

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

Combined Financial Statements
December 31, 2020



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 Multiple Sclerosis Society of Canada (Quebec Division) and Quebec Chapters (together, the Society) as at December 31, 2020 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, 2020;
- 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 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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"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.



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

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 7, 2021

¹ CPA auditor, CA, public accountancy permit No. A130737

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

Combined Financial Statements

December 31, 2020

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

Combined Balance Sheet

As at December 31, 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash		2,740,958	2,325,256
Accounts receivable	3	1,555,287	700,369
Inventory		28,428	26,638
Prepaid expenses		53,905	106,582
Current portion of investments	4	101,827	11,827
		4,480,405	3,170,672
Investments	4, 8	62,058	154,218
Capital assets	5	290,587	116,976
		4,833,050	3,441,866
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	1,958,610	1,406,907
Deferred revenues	7	172,777	167,637
Current portion of annuity payable	8	3,174	3,065
Current portion of deferred lease inducement		4,861	-
		2,139,422	1,577,609
Obligations under capital leases		1,500	2,047
Annuity payable	8	17,645	20,819
Deferred lease inducement		51,045	-
Deferred contributions	9	187,733	61,409
Long-term debt	10	60,000	-
		2,457,345	1,661,884
Net Assets			
Invested in capital assets		290,587	116,976
Internally restricted	11	185,156	51,155
Unrestricted		1,899,962	1,611,851
		2,375,705	1,779,982
		4,833,050	3,441,866
Commitments	12		

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, 2020

	Note	2020 \$	2019 \$
Revenues			
Revenues from donations and government grants			
Corporate giving, individual giving and major donors		918,313	798,715
Bequests		236,431	109,447
Acts of greatness campaign		117,440	137,480
Government grants	2	2,121,475	953,036
Contributions from pharmaceutical partners		47,500	75,000
Other		1,378	13,916
Total revenues from donations and government grants		3,442,537	2,087,594
Other revenues			
Signature events		992,816	2,114,030
Local fundraising initiatives		183,674	1,872,759
Partnership events and campaigns		110,273	155,898
I challenge MS		212,804	535,559
Public awareness activities		1,424	207,835
HealthPartners		244,258	265,497
Registration fees – Activities provided to clients		-	118,326
Bingos and lotteries		40,957	68,874
Sale of goods		52,366	6,614
Investment revenues		15,011	43,427
Miscellaneous revenues		52,212	25,939
Membership revenues		2,295	7,585
Total revenues		5,350,627	7,509,937
Expenditures			
Fundraising expenditures			
Donations and grants	2	358,827	253,519
Signature events		454,426	1,367,268
Local fundraising initiatives		313,669	1,295,947
Partnership events and campaigns		31,452	41,162
I challenge MS		78,088	147,653
Bingos and lotteries		5,002	4,861
Cost of goods sold		30,554	4,317
Indirect fundraising expenditures		256,955	394,598
Total fundraising expenditures		1,528,973	3,509,325
Program and administrative spending			
Client services	2	1,075,589	1,390,470
Research	11	146,650	249,642
Research – Acts of greatness campaign	11	117,440	137,480
Public education and awareness		616,484	698,446
Chapter and volunteer support and development		571,330	569,489
Community relations		145,366	149,719
Administration		553,072	511,872
Total program and administrative spending		3,225,931	3,707,118
Total expenditures		4,754,904	7,216,443
Excess of revenues over expenditures for the year		595,723	293,494

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, 2020

	Invested in capital assets \$	Internally restricted \$	Unrestricted \$	Total \$
As at January 1, 2019	105,964	66,463	1,314,061	1,486,488
Excess of revenues over expenditures for the year	-	-	293,494	293,494
Internally restricted (released)	-	(15,308)	15,308	-
Acquisition of capital assets	67,211	-	(67,211)	-
Amortization of capital assets	(56,199)	-	56,199	-
As at December 31, 2019	116,976	51,155	1,611,851	1,779,982
Excess of revenues over expenditures for the year	-	-	595,723	595,723
Internally restricted (released)	-	134,001	(134,001)	-
Acquisition of capital assets	253,042	-	(253,042)	-
Amortization of capital assets	(79,431)	-	79,431	-
As at December 31, 2020	290,587	185,156	1,899,962	2,375,705

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, 2020

	2020 \$	2019 \$
Cash flows from		
Operating activities		
Excess of revenues over expenditures for the year	595,723	293,494
Adjustments for		
Variation in value of mutual fund investments	2,160	(2,111)
Amortization of capital assets	79,431	56,199
Deferred lease inducement	59,957	-
Amortization of deferred lease inducement	(4,051)	(15,259)
Deferred contributions recognized in revenues	-	(5,000)
	<u>733,220</u>	<u>327,323</u>
Changes in non-cash working capital items		
Decrease (increase) in accounts receivable	(854,918)	111,741
Decrease (increase) in inventory	(1,790)	13,650
Decrease (increase) in prepaid expenses	52,677	(32,006)
Increase (decrease) in accounts payable and accrued liabilities	551,703	(358,229)
Increase (decrease) in deferred revenues	5,140	(46,824)
Increase in deferred contributions	126,324	36,375
	<u>(120,864)</u>	<u>(275,293)</u>
	<u>612,356</u>	<u>52,030</u>
Financing activities		
Payment of obligations under capital leases	(547)	(2,088)
Payment of annuity	(3,065)	(2,960)
Increase in long-term debt	60,000	-
	<u>56,388</u>	<u>(5,048)</u>
Investing activities		
Acquisition of investments	(10,000)	(100,000)
Proceeds on sale of investments	10,000	-
Acquisition of capital assets	(253,042)	(67,211)
	<u>(253,042)</u>	<u>(167,211)</u>
Net change in cash during the year	415,702	(120,229)
Cash – Beginning of year	<u>2,325,256</u>	<u>2,445,485</u>
Cash – End of year	<u>2,740,958</u>	<u>2,325,256</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, 2020

1 Organization

The Multiple Sclerosis Society of Canada (Quebec Division) (the “Quebec Division”) and 18 Quebec Chapters included in these combined financial statements were each 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 four Quebec Chapters are registered charitable organizations under the Income Tax Act (Canada). The 14 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.

On March 11, 2020, the governments of Canada and Quebec implemented emergency public health measures in response to the threat posed by the COVID-19 global pandemic (coronavirus disease 2019). These extraordinary measures have a significant impact on the Society’s operations and the Canadian economy as a whole. As of the date of the combined financial statements, it is not possible to predict precisely the impact this situation. The impacts will be taken into account as they become known and can be assessed. In order to meet its financial obligations and ensure the continuity of its mission, the Society has mobilized during the year ended December 31, 2020 to respond to the situation by taking measures allowing it to continue generating revenues from donations, reduce its expenses and to benefit as much as possible from the assistance programs put in place by governments. In addition, as a precaution, the Society has taken the decision to reduce its contribution to the national research program exceptionally and temporarily during the current and preceding fiscal year.

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

Notes to Combined Financial Statements

December 31, 2020

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.

Government grants

Government grants are recognized when there is reasonable assurance that the amounts will be received and that the Society will meet all relevant conditions. Government grants received for the “Programme de soutien aux organismes communautaires” is recognized on a straight-line basis over the period of the program.

On March 27, 2020, the Canadian government announced a Canada Emergency Wage Subsidy (CEWS), in effect from March 15 to August 29, 2020 and extended thereafter, allowing Canadian businesses economically affected by the coronavirus pandemic to keep workers employed. Certain eligibility criteria must be met in order to be eligible for the CEWS. The Society recognized an amount of \$1,005,701 in government grants revenue for the year ended December 31, 2020 in relation to this grant.

On October 9, 2020, the Canadian government proposed the Canada Emergency Rent Subsidy (CERS) to provide direct support to businesses, non-profits and charities that are economically affected by the coronavirus pandemic. 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 recognized an amount of \$39,628 in government grants revenue for the year ended December 31, 2020 with respect to this grant.

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 a three- and five-year period, respectively. Leasehold improvements are amortized over the residual life of the lease.

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

Notes to Combined Financial Statements

December 31, 2020

Deferred lease inducement

The Quebec Division has an office lease which began on March 1, 2020 and expired on June 30, 2032 for which it received free rent for a total period of four months. The free rent is amortized on a straight-line basis over the term of the lease.

Under a lease expired on August 31, 2019, the Quebec Division received free rent for a total period of 15 months. This benefit was recorded as a provision for deferred lease inducement in the liability and was fully depreciated as at December 31, 2019.

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 the Laurentides, Laval, Montreal, Saguenay and Bas St-Laurent Chapters, for which the funds are mainly reserved for the purposes of investment in capital assets, technological developments, future projects and partnerships. Investment income earned on the restricted assets is unrestricted. The Society does not have externally imposed restrictions on its capital.

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.

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

Notes to Combined Financial Statements

December 31, 2020

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

			2020	2019
	Quebec Division \$	Quebec Chapters \$	Total \$	Total \$
Program spending	1,031,739	1,018,462	2,050,201	2,078,999
Fundraising expenditures	738,515	508,148	1,246,663	1,868,657
Administration	242,200	301,947	544,147	519,041
	2,012,454	1,828,557	3,841,011	4,466,697

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, 2020

3 Accounts receivable

	2020 \$	2019 \$
Receivable from the Multiple Sclerosis Society of Canada	457,829	346,718
CEWS receivable	682,515	-
CERS receivable	39,628	-
Programme de soutien aux organismes communautaires (PSOC) subsidy receivable	85,294	35,019
Others	290,021	318,632
	<u>1,555,287</u>	<u>700,369</u>

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

4 Investments

	2020 \$	2019 \$
Restricted investments*		
Mutual funds – Initial restricted amount	52,000	52,000
Reduction in value in mutual fund investments	(5,926)	(3,766)
	<u>46,074</u>	<u>48,234</u>
Non-restricted investments		
Term deposit	100,000	100,000
Non-refundable guaranteed investment certificates	16,500	16,500
Others	1,311	1,311
	<u>117,811</u>	<u>117,811</u>
	163,885	166,045
Less: Current portion	<u>101,827</u>	<u>11,827</u>
	<u>62,058</u>	<u>154,218</u>

* These investments are restricted until 2026.

As at December 31, 2020, the term deposit bears interest at a rate of 1.45% (2019 – 1.45%) and matures in April 2021.

As at December 31, 2020, the non-redeemable guaranteed investment certificates bear interest at rates ranging between 0.15% and 1.50% (2019 – between 1.00% and 1.50%) and mature between December 2021 and 2023.

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

Notes to Combined Financial Statements

December 31, 2020

5 Capital assets

	2020		2019	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and office equipment	331,220	242,023	89,197	85,897
Leasehold improvements	248,687	47,297	201,390	31,079
	579,907	289,320	290,587	116,976

6 Accounts payable and accrued liabilities

	2020 \$	2019 \$
Payable to the Multiple Sclerosis Society of Canada	1,398,525	975,958
Accounts payable and accrued liabilities	560,085	426,286
Government remittances*	-	4,663
	1,958,610	1,406,907

* Government remittances consist of amounts (such as payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts become due.

7 Deferred revenues

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

	2020 \$	2019 \$
Balance – Beginning of year	167,637	214,461
Revenues		
Amount recognized in the combined statement of revenues and expenditures	(167,637)	(214,461)
Amount received relating to the following year	172,777	167,637
Balance – End of year	172,777	167,637

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

Notes to Combined Financial Statements

December 31, 2020

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:

- a) 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
- b) 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.

	2020 \$	2019 \$
Annuity payable, discounted at the implicit interest rate of 3.5% and maturing on December 1, 2026	20,819	23,884
Less: Current portion	3,174	3,065
	17,645	20,819

Future minimum payments of the annuity payable in the next five years and thereafter are as follows:

	\$
2021	3,852
2022	3,852
2023	3,852
2024	3,852
2025	3,852
Thereafter	3,852
	23,112
Less: Interest	2,293
	20,819

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

Notes to Combined Financial Statements

December 31, 2020

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. As at December 31, 2020, the balance mainly includes amounts allocated to research (note 11).

	2020 \$	2019 \$
Balance – Beginning of year	61,409	30,034
Revenues		
Amount recognized in the combined statement of revenues and expenditures	-	(5,000)
Amount received relating to the following year	126,324	36,375
Balance – End of year	<u>187,733</u>	<u>61,409</u>

10 Long-term debt

	2020 \$	2019 \$
Government loan of \$60,000, interest-free, of which an amount of \$20,000 will be offered in the form of a forgivable loan if the Society repays \$40,000 by December 31, 2022	<u>60,000</u>	<u>-</u>

11 Research funding

An important part of the Society's mission is to finance medical research on MS. In previous years, the Society has donated almost all of its annual excess of revenues over expenditures to the Multiple Sclerosis Society of Canada as a research contribution. This contribution is presented in "Research" and "Research – Acts of greatness campaign" in the combined statement of revenues and expenditures. For the years ended December 31, 2019 and 2020, given the expected impact of the global crisis related to the COVID-19 pandemic, the Society has exceptionally and temporarily reduced the amount of its research contribution.

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

Notes to Combined Financial Statements

December 31, 2020

12 Commitments

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

	\$
2021	378,581
2022	271,384
2023	224,738
2024	225,363
2025	230,407
Thereafter	1,535,593

13 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, 2020.

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 funds 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.