instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for equity investments quoted in active markets, if any, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures for the year.

Financial assets measured at amortized cost consist of cash, accounts receivable and non-restricted investments, and financial assets measured at fair value consist of restricted investments. Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities, obligations under capital leases and annuity payable.

Presentation and transaction costs

Liabilities are classified as current unless the Society has an unconditional right to defer its settlement liabilities for at least 12 months after the combined balance sheet date.

Transaction costs on financial assets and financial liabilities measured at amortized cost, if any, are added to or netted against the carrying value of the related asset or liability and then recognized over the expected life of the instrument using the straight-line method.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the writedown is recognized in excess of revenues over expenditures for the year. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures for the year.

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Notes to Combined Financial Statements

December 31, 2022

3 Accounts receivable

	2022 \$	2021 \$
Receivable from the Multiple Sclerosis Society of Canada	384,449	157,409
CEWS receivable	-	174,475
CERS receivable	-	29,034
Canada's Recovery Hiring Program receivable	-	1,684
PSOC receivable	6,846	4,973
Sales taxes receivable	154,417	86,087
Others	97,497	197,624
	<u>643,209</u>	<u>651,286</u>

The other accounts receivable consist principally of sponsorships receivable, receivables related to special events and lottery deposits.

4 Investments

	2022 \$	2021 \$
Restricted investments*		
Mutual funds – Initial restricted amount	52,000	52,000
Reduction in value in mutual fund investments	(12,742)	(4,817)
	<u>39,258</u>	<u>47,183</u>
Non-restricted investments		
Non-refundable guaranteed investment certificates	16,500	16,500
Others	1,306	1,306
	<u>17,806</u>	<u>17,806</u>
	57,064	64,989
Less: Current portion	<u>6,822</u>	<u>11,822</u>
	<u>50,242</u>	<u>53,167</u>

* These investments are restricted until 2026.

As at December 31, 2022, the non-redeemable guaranteed investment certificates bear interest at rates ranging between 1.50% and 4.55% (2021 – between 0.57% and 1.50%) and mature between December 2023 and 2025.

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Notes to Combined Financial Statements

December 31, 2022

5 Capital assets

			<u>2022</u>	<u>2021</u>
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and office equipment	387,138	282,299	104,839	58,193
Leasehold improvements	75,865	58,329	17,536	14,337
	<u>463,003</u>	<u>340,628</u>	<u>122,375</u>	<u>72,530</u>

6 Accounts payable and accrued liabilities

	<u>2022</u> \$	<u>2021</u> \$
Payable to the Multiple Sclerosis Society of Canada	1,257,439	1,541,331
Accounts payable and accrued liabilities	415,559	360,077
	<u>1,672,998</u>	<u>1,901,408</u>

7 Deferred revenues

Deferred revenues consist of government grants and amounts for which special conditions exist.

	<u>2022</u> \$	<u>2021</u> \$
Balance – Beginning of year	149,216	172,777
Revenues		
Amount recognized in the combined statement of revenues and expenditures	(32,200)	(76,419)
Amount received relating to the following year	247,078	52,858
Balance – End of year	<u>364,094</u>	<u>149,216</u>

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Notes to Combined Financial Statements

December 31, 2022

8 Annuity payable

On September 29, 2016, the Society received a donation of mutual funds units from an individual for an amount of \$52,000. The donation consists of two parts as follows:

- An amount of \$19,300 that must be held for a minimum of 10 years, which has been recorded as a deferred contribution in the combined balance sheet; and
- An amount of \$32,700 for which the Society must retain the invested capital of the donation at Investors Group Financial Services Inc. until the annuity is fully paid to the donor and annuitant, i.e. 120 monthly payments of \$321 as of January 1, 2017.

	2022 \$	2021 \$
Annuity payable, discounted at the implicit interest rate of 3.5% and maturing on December 1, 2026	14,358	17,645
Less: Current portion	3,403	3,287
	<u>10,955</u>	<u>14,358</u>

Future minimum payments of the annuity payable in the next four years are as follows:

	\$
2023	3,852
2024	3,852
2025	3,852
2026	3,852
	<u>15,408</u>
Less: Interest	1,050
	<u>14,358</u>

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Notes to Combined Financial Statements

December 31, 2022

9 Deferred contributions

Deferred contributions consist of donations received by the Society which are restricted by donors and which were not spent at the end of the fiscal year.

	2022 \$	2021 \$
Balance – Beginning of year	57,592	187,733
Revenues		
Amount recognized in the combined statement of revenues and expenditures	-	(140,562)
Amount received relating to the following year	-	10,421
Balance – End of year	<u>57,592</u>	<u>57,592</u>

10 Long-term debt

	2022 \$	2021 \$
Government loan of \$60,000, non-interest bearing and repaid during the year. An amount of \$20,000 had been offered in the form of a forgivable loan as the Society repaid \$40,000 by December 31, 2022	-	60,000
Less: Current portion	-	60,000
	<u>-</u>	<u>-</u>

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Notes to Combined Financial Statements

December 31, 2022

11 Internally restricted net assets

The following amounts are internally restricted following a resolution by the Board of Directors of the Abitibi-Témiscamingue, Bas-Saint-Laurent, Centre-du-Québec, Lac-Saint-Jean, Laurentides, Laval, Mauricie, Montérégie, Montréal and Saguenay Chapters:

	2022	2021
	\$	\$
Self-financing activities	134,362	108,592
Acquisition of computer and other equipment	33,272	21,245
Leasehold improvements	19,500	-
Development of partnerships with the community	131,389	96,000
Updating of databases	5,000	5,000
Improvement of services and hiring of people	219,100	69,000
Contribution to the 2023 mission	20,000	40,000
Training	40,530	27,228
Emergency fund	-	33,449
	<hr/>	<hr/>
	603,153	400,514
	<hr/>	<hr/>

12 Combined statement of revenues and expenditures

These accounts comprise part of the amounts provided in the combined statement of revenues and expenditures:

	2022	2021
	\$	\$
Amortization and writeoff of capital assets	60,494	252,118
Amortization and writeoff of deferred lease inducement	-	(55,906)

13 Research funding

An important part of the Society's mission is to finance medical research on MS. This contribution is presented in Research and Research – Acts of greatness campaign in the combined statement of revenues and expenditures. The amount of the annual contribution to research is determined by the Board of Directors of the Quebec Division and each of the Quebec Chapters, taking into account their respective financial situation.

The Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters

Notes to Combined Financial Statements

December 31, 2022

14 Commitments and contingencies

- a) Minimum rents for premises leased under long-term operating leases are as follows:

	\$
2023	203,264
2024	134,628
2025	123,651
2026	113,703
2027	50,109
Thereafter	<u>112,687</u>
	<u>738,042</u>

- b) Pursuant to the assignment of the office lease agreement by the Quebec Division, the Society remains a joint and several co-debtor until the termination of the original lease expiring June 30, 2032.

15 Financial instruments

Credit risk

Financial instruments that potentially subject the Society to credit risk consist of cash, accounts receivable and investments. The Society has deposited its cash with reputable financial institutions. Accounts receivable primarily consist of amounts receivable from the Multiple Sclerosis Society of Canada and government entities. Management therefore considers that there is no credit risk as at December 31, 2022.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is exposed to market risk relating to its investment in units of a mutual fund which is invested in US equities; however, this risk is limited given that the amount invested is not significant.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial obligations. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, obligations under capital leases, annuity payable and commitments for the rental of its premises. The Society minimizes this risk through an annual budget process and rigorous follow-up.