

MS Canada

Combined Financial Statements
December 31, 2023



Independent auditor's report

To the Board of Directors of MS Canada

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 3 to the combined financial statements (together, the Entity) as at December 31, 2023 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 Entity's combined financial statements comprise:

- the combined statement of financial position as at December 31, 2023;
- the combined statement of operations 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 Entity 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.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2
T.: +1 416 863 1133, F.: +1 416 365 8215, Fax to mail: ca_toronto_18_york_fax@pwc.com

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



Emphasis of matter – amalgamation of Multiple Sclerosis Society of Canada and Multiple Sclerosis Scientific Research Foundation

We draw attention to note 2 to the combined financial statements, which describes that on January 1, 2023, the former Multiple Sclerosis Society of Canada and the former Multiple Sclerosis Scientific Research Foundation amalgamated to form MS Canada. Our opinion is not modified with respect to this matter.

Emphasis of matter – combined financial statements

We draw attention to the fact that, as described in note 3 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 Entity. Our opinion is not modified with respect to this matter.

Other information

Management is responsible for the other information. The other information comprises the information, other than the combined financial statements and our auditor's report thereon, included in the Annual Impact Report.

Our opinion on the combined financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the combined financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the combined financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management of MS Canada (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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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 Entity 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 LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

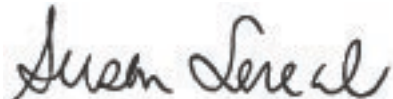

June 21, 2024

MS Canada
Combined Statement of Financial Position
As at December 31, 2023

(in thousands of dollars)

	2023	2022
	\$	\$
Assets		
Current assets		
Cash	9,620	17,744
Accounts receivable	2,248	1,954
Prepaid expenses and supplies	750	741
	<hr/>	<hr/>
	12,618	20,439
Investments (note 4)	31,895	29,672
Capital assets (note 5)	351	481
Intangible assets (note 6)	74	72
	<hr/>	<hr/>
	44,938	50,664
<hr/>		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,848	2,447
Research grants payable (note 7)	6,466	7,992
Deferred revenue	3,972	926
Deferred lease inducement	36	45
	<hr/>	<hr/>
	13,322	11,410
Deferred lease inducement	-	36
Deferred revenue	2,267	5,267
Deferred capital contributions	254	346
Research grants payable (note 7)	5,944	6,758
	<hr/>	<hr/>
	21,787	23,817
<hr/>		
Net Assets		
Restricted for endowment purposes	235	216
Internally restricted for research programs	6,354	6,354
Internally restricted for other purposes	2,688	5,616
Unrestricted	13,874	14,661
	<hr/>	<hr/>
	23,151	26,847
	<hr/>	<hr/>
	44,938	50,664
<hr/>		

Approved by the Board of Directors

 Director  Director

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

MS Canada

Combined Statement of Operations

For the year ended December 31, 2023

(in thousands of dollars)

	2023	2022
	\$	\$
Revenue		
Philanthropy	24,312	32,403
Fundraising events	12,393	11,091
Grants	2,311	2,031
Other financial income	2,095	1,271
	<hr/>	<hr/>
	41,111	46,796
	<hr/>	<hr/>
Expenses – mission and community		
Research	7,107	8,922
Education/awareness/advocacy	4,438	3,964
Program design and delivery	5,144	4,294
	<hr/>	<hr/>
	16,689	17,180
	<hr/>	<hr/>
Expenses – other		
Fundraising events and philanthropy	19,000	16,456
Marketing and communication	5,999	5,210
General and administrative	4,418	3,894
	<hr/>	<hr/>
	46,106	42,740
	<hr/>	<hr/>
(Deficiency) excess of revenue over expenditures before the undernoted	(4,995)	4,056
	<hr/>	<hr/>
Fair value change in investments	1,280	(2,690)
	<hr/>	<hr/>
(Deficiency) excess of revenue over expenditures for the year	(3,715)	1,366
	<hr/>	<hr/>

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

MS Canada

Combined Statement of Changes in Net Assets

For the year ended December 31, 2023

(in thousands of dollars)

					2023
	Restricted for endowment purposes \$	Internally restricted for research programs \$	Internally restricted for other purposes \$	Unrestricted \$	Total \$
Balance – Beginning of year	216	6,354	5,616	14,661	26,847
Deficiency of revenue over expenditures for the year	-	-	-	(3,715)	(3,715)
Interfund transfers (note 14)	-	-	(2,928)	2,928	-
Interest earned on endowment contributions	19	-	-	-	19
Balance – End of year	235	6,354	2,688	13,874	23,151
					2022
	Restricted for endowment purposes \$	Internally restricted for research programs \$	Internally restricted for other purposes \$	Unrestricted \$	Total \$
Balance – Beginning of year	218	6,354	1,886	20,412	28,870
Excess of revenue over expenditures for the year	-	-	-	1,366	1,366
Impact of amalgamation (note 2)	-	-	-	(3,387)	(3,387)
Interfund transfers (note 14)	-	-	3,730	(3,730)	-
Interest paid on endowment contributions	(2)	-	-	-	(2)
Balance – End of year	216	6,354	5,616	14,661	26,847

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

MS Canada

Combined Statement of Cash Flows

For the year ended December 31, 2023

(in thousands of dollars)

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenditures for the year	(3,715)	1,366
Non-cash items		
Amortization of capital assets	286	303
Gain on sale of capital assets	(5)	(1)
Amortization of intangible assets	1	20
Amortization of deferred capital contributions	(140)	(177)
Amortization of deferred lease inducements	(45)	(46)
Fair value change in investments	(1,280)	2,690
Reinvested investment income	(1,094)	(1,274)
Change in non-cash working capital (note 10)	144	22
Research grants payable	(2,340)	201
	<u>(8,188)</u>	<u>3,104</u>
Investing activities		
Proceeds on sale of investments	159	-
Acquisition of investments	(8)	(3,592)
Acquisition of capital assets	(156)	(220)
Acquisition of intangible assets	(3)	-
Proceeds from sale of capital assets	5	1
	<u>(3)</u>	<u>(3,811)</u>
Financing activities		
Deferred capital contributions received	48	34
Interest earned (paid) on endowment contributions	19	(2)
	<u>67</u>	<u>32</u>
Change in cash during the year	(8,124)	(675)
Cash – Beginning of year	17,744	18,419
Cash – End of year	<u>9,620</u>	<u>17,744</u>

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

MS Canada

Notes to Combined Financial Statements

December 31, 2023

(in thousands of dollars)

1 Nature of operations

MS Canada is incorporated under the laws of Canada. MS Canada is a registered charity under the Income Tax Act (Canada) and is, therefore, exempt from income taxes and may issue official donation receipts for income tax purposes. Its mission is to connect and empower the MS community to create positive change. MS Canada operates in the Province of Quebec through an affiliation agreement with the MS Quebec division.

2 Amalgamation

On January 1, 2023, the Multiple Sclerosis Society of Canada (MSSC) amalgamated with the Multiple Sclerosis Scientific Research Foundation (MSSRF) to form MS Canada. The amalgamation provides greater transparency in demonstrating donor investment impact and assists in achieving both entities, strategy, mission and goals. The amalgamation increases operational efficiency and creates a stronger consolidated brand, while advocating for those living with MS and allied diseases and their families.

The amalgamation is effective as at January 1, 2023, which coincided with the beginning of the fiscal year. The amalgamation was accounted for as a merger in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) Section 4449, Combinations by Not-for-Profit Organization. The prior year's comparative figures show aggregated results for MSSC and MSSRF when they were operating independently, adjusted for the elimination of inter-entity balances. The tables below demonstrate the impact of the merger as at and for the year ended December 31, 2022.

	MSSC \$	MSSRF \$	Adjustments \$	Total \$
Total revenue	46,453	6,598	(6,255)	46,796
Total expenses	42,054	6,941	(6,255)	42,740
Excess of revenue over expenditures before the undernoted	4,399	(343)	-	4,056
Fair value change in investments	(1,709)	(981)	-	(2,690)
Excess (deficiency) of revenue over expenses	2,690	(1,324)	-	1,366

MS Canada

Notes to Combined Financial Statements

December 31, 2023

(in thousands of dollars)

	MSSC \$	MSSRF \$	Adjustments \$	Total \$
Total assets	38,257	14,465	(2,058)	50,664
Total liabilities	12,264	9,332	2,221	23,817
Net Assets				
Restricted for endowment purposes	216	-	-	216
Restricted for end MS Acts-of-Greatness	-	4,279	(4,279)	-
Internally restricted for research programs	4,631	1,723	-	6,354
Internally restricted for other purposes	5,616	-	-	5,616
Unrestricted	15,530	(869)	-	14,661

Adjustments included in the table above are as follows:

- To adjust for inter-entity payables, accounts receivable decreased by \$2,058 and accounts payable and accrued liabilities decreased by \$2,058.
- To align accounting policies for deferral of externally restricted amounts received for non-endowment purposes, the Restricted for end MS Acts-of-Greatness net asset balance was decreased by \$5,267 and deferred revenue was increased by \$5,267.
- A prior period error related to MSSRF in the amount of \$988 was identified relating to the year ended December 31, 2021 and has been corrected as part of the amalgamation by adjusting the prior year balances. The adjustment of \$988 resulted in a decrease in research grants payable and an increase in the Restricted for end MS Acts-of-Greatness net asset balance.

3 Summary of significant accounting policies

Basis of presentation

These combined financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

These combined financial statements represent the assets, liabilities, net assets and operations of MS Canada, The Multiple Sclerosis Society of Canada (Quebec Division) and the following incorporated Quebec Chapters: Abitibi-Témiscamingue Chapter, Banlieue-Ouest Chapter, Bas-Saint-Laurent Chapter, Centre-du-Québec Chapter, Chaudière-Appalaches Chapter, Côte-Nord Chapter, Estrie Chapter, Est-de-Montréal Chapter, Lac-St-Jean Chapter, Lanaudière Chapter, Laurentides Chapter, Laval Chapter, Mauricie Chapter, Montérégie Chapter, Montréal Chapter, Outaouais Chapter, Region-de-Québec Chapter and Saguenay Chapter. The entities 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 entities had operated as a single entity during the year presented.

The combined balances are presented after the elimination of inter-organizational balances and transactions.

MS Canada

Notes to Combined Financial Statements

December 31, 2023

(in thousands of dollars)

Revenue recognition

MS Canada follows the deferral method of accounting for contributions, which includes donations and government grants. MS Canada 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 restrictions on 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 on the same basis as the related amortization is recorded in capital expenditures. Other revenue is recognized when earned. Bequests are accounted for when received. Endowment contributions are recognized as direct increases in net assets. Endowment investment income is deferred and recognized as revenue in the year in which the related expenses are recognized.

Financial assets and liabilities

MS Canada initially measures its financial assets and financial liabilities at fair value. MS Canada subsequently measures all its financial assets and liabilities at amortized cost, except for investments and research grants payable, which have been elected to be measured at fair value. Changes in fair value are recognized in the combined statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Investments

MS Canada's investment activities are governed by investment policies set by the Board of Directors. These policies have strict guidelines as to asset categories and mix in accordance with the risk and return objectives established by the Board of Directors and management. Investments are recorded at fair value, which is determined based on the closing unit price. Changes in fair value are recognized in the combined statement of operations. The funds are professionally managed by advisers associated with a major Canadian chartered bank. The national investment committee, which consists of volunteers with investment management experience, meets with the investment manager on a quarterly basis to review the results of the investments and the portfolio mix.

Capital assets

Purchased capital assets are recorded at cost less accumulated amortization and impairments. Contributed capital assets are recorded at their fair value at the date of contribution. Amortization is provided over the estimated useful lives of the assets as follows:

Office and computer equipment
Leasehold improvements

3 years straight-line
over the life of the lease

MS Canada

Notes to Combined Financial Statements

December 31, 2023

(in thousands of dollars)

Intangible assets

Intangible assets are comprised of computer software, which is recorded at cost, less accumulated amortization and impairments. Computer software is amortized using the straight-line method over a period of three years.

Impairment of long-lived assets

When a long-lived asset no longer contributes to the Society's ability to provide services, or the value of future economic benefits or service potential associated with the long-lived asset is less than its net carrying amount, the net carrying amount of the long-lived asset shall be written down to the long-lived asset's fair value or replacement cost.

Research grants payable

Three research review committees, consisting of the Biomedical Committee, the Population & Clinical Health Committee and the Personnel Committee, review and recommend funding of research projects and personnel support on the dual criteria of scientific excellence and relevance to MS. The Medical Advisory Committee provides further advice and oversight and the National Board approves funding to researchers. Research grants payable in future years are recorded as a liability and are expensed in the year of approval. Ongoing monitoring of research progress occurs on a continuing basis as part of an overall commitment to monitoring and accountability. Since research grants are usually multi-year commitments, changes in project commitments are adjusted to the research grant expense in the year they occur.

Deferred lease inducements

Lease inducements received by MS Canada 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

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

Internally restricted funds

MS Canada has funds that have been internally restricted by the Board of Directors at the national, divisional or chapter level for the following purposes:

- Research programs

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

MS Canada

Notes to Combined Financial Statements

December 31, 2023

(in thousands of dollars)

- Other purposes

These funds have been restricted by divisions for building replacement, working capital and program services.

Allocation of expenses

MS Canada provides direct services to people affected by MS, funding for research into the cause of 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.

MS Canada 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 relating 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 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 costs, several support expenditures are incurred that are shared between all areas. These support expenditures 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. MS Canada charges all support costs to each area based on the relative head count for each area.

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 ASNPO 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 as at the date of the combined financial statements and the reported amounts of revenue and expenditures during the reporting period. Significant items subject to such estimates and assumptions include allocation of expenses and timing of payment of research grants payable. Actual results could differ from those estimates.

MS Canada

Notes to Combined Financial Statements

December 31, 2023

(in thousands of dollars)

4 Investments

Investments comprise the following:

	2023	2022
	\$	\$
Pooled funds held with RBC Phillips, Hager & North Investments		
Mortgage Pension Trust, Series O	2,296	2,141
High Yield Bond Fund, Series O	1,493	1,676
Canadian Equity Fund, Series O	1,894	1,752
Canadian Money Market Fund, Series O	14	11
Small Float Fund, Series O	938	771
RBC QUBE Low Volatility Equity Fund	1,815	2,136
RBC QUBE Low Volatility U.S. Equity Fund, Series O	897	610
RBC Emerging Markets Equity Fund, Series O	896	807
RBC QUBE Global Equity Fund, Series O	1,888	-
Short-Term Bond & Mortgage Fund	475	375
RBC Global Equity Focus Fund, Series O	1,881	3,187
iShares Core S&P 500 Index ETF	948	1,081
Core Plus Bond Fund Series	3,167	2,357
Funds held by other institutions		
Guaranteed investment certificates	61	57
Other	-	23
	<u>18,663</u>	<u>16,984</u>

For the year ended December 31, 2023, the total return generated by RBC Phillips, Hager & North Investments was 10.5% (2022 – (8.5)%).

	2023	2022
	\$	\$
Funds held with Nexus		
Bonds – Federal	1,342	1,735
Bonds – Provincial	1,733	1,648
Bonds – Corporate	4,662	4,308
Equities – Canadian	2,742	2,563
Equities – United States	1,990	1,748
Other	763	686
	<u>13,232</u>	<u>12,688</u>

For the year ended December 31, 2023, the total return generated by Nexus Investments was 6.0% (2022 – (5.2)%).

MS Canada

Notes to Combined Financial Statements

December 31, 2023

(in thousands of dollars)

5 Capital assets

	<u>2023</u>		<u>2022</u>	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Office and computer equipment	1,829	1,650	179	201
Leasehold improvements	3,344	3,172	172	280
	<u>5,173</u>	<u>4,822</u>	<u>351</u>	<u>481</u>

6 Intangible assets

	<u>2023</u>		<u>2022</u>	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer software	<u>5,668</u>	<u>5,594</u>	<u>74</u>	<u>72</u>

7 Long-term research grants payable

Of the long-term grants for research projects, \$4,476 will be paid in 2025 and \$1,468 will be paid in 2026. The fair value change in research grants payable was \$436 (2022 – \$650), which has been recorded in research expenses in the combined statement of operations.

8 Allocation of expenses

Shared support expenditures have been allocated as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Program design and delivery and administrative expenditures	1,241	1,613
Fundraising events and philanthropy expenditures	<u>911</u>	<u>641</u>
	<u>2,152</u>	<u>2,254</u>

9 Government remittances payable

As at year-end, MS Canada had remittances payable to the government of \$131 (2022 – \$139) included in accounts payable and accrued liabilities. This represents payroll withholdings that were deducted in December 2023 and remitted in January 2024.

MS Canada

Notes to Combined Financial Statements

December 31, 2023

(in thousands of dollars)

10 Change in non-cash working capital

	2023	2022
	\$	\$
Accounts receivable	(294)	27
Prepaid expenses and supplies	(9)	110
Accounts payable and accrued liabilities	401	(216)
Deferred revenue	46	101
	<u>144</u>	<u>22</u>

11 Commitments

MS Canada has leased office premises and equipment for terms expiring in various years to 2027. Future minimum lease payments are as follows:

	\$
2024	962
2025	792
2026	728
2027	222
2028	141
Thereafter	<u>179</u>
	<u>3,024</u>

12 Risk management

Financial instruments that potentially subject MS Canada to concentrations of credit risk are cash, accounts receivable and investments. MS Canada places its cash in interest bearing accounts or instruments with a highly rated Canadian chartered bank. MS Canada believes an adequate provision has been made for accounts receivable to the extent that collection is doubtful. To manage credit risk on investments, MS Canada has an investment policy statement, which includes a target mix of investment types and concentration limits designed to achieve the optimum return within reasonable risk tolerances.

Currency risk

MS Canada is subject to currency risk, as the value of its US dollar bank account will fluctuate due to changes in foreign exchange rates. MS Canada believes it has low exposure to currency risk given the low magnitude and volume of foreign currency transactions.

MS Canada

Notes to Combined Financial Statements

December 31, 2023

(in thousands of dollars)

Interest rate risk

MS Canada is exposed to interest rate risk, as the value of its investments fluctuates in accordance with fluctuations in interest rates. MS Canada manages its interest rate risk by monitoring the performance of the individual investments and by ensuring compliance by the investment manager with the set investment policies.

Market risk

Investments are subject to market risk. MS Canada manages market risk by substantially investing in guaranteed investment certificates and pooled funds that meet specific investment criteria and are designed to adequately diversify the investments to reduce exposure to market risk. Professional investment managers invest and manage the investment portfolio in accordance with the MS Canada investment policy statement. Investments are recorded at fair value. Fair value estimates are made at a specific point in time and may not be reflective of future value. MS Canada does not hold or issue financial instruments for trading purposes and does not hold or invest in derivative financial instruments.

Liquidity risk

Liquidity risk is the risk MS Canada will not be able to meet its financial obligations as they fall due. The organization's approach is to ensure it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances. Cash flow projections are prepared and reviewed to ensure sufficient continuity of funding.

13 Credit facilities

MS Canada has access to a revolving credit facility of \$5,000 that is due on demand and has not been drawn in the year. MS Canada also has a revolving credit facility of \$25 that is due on demand and has not been drawn in the year. Borrowings under both credit agreements bear interest at bank prime plus 1.00%. The credit facilities are secured by a general securities agreement and by securities held in an account maintained with the Royal Trust Corporation of Canada.

14 Interfund transfers

On December 14, 2022, the Board of Directors approved an interfund transfer in the amount of \$3,050 from the internally restricted net assets to unrestricted net assets to re-invest in the MS community, including accelerating momentum for MS research, re-engaging the MS community, improving constituent digital experience and reimagining and modernizing programs. In addition, during 2023, there was a transfer from unrestricted net assets to internally restricted net assets in the amount of \$122.

On March 24, 2022, the Board of Directors approved a motion to internally restrict \$3,500 to re-invest in the MS community, including accelerating momentum for MS research, re-engaging the MS community, improving constituent digital experience and reimagining and modernizing programs. In addition, during 2022, there was a transfer from unrestricted net assets to internally restricted net assets in the amount of \$230.