NATIONAL MULTIPLE SCLEROSIS SOCIETY, NORTHERN CALIFORNIA CHAPTER

FINANCIAL STATEMENTS

YEARS ENDED
SEPTEMBER 30, 2009 AND 2008

NATIONAL MULTIPLE SCLEROSIS SOCIETY, NORTHERN CALIFORNIA CHAPTER

FINANCIAL STATEMENTS

YEARS ENDED
SEPTEMBER 30, 2009 AND 2008

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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, 2009 and 2008, 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, 2009 and 2008 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 1, 2009
Los Angeles, California

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NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

STATEMENTS OF FINANCIAL POSITION
September 30, 2009 and 2008

ASSETS	2009	2008
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 1,265,112	$ 1,144,559
Contributions and Pledges Receivable (Net)	179,505	164,315
Prepaid Expenses and Other Assets	72,258	48,970
Due from Other Chapters	4,240	14,895
TOTAL CURRENT ASSETS	1,521,115	1,372,739
NONCURRENT ASSETS:		
Contributions and Pledges Receivable	25,000	25,000
Property and Equipment (Net)	95,792	92,693
Due from National Multiple Sclerosis Society	42,071	47,130
TOTAL NONCURRENT ASSETS	162,863	164,823
TOTAL ASSETS	$ 1,683,978	$ 1,537,562

LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Due to National Multiple Sclerosis Society:		
Remittance Due to National	$ 751,461	$ 388,174
Other Payables to National	11,391	6,000
Due to Other Chapters	6,895	37,672
Accounts Payable and Accrued Expenses	270,250	306,219
TOTAL CURRENT LIABILITIES	1,039,997	738,065
NET ASSETS:		
Unrestricted	238,416	567,962
Temporarily Restricted	405,565	231,535
TOTAL NET ASSETS	643,981	799,497
TOTAL LIABILITIES AND NET ASSETS	$ 1,683,978	$ 1,537,562

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, 2009 and 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support:								
Received Directly:								
Special Events (includes In-Kind Donations of $50,685 in 2009 and $109,208 in 2008)	$ 3,249,337	$ -	$ -	$ 3,249,337	$ 3,410,105	$ -	$ -	$ 3,410,105
Less: Benefit to Donor Costs	(448,650)	-	-	(448,650)	(602,796)	-	-	(602,796)
	2,800,687	-	-	2,800,687	2,807,309	-	-	2,807,309
Membership and Contributions	584,486	6,100	-	590,586	689,189	95,000	-	784,189
Legacies	289,881	325,075	-	614,956	108,346	277,390	-	385,736
Received at National (Other than Legacies)	226,414	-	-	226,414	487,530	-	-	487,530
Total Received Directly	3,901,468	331,175	-	4,232,643	4,092,374	372,390	-	4,464,764
Received Indirectly:								
Combined Federal Service Campaign	6,969	-	-	6,969	4,554	-	-	4,554
Federated Fund Raising Organizations	23,163	-	-	23,163	4,690	-	-	4,690
Total Received Indirectly	30,132	-	-	30,132	9,244	-	-	9,244
Total Public Support	3,931,600	331,175	-	4,262,775	4,101,618	372,390	-	4,474,008
Grants from Governmental Agencies	-	-	-	-	-	-	-	-
Other Revenue:								
Investment Income	737	-	-	737	4,302	-	-	4,302
Service Program Fees	9,945	-	-	9,945	15,242	-	-	15,242
Debt Forgiveness from National Headquarters	500,000	-	-	500,000	461,487	-	-	461,487
Miscellaneous Income (Includes Subsidy from Other Chapters)	97,312	-	-	97,312	82,272	-	-	82,272
Total Other Revenue	607,994	-	-	607,994	563,303	-	-	563,303
Net Assets Released from Program Restrictions	157,145	(157,145)	-	-	208,713	(208,713)	-	-
Total Revenue	4,696,739	174,030	-	4,870,769	4,873,634	163,677	-	5,037,311
Expenses:								
Program Services:								
Research	745,848	-	-	745,848	722,544	-	-	722,544
Client Programs	1,102,495	-	-	1,102,495	1,045,720	-	-	1,045,720
Community Programs	743,575	-	-	743,575	729,421	-	-	729,421
Professional Education and Training	212,762	-	-	212,762	226,294	-	-	226,294
Public Education	662,274	-	-	662,274	839,364	-	-	839,364
Total Program Services	3,466,955	-	-	3,466,955	3,563,343	-	-	3,563,343
Supporting Services:								
Fundraising	730,988	-	-	730,988	660,193			660,193
Management and General	212,885	-	-	212,885	326,384	-	-	326,384
Total Supporting Services:	943,873	-	-	943,873	986,577	-	-	986,577
Public Support to National	615,457	-	-	615,457	600,346	-	-	600,346
Total Expenses	5,026,285	-	-	5,026,285	5,150,266	-	-	5,150,266
Changes in Net Assets	(329,546)	174,030	-	(155,516)	(276,632)	163,677	-	(112,955)
Net Assets - Beginning of Year (As Reclassified)	567,962	231,535	-	799,497	844,594	67,858	-	912,452
Net Assets - End of the Year	$ 238,416	$ 405,565	$ -	$ 643,981	$ 567,962	$ 231,535	$ -	$ 799,497

The Accompanying Notes are an Integral Part of the Financial Statements

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2009

	Program Services						Supporting Services					
	Research	Client Programs	Community Programs	Professional Education and Training	Public Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	National Activities	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
TOTAL EXPENSES INCLUDING BENEFIT TO DONOR COSTS	$ 745,848	$ 1,102,495	$ 743,575	$ 212,762	$ 662,274	$ 3,466,955	$ 730,988	$ 212,885	$ 943,873	$ 615,457	$ 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 FUNCTIONAL EXPENSES
Year Ended September 30, 2008

	Program Services						Supporting Services					
	Research	Client Programs	Community Programs	Professional Education and Training	Public Education	Total Program Services	Fundraising	Management and General	Total Supporting Services	National Activities	Benefit to Donor Costs	Total Expenses
Salaries	$ -	$ 456,792	$ 368,846	$ 109,229	$ 391,712	$ 1,326,580	$ 287,408	$ 144,935	$ 432,343	$ -	$ -	$ 1,758,923
Employee Benefits	-	48,073	38,818	11,495	41,224	139,611	30,247	15,253	45,500	-	-	185,111
Payroll Taxes	-	36,596	29,550	8,751	31,382	106,279	23,026	11,611	34,637	-	-	140,916
TOTAL PERSONNEL COSTS	-	541,462	437,214	129,475	464,318	1,572,469	340,681	171,800	512,481	-	-	2,084,950
Printing	-	28,319	-	-	60,537	88,856	54,108	13,816	67,924	-	-	156,780
Postage and Shipping	-	14,264	-	10,285	3,255	27,804	32,006	12,706	44,712	-	-	72,516
Telephone	-	11,706	9,452	2,799	10,038	33,995	7,365	3,714	11,079	-	-	45,074
Supplies	-	10,373	8,376	2,481	8,895	30,125	6,526	3,291	9,817	-	118,374	158,316
Dues and Memberships	-	-	-	-	339	339	2,522	1,154	3,676	-	-	4,015
Professional and Other Contract Service Fees	-	156,048	126,004	37,315	133,816	453,183	98,183	49,512	147,696	-	-	600,879
Travel	-	39,255	31,698	9,387	33,663	114,003	24,699	12,455	37,154	-	295,831	446,988
Meetings	-	23,784	19,205	5,686	20,395	69,070	14,964	7,546	22,511	-	5,904	97,485
Occupancy	-	81,245	65,603	19,428	69,670	235,946	51,119	25,778	76,897	-	34,522	347,365
Furniture and Equipment	-	24,634	19,890	5,890	21,124	71,538	15,499	7,816	23,315	-	-	94,853
Insurance (Property and Casualty)	-	9,336	7,539	2,233	8,006	27,114	5,874	2,962	8,837	-	-	35,951
Disbursements for People with MS	-	93,363	-	-	-	93,363	-	-	-	-	-	93,363
Prizes and Promotional Items	-	4,143	-	-	593	4,736	3,162	403	3,565	-	112,642	120,943
Miscellaneous Expense	-	2,290	-	-	-	2,290	24	11,685	11,709	-	35,523	49,522
Depreciation and Amortization	-	5,498	4,440	1,315	4,715	15,968	3,460	1,745	5,204	-	-	21,172
Restricted contributions to National for Research and Other Activities	122,198	-	-	-	-	122,198	-	-	-	-	-	122,198
Functionalized National Program Expense	600,346	-	-	-	-	600,346	-	-	-	-	-	600,346
TOTAL EXPENSES BEFORE PUBLIC SUPPORT TO NATIONAL	722,544	1,045,720	729,421	226,294	839,364	3,563,343	660,193	326,384	986,577	-	602,796	5,152,716
Public Support to National	-	-	-	-	-	-	-	-	-	600,346	-	600,346
TOTAL EXPENSES INCLUDING BENEFIT TO DONOR COSTS	$ 722,544	$ 1,045,720	$ 729,421	$ 226,294	$ 839,364	$ 3,563,343	$ 660,193	$ 326,384	$ 986,577	$ 600,346	$ 602,796	5,753,062
Less: Benefit to Donor Costs												(602,796)
TOTAL EXPENSES AS REPORTED ON STATEMENT OF ACTIVITIES												$ 5,150,266

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, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	$ (155,516)	$ (112,955)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Debt Forgiveness from National Headquarters	(500,000)	(461,487)
(Gain) Loss on Disposal of Property and Equipment	6,485	37,665
Depreciation and Amortization	34,603	21,172
(Increase) Decrease in:		
Contributions and Pledges Receivable	(15,190)	63,045
Prepaid Expenses and Other Assets	(23,288)	(17,164)
Due from Other Chapters	10,655	(14,895)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(35,969)	40,543
Due to National Multiple Sclerosis Society	863,287	15,647
Other Payables to National	5,391	6,000
Due to Other Chapters	(30,777)	37,672
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	159,681	(384,757)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(44,187)	(63,218)
Due from National Multiple Sclerosis Society	5,059	29,293
NET CASH USED IN INVESTING ACTIVITIES	(39,128)	(33,925)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	120,553	(418,682)
Cash and Cash Equivalents - Beginning of Year	1,144,559	1,563,241
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,265,112	$ 1,144,559

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 the 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 directing activities and our annual events, including WALK MS, BIKE MS and our Dinner of Champions. 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 $405,565 and $231,535 of temporarily restricted net assets at September 30, 2009 and 2008, 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, 2009 and 2008.

(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, 2009 and 2008 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, 2009 and 2008, 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, 2009 and 2008.

(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 $762,852 and $394,174 at September 30, 2009 and 2008, 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, 2009 and 2008 are reflected at fair value. Donated goods for the fiscal years ended September 30, 2009 and 2008 totaled $50,685 and $109,208, 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 an evaluation by the Chapter's management.

(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.

(m) RECLASSIFICATION

For comparability, the September 30, 2008 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at September 30, 2009.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) RECLASSIFICATION (continued)

Costs relating to the temporarily restricted net assets for the program services in Stanislaus County were released based on the percentage of individuals served who resided in Stanislaus County. The costs released at September 30, 2008 were $140,855.

	2008	
	Unrestricted Net Assets	Temporarily Restricted Net Assets
End of the Year As Previously Reported	$ 427,107	$ 372,390
Release of Stanislaus County Program Funds	140,855	(140,855)
END OF THE YEAR AS RECLASSIFIED	$ 567,962	$ 231,535

(n) RECENT ACCOUNTING PRONOUNCEMENT

In July 2006, an accounting standard for accounting for uncertainty in income taxes was issued that clarified the accounting for uncertainty in income taxes recognized in an organization's financial statements. This standard prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken, or expected to be taken, on a tax return. This standard was initially effective for fiscal years beginning after December 15, 2006. The implementation date for non-public corporations has been delayed and is now effective for fiscal years beginning after December 15, 2008. The Chapter expects to adopt the requirements, if necessary on July 1, 2009 and has not currently determined the impact of this standard on the accompanying financial statements. However, until this standard is adopted, the Chapter will continue to account for uncertain tax positions using the guidance in accounting standards for accounting for contingencies. The cumulative effect, if any, of adopting this standard will be recorded as an adjustment to net assets on October 1, 2009.

(o) 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, 2009. The ASC does not change GAAP and did not have an effect on the Chapter's financial position, results of operations or cash flows.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) SUBSEQUENT EVENTS

The Chapter has evaluated events and transactions occurring subsequent to the statement of financial position date of September 30, 2009 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 1, 2009, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable at September 30, 2009 and 2008 are expected to be collected as follows:

	2009	2008
Due in Less than One Year	$ 179,505	$ 164,315
Due in One to Five Years	25,000	25,000
CONTRIBUTIONS AND PLEDGES RECEIVABLE	$ 204,505	$ 189,315

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, 2009 and 2008, the Chapter received $325,075 and $277,390, respectively, from the foundation.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30, 2009 and 2008:

	2009	2008
Furniture and Equipment	$ 231,487	$ 196,601
Less: Accumulated Depreciation	(135,695)	(103,908)
PROPERTY AND EQUIPMENT (NET)	$ 95,792	$ 92,693

Depreciation and amortization expense for the years ended September 30, 2009 and 2008 was $34,603 and $21,172, respectively.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

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

	2009	2008
Programs or Services in Stanislaus County	$ 324,465	$ 136,535
Relocation	75,000	75,000
Program Support	6,100	20,000
TOTAL TEMPORARILY RESTRICTED NET ASSETS	$ 405,565	$ 231,535

NOTE 6 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

The Chapter rents certain facilities and equipment under operating lease agreements expiring through February 2012.

Future minimum commitments under existing non-cancellable leases as of September 30, 2009 are as follows:

Years Ending September 30	
2010	$ 238,777
2011	185,822
2012	1,054
TOTAL	$ 425,653

Rental expense was $307,364 and $288,270 for the years ended September 30, 2009 and 2008, respectively, and is included in occupancy expense in the accompanying statement of functional expenses.

(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 at September 30, 2009 was $35,193. There was no reserve at September 30, 2008. Unemployment expense for the years ended September 30, 2009 and 2008 was $21,000 and $19,984, respectively.

	2009	2008
Payments Made to Fund Related Liabilities	$ 56,192	$ -
Self-Insurance Expenses Incurred	(21,000)	(19,984)
NET RESERVE FOR UNEMPLOYMENT	$ 35,192	$ (19,984)

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 elects 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, 2009 and 2008 was $55,204 and $65,952, 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 2009 and 2008, 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:

	2009	2008
Program Services	$ 59,975	$ 116,660
Fundraising	43,511	86,114
Management and General	14,112	26,522
TOTAL	$ 117,598	$ 229,296

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2009

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, 2009 and 2008 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 1, 2009
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, 2009

	(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	$ 57,750	$ 26,740	$ 84,490	$ 43,890	$ 1,032,674	$ 1,161,054	$ 128,186	$ 103,043	$ 146,739	$ 206,535
DOC-Dinner of Champions	-	-	-	15,745	186,450	202,195	28,111	17,063	45,174	37,290
MS 150 BIKE	64,342	23,945	88,287	-	1,746,702	1,834,989	289,878	163,938	365,529	349,340
Other Special Events	-	-	-	-	51,099	51,099	2,475	636	3,111	10,220
TOTAL	$ 122,092	$ 50,685	$ 172,777	$ 59,635	$ 3,016,925	$ 3,249,337	$ 448,650	$ 284,680	$ 560,553	$ 603,385

See Independent Auditors' Report on Supplemental Information

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

SCHEDULE OF MEMBERSHIP AND CONTRIBUTIONS
Year Ended September 30, 2009

	Unrestricted	Temporarily Restricted	Total 2009	Amount of In-Kind Included in 2009 Total
INDIVIDUAL CONTRIBUTIONS:	.			
General Gifts	$ 43,484	$ -	$ 43,484	$ -
Major Gifts/Golden Circle	170,484	-	170,484	-
Tributes and Memorials	55,687	-	55,687	-
Workplace Giving/United Way	96,599	-	96,599	-
TOTAL INDIVIDUAL CONTRIBUTIONS	366,254	-	366,254	-
CORPORATE CONTRIBUTIONS:				
Corporate Gifts	123,151	3,000	126,151	-
Matching Gifts	22,621	-	22,621	-
Tributes and Memorials	1,400	-	1,400	-
TOTAL CORPORATE CONTRIBUTIONS	147,172	3,000	150,172	-
OTHER CONTRIBUTIONS:				
Foundation Gifts and Grants	66,950	350	67,300	-
Other Campaign Income	4,110	2,750	6,860	-
TOTAL OTHER CONTRIBUTIONS	71,060	3,100	74,160	-
TOTAL MEMBERSHIP AND CONTRIBUTIONS	$ 584,486	$ 6,100	$ 590,586	$ -

See Independent Auditors' Report on Supplemental Information

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NORTHERN CALIFORNIA CHAPTER

SCHEDULE OF AMOUNT DUE TO NATIONAL HEADQUARTERS
September 30, 2009

Total Revenue for Fiscal 2009	$ 4,870,769	
Add: Benefit to Donor Costs	448,650	
TOTAL GROSS REVENUE FOR FISCAL 2009		$ 5,319,419
DEDUCTIONS:		
Fund Raising Allowance - Special Events	603,385	
Restricted for Local Use-Deductible Sponsorship	122,092	
Restricted for Local Use-Bequests and Legacies	325,075	
Restricted for Local Use-Other (Received at Chapter)	239,565	
Research received at the Chapter 100%	122,171	
Direct Mail - Chapter's share of Unrestricted / Locally restricted	208,188	
Direct Mail - Research	1,730	
Received at National - Research	8,195	
Received at National - Locally restricted	1,584	
Received at National - Chapter's share of Unrestricted Gifts	6,717	
Investment Income	737	
In-Kind Donations - Special Events	50,685	
Subsidies	97,312	
Service Program Fees	9,945	
Debt Forgiveness	500,000	
Unrestricted Legacies Received at the Chapter Subject to 50% Sharing	220,980	
TOTAL DEDUCTIONS		2,518,361
DIVISIBLE INCOME		2,801,058
Total Multiplied by 40%	1,120,423	
Total Multiplied by 50% of $220,980 Unrestricted Legacies	110,490	
SUB-TOTAL		1,230,913
ADDITIONS:		
Research Received at the Chapter 100%	122,171	
Research for Direct Mail	1,730	
Received at National - Research (from Gifts)	8,195	
Change in Gift Annuity Income - Research	(1,706)	
TOTAL ADDITIONS		130,390
TOTAL NATIONAL RESEARCH AND PROGRAM EXPENSES		1,361,303
PAYMENTS RECEIVED FROM THE CHAPTER AND CREDIT DUE FROM NATIONAL:		
October 2008 through September 2009 - Cash	273,308	
Add: Due from National	226,414	
Less: Payments for Fiscal Year 2008	(564)	
TOTAL PAID FOR FISCAL YEAR 2009		499,158
BALANCE DUE TO NATIONAL FOR FISCAL YEAR 2009		862,145
REMITTANCE INDEBTEDNESS:		
Remittance Balance Due National or Chapter	388,174	
Less: Other Reduction to Past and Current Debt by National	(500,000)	
Adjustment for Change in Value of Restricted Annuities Receivable	1,706	
Less: Payments for Fiscal Year 2008 Made in the Current Year	(564)	
ADJUSTED BALANCE DUE TO NATIONAL OR CHAPTER FOR PRIOR YEARS		(110,684)
TOTAL REMITTANCE BALANCE DUE TO NATIONAL		751,461
OTHER PAYABLES:		
Due to National - Other		11,391
Due to Southern California Chapter		6,895
Due from Southern California Chapter		(2,951)
Due from Pacific South Coast Chapter		(1,289)
TOTAL DUE TO NATIONAL AND OTHER CHAPTERS		$ 765,507

See Independent Auditors' Report on Supplemental Information