NATIONAL MULTIPLE SCLEROSIS SOCIETY, NORTHERN CALIFORNIA CHAPTER

FINANCIAL STATEMENTS

YEARS ENDED
SEPTEMBER 30, 2010 AND 2009

NATIONAL MULTIPLE SCLEROSIS SOCIETY, NORTHERN CALIFORNIA CHAPTER

FINANCIAL STATEMENTS

YEARS ENDED
SEPTEMBER 30, 2010 AND 2009

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GREEN HASSON & JANKS LLP
BUSINESS ADVISORS AND CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
National Multiple Sclerosis Society,
Northern California Chapter

We have audited the accompanying statements of financial position of National Multiple Sclerosis Society, Northern California Chapter (the Chapter) as of September 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the management of the Chapter. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chapter as of September 30, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Green Hasson & Janks LLP

December 13, 2010
Los Angeles, California

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NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

STATEMENTS OF FINANCIAL POSITION
September 30, 2010 and 2009

ASSETS	2010	2009
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 2,009,749	$ 1,265,112
Contributions and Pledges Receivable (Net)	196,253	179,505
Prepaid Expenses and Other Assets	96,265	72,258
Due from Other Chapters	-	4,240
TOTAL CURRENT ASSETS	2,302,267	1,521,115
NONCURRENT ASSETS:		
Contributions and Pledges Receivable	55,000	25,000
Property and Equipment (Net)	91,092	95,792
Due from National Multiple Sclerosis Society	40,199	42,071
TOTAL NONCURRENT ASSETS	186,291	162,863
TOTAL ASSETS	$ 2,488,558	$ 1,683,978

LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Due to National Multiple Sclerosis Society:		
Remittance Due to National	$ 1,146,980	$ 751,461
Other Payables to National	16,753	11,391
Due to Other Chapters	5,773	6,895
Accounts Payable and Accrued Expenses	390,396	270,250
TOTAL CURRENT LIABILITIES	1,559,902	1,039,997
NET ASSETS:		
Unrestricted	858,213	238,416
Temporarily Restricted	70,443	405,565
TOTAL NET ASSETS	928,656	643,981
TOTAL LIABILITIES AND NET ASSETS	$ 2,488,558	$ 1,683,978

The Accompanying Notes are an Integral Part of These Financial Statements

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALFORNIA CHAPTER

STATEMENTS OF ACTIVITIES
Years Ended September 30, 2010 and 2009

	2010				2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support:								
Received Directly:								
Special Events (includes In-Kind Donations of $56,125 in 2010 and $50,685 in 2009)	$ 3,269,220	$ -	$ -	$ 3,269,220	$ 3,249,337	$ -	$ -	$ 3,249,337
Less: Benefit to Donor Costs	(400,238)	-	-	(400,238)	(448,650)	-	-	(448,650)
	2,868,982	-	-	2,868,982	2,800,687	-	-	2,800,687
Membership and Contributions	591,375	5,443	-	596,818	584,486	6,100	-	590,586
Legacies	464,493	480,797	-	945,290	289,881	325,075	-	614,956
Received at National (Other than Legacies)	164,206	-	-	164,206	226,414	-	-	226,414
Total Received Directly	4,089,056	486,240	-	4,575,296	3,901,468	331,175	-	4,232,643
Received Indirectly:								
Combined Federal Service Campaign	3,199	-	-	3,199	6,969	-	-	6,969
Federated Fund Raising Organizations	22,326	-	-	22,326	23,163	-	-	23,163
Total Received Indirectly	25,525	-	-	25,525	30,132	-	-	30,132
Total Public Support	4,114,581	486,240	-	4,600,821	3,931,600	331,175	-	4,262,775
Grants from Governmental Agencies	-	-	-	-	-	-	-	-
Other Revenue:								
Investment Income	93	-	-	93	737	-	-	737
Service Program Fees	4,595	-	-	4,595	9,945	-	-	9,945
Debt Forgiveness from National Headquarters	-	-	-	-	500,000	-	-	500,000
Miscellaneous Income (Includes Subsidy from Other Chapters)	86,576	-	-	86,576	97,312	-	-	97,312
Total Other Revenue	91,264	-	-	91,264	607,994	-	-	607,994
Net Assets Released from Program Restrictions	821,362	(821,362)	-	-	157,145	(157,145)	-	-
Total Revenue	5,027,207	(335,122)	-	4,692,085	4,696,739	174,030	-	4,870,769
Expenses:								
Program Services:								
Research	781,198	-	-	781,198	745,848	-	-	745,848
Public Support to National	692,106	-	-	692,106	615,457	-	-	615,457
Client Programs	908,299	-	-	908,299	1,102,495	-	-	1,102,495
Community Programs	541,880	-	-	541,880	743,575	-	-	743,575
Professional Education and Training	129,172	-	-	129,172	212,762	-	-	212,762
Public Education	472,843	-	-	472,843	662,274	-	-	662,274
Total Program Services	3,525,498	-	-	3,525,498	4,082,412	-	-	4,082,412
Supporting Services:								
Fundraising	703,975	-	-	703,975	730,988	-	-	730,988
Management and General	177,937	-	-	177,937	212,885	-	-	212,885
Total Supporting Services:	881,912	-	-	881,912	943,873	-	-	943,873
Total Expenses	4,407,410	-	-	4,407,410	5,026,285	-	-	5,026,285
Changes in Net Assets	619,797	(335,122)	-	284,675	(329,546)	174,030	-	(155,516)
Net Assets - Beginning of Year	238,416	405,565	-	643,981	567,962	231,535	-	799,497
Net Assets - End of the Year	$ 858,213	$ 70,443	$ -	$ 928,656	$ 238,416	$ 405,565	$ -	$ 643,981

The Accompanying Notes are an Integral Part of the Financial Statements

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended September 30, 2010

	Program Services							Supporting Services				
	Research	National Activities	Client Programs	Community Programs	Professional Education and Training	Public Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	Benefit to Donor Costs	Total Expenses
Salaries	$ -	$ -	$ 327,376	$ 296,725	$ 76,757	$ 273,801	$ 974,659	$ 205,415	$ 107,795	$ 313,210	$ -	$ 1,287,869
Employee Benefits	-	-	21,690	19,659	5,085	18,141	64,575	13,610	7,142	20,752	-	85,327
Payroll Taxes	-	-	42,099	38,157	9,870	35,209	125,335	26,415	13,862	40,277	-	165,612
TOTAL PERSONNEL COSTS	-	-	391,165	354,541	91,712	327,151	1,164,569	245,440	128,799	374,239	-	1,538,808
Printing	-	-	30,198	1,598	172	16,689	48,657	66,904	242	67,146	-	115,803
Postage and Shipping	-	-	5,756	642	162	6,313	12,873	17,580	251	17,831	-	30,704
Telephone	-	-	24,443	14,326	3,541	12,632	54,942	13,722	4,974	18,696	-	73,638
Supplies	-	-	5,317	1,688	404	1,440	8,849	2,901	930	3,831	62,993	75,673
Dues and Memberships	-	-	586	555	253	884	2,278	3,123	75	3,198	-	5,476
Professional and Other Contract Service Fees	-	-	184,160	39,646	2,728	11,259	237,793	156,086	4,111	160,197	-	397,990
Travel	-	-	24,940	17,272	779	1,915	44,906	58,810	740	59,550	197,786	302,242
Meetings	-	-	34,033	10,120	3,212	1,071	48,436	6,279	334	6,613	4,321	59,370
Occupancy	-	-	88,099	79,851	20,656	73,682	262,288	55,279	29,008	84,287	16,868	363,443
Furniture and Equipment	-	-	9,448	8,082	2,091	7,457	27,078	5,595	2,935	8,530	-	35,608
Insurance (Property and Casualty)	-	-	5,524	5,006	1,295	4,620	16,445	3,466	1,818	5,284	-	21,729
Disbursements for People with MS	-	-	93,285	-	-	-	93,285	-	-	-	-	93,285
Prizes and Promotional Items	-	-	221	373	52	185	831	174	752	926	71,709	73,466
Miscellaneous Expense	-	-	4,354	2,041	528	1,883	8,806	64,368	742	65,110	46,562	120,478
Depreciation and Amortization	-	-	6,770	6,139	1,587	5,662	20,158	4,248	2,226	6,474	-	26,632
Restricted Contributions to National for Research and Other Activities	89,092	-	-	-	-	-	89,092	-	-	-	-	89,092
Functionalized National Program Expense	692,106	-	-	-	-	-	692,106	-	-	-	-	692,106
TOTAL EXPENSES BEFORE PUBLIC SUPPORT TO NATIONAL	781,198	-	908,299	541,880	129,172	472,843	2,833,392	703,975	177,937	881,912	400,239	4,115,543
Public Support to National	-	692,106	-	-	-	-	692,106	-	-	-	-	692,106
TOTAL EXPENSES INCLUDING BENEFIT TO DONOR COSTS	$ 781,198	$ 692,106	$ 908,299	$ 541,880	$ 129,172	$ 472,843	$ 3,525,498	$ 703,975	$ 177,937	$ 881,912	$ 400,239	4,807,649
Less: Benefit to Donor Costs												(400,239)
TOTAL EXPENSES AS REPORTED ON STATEMENT OF ACTIVITIES												$ 4,407,410

The Accompanying Notes are an Integral Part of These Financial Statements

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2009

	Program Services							Supporting Services				
	Research	National Activities	Client Programs	Community Programs	Professional Education and Training	Public Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	Benefit to Donor Costs	Total Expenses
Salaries	$ -	$ -	$ 460,388	$ 374,937	$ 129,048	$ 395,864	$ 1,360,237	$ 249,377	$ 134,280	$ 383,657	$ -	$ 1,743,894
Employee Benefits	-	-	49,850	40,597	13,973	42,863	147,283	27,002	14,539	41,541	-	188,824
Payroll Taxes	-	-	40,018	32,590	11,217	34,409	118,235	21,676	11,672	33,348	-	151,583
TOTAL PERSONNEL COSTS	-	-	550,255	448,125	154,238	473,136	1,625,755	298,055	160,491	458,546	-	2,084,301
Printing	-	-	38,992	29,492	546	30,284	99,314	77,574	440	78,014	-	177,328
Postage and Shipping	-	-	9,479	516	575	7,714	18,284	21,195	207	21,402	-	39,686
Telephone	-	-	25,649	16,611	5,326	16,339	63,925	10,789	5,542	16,331	-	80,256
Supplies	-	-	4,162	2,163	351	1,054	7,730	4,361	853	5,214	71,026	83,970
Dues and Memberships	-	-	70	554	19	757	1,400	3,257	19	3,276	-	4,676
Professional and Other Contract Service Fees	-	-	170,056	86,318	9,392	25,232	290,998	172,745	8,731	181,476	-	472,474
Travel	-	-	41,503	31,052	1,834	2,129	76,518	44,822	722	45,544	203,233	325,295
Meetings	-	-	58,793	29,644	6,514	1,433	96,384	11,475	536	12,011	5,625	114,020
Occupancy	-	-	90,250	73,499	25,297	77,601	266,647	49,633	26,323	75,956	31,659	374,262
Furniture and Equipment	-	-	9,120	7,427	2,556	7,842	26,945	4,940	2,660	7,600	-	34,545
Insurance (Property and Casualty)	-	-	10,300	8,388	2,887	8,856	30,431	5,579	3,004	8,583	-	39,014
Disbursements for People with MS	-	-	79,884	-	-	-	79,884	-	-	-	-	79,884
Prizes and Promotional Items	-	-	17	426	5	15	463	2,280	5	2,285	95,374	98,122
Miscellaneous Expense	-	-	4,830	1,920	661	2,027	9,438	19,335	688	20,023	41,733	71,194
Depreciation and Amortization	-	-	9,135	7,440	2,561	7,855	26,991	4,948	2,664	7,612	-	34,603
Restricted Contributions to National for Research and Other Activities	130,391	-	-	-	-	-	130,391	-	-	-	-	130,391
Functionalized National Program Expense	615,457	-	-	-	-	-	615,457	-	-	-	-	615,457
TOTAL EXPENSES BEFORE PUBLIC SUPPORT TO NATIONAL	745,848	-	1,102,495	743,575	212,762	662,274	3,466,955	730,988	212,885	943,873	448,650	4,859,478
Public Support to National	-	615,457	-	-	-	-	615,457	-	-	-	-	615,457
TOTAL EXPENSES INCLUDING BENEFIT TO DONOR COSTS	$ 745,848	$ 615,457	$ 1,102,495	$ 743,575	$ 212,762	$ 662,274	$ 4,082,412	$ 730,988	$ 212,885	$ 943,873	$ 448,650	5,474,935
Less: Benefit to Donor Costs												(448,650)
TOTAL EXPENSES AS REPORTED ON STATEMENT OF ACTIVITIES												$ 5,026,285

The Accompanying Notes are an Integral Part of These Financial Statements

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

STATEMENTS OF CASH FLOWS
Years Ended September 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	$ 284,675	$ (155,516)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Debt Forgiveness from National Headquarters	-	(500,000)
Loss on Disposal of Property and Equipment	3,686	6,485
Depreciation and Amortization	26,632	34,603
(Increase) Decrease in:		
Contributions and Pledges Receivable	(46,748)	(15,190)
Prepaid Expenses and Other Assets	(24,007)	(23,288)
Due from Other Chapters	4,240	10,655
Increase (Decrease) in:		
Due to National Multiple Sclerosis Society	395,519	863,287
Other Payables to National	5,362	5,391
Due to Other Chapters	(1,122)	(30,777)
Accounts Payable and Accrued Expenses	120,146	(35,969)
NET CASH PROVIDED BY OPERATING ACTIVITIES	768,383	159,681
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(25,618)	(44,187)
Due from National Multiple Sclerosis Society	1,872	5,059
NET CASH USED IN INVESTING ACTIVITIES	(23,746)	(39,128)
NET INCREASE IN CASH AND CASH EQUIVALENTS	744,637	120,553
Cash and Cash Equivalents - Beginning of Year	1,265,112	1,144,559
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,009,749	$ 1,265,112

The Accompanying Notes are an Integral Part of These Financial Statements

NOTE 1 - ORGANIZATION

Multiple Sclerosis (MS) is an unpredictable, often disabling disease of the central nervous system, for which there is no cure. Symptoms range from abnormal fatigue and impaired vision, to cognitive impairment, loss of balance and/or muscle coordination, to partial or complete paralysis. The progress, severity, and specific symptoms of MS in any one person cannot yet be predicted. Twice as many women as men live with MS, which affects more than 400,000 people in the U.S., and 2.5 million worldwide.

The National Multiple Sclerosis Society is dedicated to achieving *a world free of Multiple Sclerosis.* We mobilize people and resources to address the challenges of people affected by MS and drive research to find the cause and cure for MS. Our fifty-state network of chapters helps each person address the daily challenges of living with MS. The Society funds more MS research, provides more services, and furthers more advocacy efforts than any other MS organization in the world.

The Northern California Chapter supports research efforts and delivers vital programs at minimal or no cost to more than 20,000 individuals living with MS and 120,000 family members and friends in our forty-county region in Northern California. We are committed to honoring and supporting the independence and self-sufficiency of people with MS by providing accurate and timely information, advocacy, material assistance, and emotional support.

Headquartered in San Francisco, with regional centers in Sacramento, Santa Clara and Modesto, the National Multiple Sclerosis Society, Northern California Chapter (the Chapter) has been an independently chartered organization since 1954 serving a forty county territory reaching from the Monterey Bay in the south to the Oregon border and from the Pacific to Nevada with the exclusion of Lassen and Plumas Counties.

In August 2008, the Chapter completed the move of its headquarters office from Oakland to the Alexandria Center for Science and Technology at Mission Bay in San Francisco. This new development is the future home of the University of California, San Francisco (UCSF) Research and Hospital campuses, including its MS Care Center, Children's Hospital, and Pediatric MS Center of Excellence. In addition to UCSF, the Mission Bay community also includes other prestigious research institutions and biomedical research companies such as the California Institute for Quantitative Biomedical Research and the J. David Gladstone Institutes. The Society currently has invested more than $12 million in research projects addressing immunology, genetics, disease activity, and clinical trials. This relocation has placed the Chapter proximate to MS care services, as well as research investigations that impact the search for cause, cure and treatments for MS.

The Chapter provides programs and services at minimal or no cost to the MS community. These programs and services address a continuum of needs from expanding basic knowledge about the disease, to providing wellness, empowerment, support and long term care, including:

NOTE 1 - ORGANIZATION (continued)

- Information and referral services that identify local community resources;
- Educational workshops facilitating knowledge of MS, research and treatments, symptom management, and helping individuals cope with their new diagnosis;
- Chapter lending library of books, brochures (in English and Spanish language), videos, and DVDs on MS-related topics;
- Self-help groups and peer support services that improve coping skills and self-esteem;
- Wellness programs including outdoor adventures and adaptive therapeutic exercise programs that enhance functioning and mobility such as yoga, tai chi, Feldenkrais, and aquatics;
- Independent living services such as employment consultations and free case management to coordinate needed resources;
- Financial assistance funds to subsidize emergency needs, durable medical equipment, or respite care;
- Family programs including caregiver workshops and family fun days;
- Scholarship programs providing financial assistance to MS families with a student attending college; and
- Social activities, events and parties.

These vital programs and services address the needs of people affected by MS, wherever they are on this continuum, at a given time. The Chapter assists and empowers those with MS to enhance their own quality of life, pursue meaningful activities, and participate in society and family life.

More than 2,000 volunteers assist the Chapter; some serve in a leadership capacity as Board Trustees, MS Ambassadors, and as advocates, others serve on committees to support our annual events, including WALK MS and BIKE MS and volunteers take lead roles in our programs and services delivery. Additionally, volunteers help with office and administrative duties as well as Chapter programs, Self-Help Group leaders, peer supporters, advocacy, case management, and information and referral volunteers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Chapter are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ACCOUNTING (continued)

- **Unrestricted Net Assets -** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

- **Temporarily Restricted Net Assets -** Temporarily restricted net assets are comprised of funds which are restricted by donors for specific purposes. The restrictions are satisfied either by the passage of time or by actions of the Chapter. The Chapter had $70,443 and $405,565 of temporarily restricted net assets at September 30, 2010 and 2009, respectively.

- **Permanently Restricted Net Assets -** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Chapter to expend all of the income (or other economic benefits) derived from the donated assets. The Chapter has no permanently restricted net assets at September 30, 2010 and 2009.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at September 30, 2010 and 2009 approximates its fair value.

The Chapter maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Chapter has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(d) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions are considered to be unrestricted unless specifically restricted by the donor. Contributions are recorded as revenue when received or promised (pledged) unconditionally, at their fair value. Gifts received with donor stipulations that limit the use of the donated assets are reported as temporarily restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. It is the Chapter's policy to record temporarily restricted contributions received and expended in the same accounting period in the unrestricted net asset class. As of September 30, 2010 and 2009, the Chapter evaluated the collectibility of contributions and pledges receivable and no allowance for uncollectible contribution and pledges receivable was considered necessary.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets.

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is equal to or greater than $500 and the useful life is greater than one year. The useful lives are as follows:

Furniture and Equipment	3 - 10 Years
Leasehold Improvements	Lesser of Estimated Useful Life or the Term of the Lease

(f) LONG-LIVED ASSETS

The Chapter reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the years ended September 30, 2010 and 2009.

(g) RELATIONSHIP WITH NATIONAL MULTIPLE SCLEROSIS SOCIETY

The Chapter is required to remit 40% of all unrestricted contributions, net of allowances, 50% of all unrestricted legacies, and 100% of research restricted contributions to the National Multiple Sclerosis Society (National Headquarters). The total amount of contributions and legacies due to National Headquarters amounted to $1,163,733 and $762,852 at September 30, 2010 and 2009, respectively.

The Chapter participates in National Headquarters' direct marketing program. Unrestricted public support received under the program by National Headquarters that is attributable to Chapter sources is credited to and recorded by the Chapter at 40% of such unrestricted public support, net of 60% retained by National Headquarters. These amounts are recorded as contributions received indirectly from National Headquarters in the accompanying statement of activities.

Multi-year contributions that are restricted for research, if any, are remitted to National Headquarters and reflected as expenses as the respective payments are received from donors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) CONTRIBUTED GOODS AND SERVICES

The Chapter records revenue and a corresponding expense for donated services, donated goods and donated facilities. The revenues and expenses for the years ended September 30, 2010 and 2009 are reflected at fair value. Donated goods for the fiscal years ended September 30, 2010 and 2009 totaled $56,125 and $50,685, respectively.

In addition, a number of volunteers have donated significant amounts of their time to the Chapter's program services and supporting services. No amounts have been reflected in the accompanying financial statements for those donated services because they do not meet the criteria for revenue recognition under accounting standards.

(i) LEGACIES AND BEQUESTS

The Chapter recognizes legacies and bequests when the donors' wills have been declared valid by the probate court and/or the value of the amounts to be received is determinable.

(j) INCOME TAXES

The Chapter is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

(k) FUNCTIONAL ALLOCATION OF EXPENSES

Expenses that can be specially identified with a specific program or supporting service are charged directly to the related program or supporting service. Fundraising expenses providing a direct benefit to donors (for example, meals and facility rental) are separately identified. Expenses that are associated with more than one program or supporting service are allocated based on salaries dollars.

(l) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) FASB ACCOUNTING STANDARDS CODIFICATION

In June 2009, the Financial Accounting Standards Board (FASB) issued the FASB Accounting Standards Codification (the ASC). The ASC has become the single source of non-governmental accounting principles generally accepted in the United States (GAAP) recognized by the FASB in preparation of financial statements. The Chapter adopted the ASC as of September 30, 2010. The ASC does not change GAAP and did not have an effect on the Chapter's financial position, results of operations or cash flows.

(n) SUBSEQUENT EVENTS

The Chapter has evaluated events and transactions occurring subsequent to the statement of financial position date of September 30, 2010 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 13, 2010, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, expect for those identified in Note 3.

NOTE 3 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable at September 30, 2010 and 2009 are expected to be collected as follows:

	2010	2009
Due in Less than One Year	$ 196,253	$ 179,505
Due in One to Five Years	55,000	25,000
CONTRIBUTIONS AND PLEDGES RECEIVABLE	$ 251,253	$ 204,505

In December 2007, the Chapter was named as an income beneficiary of a foundation. The foundation is currently making monthly distributions to five organizations of the income earned in the foundation. The foundation has variance power over the distributions. The Chapter is recognizing income as received due to this variance power. During the years ended September 30, 2010 and 2009, the Chapter received $480,797 and $325,075, respectively, from the foundation.

In November 2010, the Chapter has been named a beneficiary in a bequest. The Chapter received $75,000 representing the final distribution from the bequest.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30, 2010 and 2009:

	2010	2009
Furniture and Equipment	$ 251,334	$ 231,487
Less: Accumulated Depreciation	(160,242)	(135,695)
PROPERTY AND EQUIPMENT (NET)	$ 91,092	$ 95,792

Depreciation and amortization expense for the years ended September 30, 2010 and 2009 was $26,632 and $34,603, respectively.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30:

	2010	2009
Programs or Services in Stanislaus County	$ -	$ 324,465
Relocation	65,000	75,000
Program Support	5,443	6,100
TOTAL TEMPORARILY RESTRICTED NET ASSETS	$ 70,443	$ 405,565

NOTE 6 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

The Chapter rents certain facilities and equipment under operating lease agreements expiring through September 2015.

Future minimum commitments under existing non-cancellable leases as of September 30, 2010 are as follows:

Years Ending September 30	
2011	$ 234,153
2012	160,452
2013	17,318
2014	18,412
2015	17,940
TOTAL	$ 448,275

Rental expense was $313,592 and $307,364 for the years ended September 30, 2010 and 2009, respectively, and is included in occupancy expense in the accompanying statement of functional expenses.

NOTE 6 - COMMITMENTS AND CONTINGENCIES (continued)

(b) RESERVE FOR UNEMPLOYMENT

The Chapter has elected to be self-insured for the purposes of employees' unemployment claims. The unemployment liability is paid in advance for the next fiscal year's expected costs. The prepaid unemployment reserve was $45,818 and $35,192 for the years ended September 30, 2010 and 2009, respectively. Unemployment expense for the years ended September 30, 2010 and 2009 was $71,293 and $21,000, respectively.

	2010	2009
Reserve - Beginning of the Year	$ 35,192	$ -
Payments Made to Fund Related Liabilities	81,919	56,192
Self-Insurance Expenses Incurred	(71,293)	(21,000)
NET RESERVE FOR UNEMPLOYMENT	$ 45,818	$ 35,192

NOTE 7 - RETIREMENT PLAN

The Chapter provides retirement benefits to its employees through a 403(b) tax deferred annuity purchase plan. Employees are eligible for participation after one year of service. The Chapter may elect to match a fixed amount each plan year in which they contribute $.50 for every dollar of plan participant's elective deferrals up to 3% of annual compensation. After three years, the Chapter contributes $.50 for every dollar of participant's elective deferrals up to 6% of annual compensation. Retirement expense for the years ended September 30, 2010 and 2009 was $570 and $55,204, respectively. Effective, October 1, 2009, the Chapter amended the plan to eliminate the requirement for an employer matching contribution for plan participants.

NOTE 8 - ALLOCATION OF JOINT COSTS

In fiscal 2010 and 2009, the Chapter incurred joint costs for information materials and activities that included fundraising appeals. Such costs were allocated by accounting standards which define accounting for costs of activities of non-for-profit organizations and state and local government entities that include fundraising. The costs have been allocated as follows:

	2010	2009
Public Education	$ 61,530	$ 117,598
Fundraising	84,484	98,769
Management and General	493	647
TOTAL	$ 146,507	$ 217,014

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2010

GREEN HASSON & JANKS LLP
BUSINESS ADVISORS AND CPAs

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION

To the Board of Trustees
National Multiple Sclerosis Society,
Northern California Chapter

Our report on our audits of the basic financial statements of National Multiple Sclerosis Society, Northern California Chapter (the Chapter) as of and for the years ended September 30, 2010 and 2009 appears on Page 1. Those audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented in the following schedules is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Green Hasson & Janks LLP

December 8, 2010
Los Angeles, California

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NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

SCHEDULE OF INCOME FROM SPECIAL EVENTS AND NEW CAMPAIGNS
Year Ended September 30, 2010

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Sponsorship									
Event Description	Cash	In-Kind	Total Sponsorship	Other Restricted Income	Campaign Income (Excluding Sponsorship and Other Restricted Income)	Total Columns (3) + (4) + (5)	Direct Benefit to Donor Costs	Other Direct Expenses	Total Costs Less Total Sponsorship Columns (7) + (8)-(3)	Fundraising Allowance * Column (5) x 20%
MS Walk	$ 44,050	$ 27,700	$ 71,750	$ 40,833	$ 1,175,465	$ 1,288,048	$ 122,747	$ 106,892	$ 157,889	$ 235,093
MS 150 BIKE	101,450	28,425	129,875	-	1,809,745	1,939,620	274,274	185,702	330,101	361,949
Other Special Events	-	-	-	-	41,552	41,552	3,218	551	3,769	8,310
TOTAL	$ 145,500	$ 56,125	$ 201,625	$ 40,833	$ 3,026,762	$ 3,269,220	$ 400,239	$ 293,145	$ 491,759	$ 605,352

See Independent Auditors' Report on Supplemental Information

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

SCHEDULE OF MEMBERSHIP AND CONTRIBUTIONS
Year Ended September 30, 2010

	Unrestricted	Temporarily Restricted	Total 2010	Amount of In-Kind Included in 2010 Total
INDIVIDUAL CONTRIBUTIONS:	.			
General Gifts	$ -	$ -	$ -	$ -
Major Gifts/Golden Circle	273,318	-	273,318	-
Tributes and Memorials	31,235	-	31,235	-
Workplace Giving/United Way	86,215	-	86,215	-
TOTAL INDIVIDUAL CONTRIBUTIONS	390,768	-	390,768	-
CORPORATE CONTRIBUTIONS:				
Corporate Gifts	44,539	4,743	49,282	-
Matching Gifts	24,995	-	24,995	-
Tributes and Memorials	1,173	-	1,173	-
TOTAL CORPORATE CONTRIBUTIONS	70,707	4,743	75,450	-
OTHER CONTRIBUTIONS:				
Foundation Gifts and Grants	33,967	700	34,667	-
Community (Third Party) Event Income	95,933	-	95,933	-
TOTAL OTHER CONTRIBUTIONS	129,900	700	130,600	-
TOTAL MEMBERSHIP AND CONTRIBUTIONS	$ 591,375	$ 5,443	$ 596,818	$ -

See Independent Auditors' Report on Supplemental Information

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

SCHEDULE OF AMOUNT DUE TO NATIONAL HEADQUARTERS
September 30, 2010

Total Revenue for Fiscal 2010	$ 4,692,085	
Add: Benefit to Donor Costs	400,239	
TOTAL GROSS REVENUE FOR FISCAL 2010		$ 5,092,324
DEDUCTIONS:		
Fund Raising Allowance - Special Events	605,352	
Restricted for Local Use-Deductible Sponsorship	145,500	
Restricted for Local Use-Bequests and Legacies	480,797	
Restricted for Local Use-Other (Received at Chapter)	114,681	
Research received at the Chapter 100%	89,856	
Fast Forward Received at the Chapter 100%	135	
Direct Mail - Chapter's share of Unrestricted / Locally restricted	163,337	
Direct Mail - Research	869	
Investment Income	93	
In-Kind Donations - Special Events	56,125	
Subsidies	86,576	
Service Program Fees	4,595	
Unrestricted Legacies Received at the Chapter Subject to 50% Sharing	464,493	
TOTAL DEDUCTIONS		2,212,409
DIVISIBLE INCOME		2,879,915
Total Multiplied by 40%	1,151,964	
Total Multiplied by 50% of $464,493 Unrestricted Legacies	232,247	
SUB-TOTAL		1,384,211
ADDITIONS:		
Research Received at the Chapter 100%	89,856	
Fast Forward Received at the Chapter 100%	135	
Research for Direct Mail	869	
Change in Gift Annuity Income - Research	(1,732)	
TOTAL ADDITIONS		89,128
TOTAL NATIONAL RESEARCH AND PROGRAM EXPENSES		1,473,339
PAYMENTS RECEIVED FROM THE CHAPTER AND CREDIT DUE FROM NATIONAL:		
October 2009 through September 2010 - Cash	915,321	
Add: Due from National	164,206	
TOTAL PAID FOR FISCAL YEAR 2010		1,079,527
BALANCE DUE TO NATIONAL FOR FISCAL YEAR 2010		393,812
REMITTANCE INDEBTEDNESS:		
Remittance Balance Due National or Chapter	751,436	
Adjustment for Change in Value of Restricted Annuities Receivable	1,732	
ADJUSTED BALANCE DUE TO NATIONAL OR CHAPTER FOR PRIOR YEARS		753,168
TOTAL REMITTANCE BALANCE DUE TO NATIONAL		1,146,980
OTHER PAYABLES:		
Due to National - Other		16,753
Due to Southern California Chapter		4,483
Due to Pacific South Coast Chapter		1,290
TOTAL DUE TO NATIONAL AND OTHER CHAPTERS		$ 1,169,506

See Independent Auditors' Report on Supplemental Information