NATIONAL MULTIPLE SCLEROSIS SOCIETY, NEW YORK CITY–SOUTHERN NEW YORK CHAPTER

Financial Statements and
Other Financial Information
For the Years Ended September 30, 2011 and 2010
With Report of Independent Auditors

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NEW YORK CITY–SOUTHERN NEW YORK CHAPTER
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Years Ended September 30, 2011 and 2010

TABLE OF CONTENTS

	Page(s)
REPORT OF INDEPENDENT AUDITORS	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5–6
Notes to Financial Statements	7
OTHER FINANCIAL INFORMATION	
Schedule of Amount Due to National Headquarters	18
Schedule of Income from Special Events	19
Schedule of Memberships and Contributions	20

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REPORT OF INDEPENDENT AUDITORS

Board of Trustees
National Multiple Sclerosis Society,
New York City–Southern New York Chapter

We have audited the accompanying statements of financial position of National Multiple Sclerosis Society, New York City–Southern New York Chapter (the "Chapter") as of September 30, 2011 and 2010, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Chapter's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Chapter's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chapter's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 National Multiple Sclerosis Society, New York City–Southern New York Chapter at September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying other financial information for the year ended September 30, 2011 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Mitchell & Titus, LLP

January 19, 2012

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NEW YORK CITY-SOUTHERN NEW YORK CHAPTER
Statements of Financial Position
As of September 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 1,908,968	$ 2,105,684
Investments	3,612,130	5,214,678
Contributions and other receivables	93,343	180,265
Prepaid expenses and other assets	28,559	43,773
Property and equipment, at cost, net of accumulated depreciation and amortization	244,460	294,112
Total assets	$ 5,887,460	$ 7,838,512
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 1,214,085	$ 1,027,285
Deferred revenue	2,322,432	2,440,206
Due to National Multiple Sclerosis Society	151,680	1,250,568
Total liabilities	3,688,197	4,718,059
Commitments		
Net assets		
Unrestricted		
Undesignated	1,496,388	2,414,820
Board-designated endowment	179,573	174,285
	1,675,961	2,589,105
Temporarily restricted	523,302	531,348
Total net assets	2,199,263	3,120,453
Total liabilities and net assets	$ 5,887,460	$ 7,838,512

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

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NEW YORK CITY-SOUTHERN NEW YORK CHAPTER
Statements of Activities
For the Years Ended September 30, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT, REVENUE, AND RECLASSIFICATIONS						
Public support						
Contributions from members and others (includes in-kind contributions of $57,950 in 2011 and $65,750 in 2010)	$ 1,628,778	$ 6,000	$ 1,634,778	$ 1,834,176	$ 33,000	$ 1,867,176
Contributions received indirectly from National	157,001	-	157,001	166,647	-	166,647
Foundations	373,684	-	373,684	485,270	-	485,270
Combined federated campaigns	33,909	-	33,909	25,731	-	25,731
Legacies and bequests	381,970	-	381,970	219,444	-	219,444
Special events (includes in-kind contributions						-
of $514,951 in 2011 and $387,736 in 2010)	9,097,302	-	9,097,302	9,266,177	-	9,266,177
Less : Direct benefit to donor costs	(1,183,661)	-	(1,183,661)	(1,221,885)	-	(1,221,885)
Net special events	7,913,641	-	7,913,641	8,044,292	-	8,044,292
Total public support	10,488,983	6,000	10,494,983	10,775,560	33,000	10,808,560
Revenue						
Interest and dividends	99,309	10,621	109,930	140,520	12,987	153,507
Net realized and unrealized gain on investments	21,786	2,333	24,119	212,310	23,266	235,576
Service program fees	4,015	-	4,015	-	-	-
Total revenue	125,110	12,954	138,064	352,830	36,253	389,083
Net assets released from restrictions	27,000	(27,000)	-	93,673	(93,673)	-
Total public support, revenue, and reclassifications	10,641,093	(8,046)	10,633,047	11,222,063	(24,420)	11,197,643
EXPENSES						
Program services						
Research	2,486,397	-	2,486,397	3,424,014	-	3,424,014
Public support for National activities	1,539,824	-	1,539,824	1,540,550	-	1,540,550
Client programs	2,399,014	-	2,399,014	2,136,609	-	2,136,609
Community programs	1,014,128	-	1,014,128	1,015,412	-	1,015,412
Professional education and training	177,345	-	177,345	129,920	-	129,920
Public education (includes donated public service announcements of $3,800 in 2011 and $21,982 in 2010)	1,113,070	-	1,113,070	1,107,802	-	1,107,802
Total program services	8,729,778	-	8,729,778	9,354,307	-	9,354,307
Supporting services						
Fundraising (includes donated public service announcements of $374,066 in 2011 and $246,688 in 2010)	2,312,051	-	2,312,051	2,261,206	-	2,261,206
Management and general	512,408	-	512,408	384,862	-	384,862
Total supporting services	2,824,459	-	2,824,459	2,646,068	-	2,646,068
Total expenses	11,554,237	-	11,554,237	12,000,375	-	12,000,375
Changes in net assets	(913,144)	(8,046)	(921,190)	(778,312)	(24,420)	(802,732)
Net assets, beginning of year	2,589,105	531,348	3,120,453	3,367,417	555,768	3,923,185
Net assets, end of year	$ 1,675,961	$ 523,302	$ 2,199,263	$ 2,589,105	$ 531,348	$ 3,120,453

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

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NEW YORK CITY-SOUTHERN NEW YORK CHAPTER
Statements of Cash Flows
As of September 30, 2011 and 2010

	2011	2010
CASH FROM OPERATING ACTIVITIES		
Change in net assets	$ (921,190)	$ (802,732)
Adjustments to reconcile change in net assets provided by (used in) operations		
Depreciation and amortization	63,760	61,305
Net realized and unrealized gain on investments	(24,119)	(235,576)
Donated investments	(14,963)	-
Changes in operating assets and liabilities		
Decrease in contributions and other receivables	86,922	375,463
Decrease in prepaid expenses and other assets	15,214	30,298
Increase in accounts payable and accrued expenses	186,800	80,814
Decrease in deferred revenue	(117,774)	(76,130)
(Decrease) increase in due to National Multiple Sclerosis Society	(1,098,888)	725,859
Net cash (used in) provided by operating activities	(1,824,238)	159,301
CASH FROM INVESTING ACTIVITIES		
Purchases of furniture, fixtures and equipment	(14,108)	(28,361)
Purchases of investments	(654,568)	(660,404)
Proceeds from sales of investments	2,296,198	1,051,217
Net cash provided by investing activities	1,627,522	362,452
Net (decrease) increase in cash and cash equivalents	(196,716)	521,753
Cash and cash equivalents, beginning of the year	2,105,684	1,583,931
Cash and cash equivalents, end of the year	$ 1,908,968	$ 2,105,684

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

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NEW YORK CITY-SOUTHERN NEW YORK CHAPTER
Statement of Functional Expenses
For the Year Ended September 30, 2011

	Program Services							Supporting Services				
	Research	National Activities	Client Programs	Community Programs	Professional Education and Training	Public Education	Total Program Services	Fund Raising	Management and General	Total Supporting Services	Direct Benefit to Donor Costs	Total
Salaries	$ -	$ -	$ 890,181	$ 363,938	$ 87,116	$ 635,441	$ 1,976,676	$ 628,997	$ 291,125	$ 920,122	$ -	$ 2,896,798
Employee benefits	-	-	163,124	66,691	15,964	116,443	362,222	116,676	53,348	170,024	-	532,246
Payroll taxes	-	-	71,319	29,158	6,980	50,910	158,367	53,198	23,324	76,522	-	234,889
Total salaries and related expenses	-	-	1,124,624	459,787	110,060	802,794	2,497,265	798,871	367,797	1,166,668	-	3,663,933
Printing	-	-	30,782	582	6,978	31,069	69,411	118,958	466	119,424	-	188,835
Donated public service announcements	-	-	-	-	-	3,800	3,800	374,066	-	374,066	-	377,866
Postage and shipping	-	-	13,163	2,898	2,865	43,185	62,111	98,991	371	99,362	-	161,473
Telephone	-	-	65,082	7,230	1,748	13,435	87,495	14,744	5,611	20,355	-	107,850
Supplies	-	-	13,630	3,743	931	7,150	25,454	17,628	2,983	20,611	186,576	232,641
Dues and memberships	-	-	2,293	30,798	179	1,307	34,577	3,191	599	3,790	-	38,367
Professional and other contract service fees	-	-	367,414	426,659	30,644	73,557	898,274	466,685	74,871	541,556	-	1,439,830
Travel and transportation	-	-	19,013	8,059	2,698	5,373	35,143	55,075	1,931	57,006	371,891	464,040
Meetings	-	-	116,074	2,203	3,609	6,517	128,403	5,458	544	6,002	59,785	194,190
Rent and occupancy expenses	-	-	133,315	54,095	12,949	94,451	294,810	110,767	43,272	154,039	307,082	755,931
Rental and maintenance of equipment	-	-	4,986	2,038	488	3,559	11,071	3,719	1,630	5,349	-	16,420
Insurance	-	-	9,342	3,819	914	6,669	20,744	22,137	3,055	25,192	-	45,936
Disbursements made on behalf of patients	-	-	469,721	-	-	-	469,721	-	-	-	-	469,721
Prizes and promotional items	-	-	-	-	-	-	-	-	15	15	170,129	170,144
Depreciation and amortization	-	-	19,359	7,915	1,895	13,819	42,988	14,440	6,332	20,772	-	63,760
Miscellaneous expense	-	-	10,216	4,302	1,387	6,385	22,290	207,321	2,931	210,252	88,198	320,740
Research and National activities												
Honor Roll contribution	750,000	-	-	-	-	-	750,000	-	-	-	-	750,000
Functionalized National program expense	1,736,397	-	-	-	-	-	1,736,397	-	-	-	-	1,736,397
Public support to National	-	1,539,824	-	-	-	-	1,539,824	-	-	-	-	1,539,824
Total expenses	$ 2,486,397	$ 1,539,824	$ 2,399,014	$ 1,014,128	$ 177,345	$ 1,113,070	$ 8,729,778	$ 2,312,051	$ 512,408	$ 2,824,459	$ 1,183,661	$ 12,737,898
Less: Direct benefit to donor costs												(1,183,661)
Total expenses as reported on the statement of activities												$ 11,554,237

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

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NEW YORK CITY-SOUTHERN NEW YORK CHAPTER
Statement of Functional Expenses
For the 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	Fund Raising	Management and General	Total Supporting Services	Direct Benefit to Donor Costs	Total
Salaries	$ -	$ -	$ 767,421	$ 337,858	$ 80,949	$ 623,109	$ 1,809,337	$ 678,209	$ 243,331	$ 921,540	$ -	$ 2,730,877
Employee benefits	-	-	142,475	62,725	15,029	115,683	335,912	125,913	45,176	171,089	-	507,001
Payroll taxes	-	-	58,995	25,973	6,223	47,901	139,092	52,137	18,704	70,841	-	209,933
Total salaries and related expenses	-	-	968,891	426,556	102,201	786,693	2,284,341	856,259	307,211	1,163,470	-	3,447,811
Printing	-	-	29,001	29	7	16,980	46,017	132,190	27	132,217	-	178,234
Donated public service announcements	-	-	-	-	-	9,440	9,440	259,229	-	259,229	-	268,669
Postage and shipping	-	-	11,870	985	234	35,798	48,887	75,681	704	76,385	-	125,272
Telephone	-	-	51,822	6,655	1,541	11,186	71,204	12,908	4,368	17,276	-	88,480
Supplies	-	-	14,614	4,108	984	7,577	27,283	13,686	2,959	16,645	223,997	267,925
Dues and memberships	-	-	6,352	14,440	45	350	21,187	900	136	1,036	-	22,223
Professional and other contract service fees	-	-	399,433	478,321	6,318	104,433	988,505	467,441	16,600	484,041	-	1,472,546
Travel and transportation	-	-	14,654	7,110	433	2,397	24,594	39,957	936	40,893	390,286	455,773
Meetings	-	-	126,105	4,806	935	401	132,247	16,032	157	16,189	54,383	202,819
Rent and occupancy expenses	-	-	129,847	53,925	12,920	99,454	296,146	115,248	38,838	154,086	297,771	748,003
Rental and maintenance of equipment	-	-	3,770	1,660	398	3,061	8,889	3,332	1,196	4,528	-	13,417
Insurance	-	-	11,126	4,898	1,174	9,034	26,232	22,184	3,528	25,712	-	51,944
Disbursements made on behalf of patients	-	-	342,405	-	-	-	342,405	-	-	-	-	342,405
Prizes and promotional items	-	-	-	-	-	-	-	-	-	-	184,390	184,390
Depreciation and amortization	-	-	17,228	7,584	1,817	13,988	40,617	15,225	5,463	20,688	-	61,305
Miscellaneous expense	-	-	9,491	4,335	913	7,010	21,749	230,934	2,739	233,673	71,058	326,480
Research and National activities												
Honor Roll contribution	1,000,000	-	-	-	-	-	1,000,000	-	-	-	-	1,000,000
Contributions received for Promise 2000 Campaign	294,650	-	-	-	-	-	294,650	-	-	-	-	294,650
Restricted contributions to National for research and other activities	588,814	-	-	-	-	-	588,814	-	-	-	-	588,814
Functionalized National program expense	1,540,550	-	-	-	-	-	1,540,550	-	-	-	-	1,540,550
Public support to National	-	1,540,550	-	-	-	-	1,540,550	-	-	-	-	1,540,550
Total expenses	$ 3,424,014	$ 1,540,550	$ 2,136,609	$ 1,015,412	$ 129,920	$ 1,107,802	$ 9,354,307	$ 2,261,206	$ 384,862	$ 2,646,068	$ 1,221,885	$ 13,222,260
Less: Direct benefit to donor costs												(1,221,885)
Total expenses as reported on the statement of activities												$ 12,000,375

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

NOTE 1 ORGANIZATION

National Multiple Sclerosis Society, New York City–Southern New York Chapter, a not-for-profit organization, raises funds in the five boroughs of New York City and in the counties of Putnam, Orange, Rockland, Sullivan, and Westchester (the SNY counties). The Chapter provides services to people with multiple sclerosis, supports multiple sclerosis research through its national organization, and educates the public about the impact of multiple sclerosis. Services include supporting medical care centers, counseling, crisis services, education, transportation, recreation, and physical therapy for New Yorkers who have multiple sclerosis. The accompanying financial statements also include the activities of the Manhattan Society and the Associates Committee, both voluntary auxiliaries of the Chapter whose purpose is to assist the Chapter in providing a base of new and continuing volunteer and financial support to assist in creating a world free of multiple sclerosis.

The Chapter raises money from a broad variety of sources, including major gifts from individuals, foundations and corporations, direct mail gifts, restricted donations for specific research or service programs, event revenue from auxiliary groups dedicated to the Chapter's work, and a diverse range of special events, including Walk MS, and Bike MS events conducted in New York City and SNY counties, Dinner of Champions, The Race Against MS, Books for a Better Life, Women on the Move Luncheon, Golf Tournament, Marathon Strides, and Climb to the Top.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting and Net Asset Classifications

To ensure observance of limitations and restrictions placed on the use of the resources available to the Chapter, the accounts of the Chapter are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specific activities and objectives. In the accompanying financial statements, funds that have similar characteristics have been combined into two net asset categories: unrestricted and temporarily restricted.

- Unrestricted net assets represent funds, which are fully available at the discretion of management and the Board of Trustees (the Board), that the Chapter may use in any of its program or supporting services. As reflected in the statement of financial position, the Board has designated a portion of the Chapter's unrestricted net assets for an endowed research fellowship.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- Temporarily restricted net assets are comprised of funds that are restricted by donors for specific purposes. The restrictions are satisfied either by the passage of time or by actions of the Chapter.

Revenue Recognition and Deferred Revenue

Contributions are recorded as revenue when received or promised (pledged) unconditionally, at their fair value. The fair value of long-term contributions receivable is measured based on the present value of future cash flows, with consideration of expectation about possible variations in the amount and/or timing of the cash flows, the donor's credit risk, and other specific factors that would be considered by market participants. The Chapter recognizes income from legacies and bequests when an unassailable right to the gift has been established by the court and the proceeds are measurable in amount. The Chapter records contributions as permanently restricted if the donor stipulates that the resources be held in perpetuity or as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or by passage of time. 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. The Chapter's policy is to record temporarily restricted contributions received and expended in the same accounting period in the unrestricted net asset class. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

All revenue received in advance for special events that are held subsequent to year-end is deferred.

Expense Allocations

Functional expenses not specifically attributable to program services or supporting services are allocated by management based on various factors.

The Chapter accounts for costs of activities that include a fundraising appeal (joint costs) in accordance with the standards that are incorporated in the Accounting Standards Codification (ASC) of the Financial Accounting Standards Board. In fiscal years 2011 and 2010, the Chapter incurred joint costs of $1,273,718 and $1,044,674, respectively, for information materials and activities that included fundraising appeals. Of these costs, $1,213,184 and $955,738, respectively, were allocated to fundraising and $60,534 and $88,936, respectively, to public education.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Concentration of Credit Risk

The Chapter maintains a portion of its cash and investments in deposit accounts that at times may exceed federally insured limits. The Chapter has not experienced any losses in such accounts. The Chapter believes it is not exposed to any significant credit risk on its cash and investments.

Cash Equivalents

The Chapter considers highly liquid investments with maturities of three months or less when purchased, other than those held in the investment portfolio, to be cash equivalents. At September 30, 2011, substantially all of the Chapter's cash and cash equivalents were held by two banks.

Investments

The Chapter's investments in mutual funds are stated at fair value based on their published unit values, with the net change in unrealized gains or losses included in the statement of activities. Money market funds are stated at cost, which approximates fair value. Donated securities are recorded as contributions at their fair value at date of gift.

Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are provided on the straight-line basis over the estimated useful lives of the assets or the terms of the lease, as appropriate.

Donated Goods and Services

Donated goods and services, including public service announcements, used by the Chapter in programs, special events, and supporting services are reflected as in-kind contributions and expensed in the accompanying financial statements at their estimated fair value at date of receipt.

A number of volunteers, including members of the Board, have made significant contributions of their time to the Chapter's program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Research and National Activities Expense

Effective with the year ended September 30, 2011, the Chapter is required to remit to the National Multiple Sclerosis Society (National Headquarters) (National) its annual National Program Expense for the fiscal year by applying a range of percentages to the average of the annual public support and revenue (the revenue base) for the two fiscal years immediately prior to the preceding fiscal year. For purposes of determining the revenue base, in-kind contributions and investment results are excluded from the calculation. The percentages are subject to adjustment each year to ensure that the Society meets its programmatic goals and that all donor restrictions are honored. The National Program Expense for the fiscal year 2011 amounted to $3,276,221, of which 53%, or $1,736,397, was allocated to research and 47%, or $1,539,824, to National's activities in the accompanying statement of activities for the year ended September 30, 2011.

In addition, the Chapter made a $750,000 Honor Roll contribution to National during fiscal year 2011.

Prior to fiscal year 2011, the Chapter was required to remit to National approximately 40% of all unrestricted contributions (after subtracting special event allowance and local designated use funds), 50% of all unrestricted legacies and 100% of all contributions restricted for research, and amounts related to National's Promise 2010 Campaign, Honor Roll, Scholarships, and other campaigns of National. Total contributions to National during fiscal year 2010 amounted to $4,964,564, which consisted of National's share of unrestricted contributions and legacies received of $3,081,100, contributions restricted for research of $588,814 and National's Promise 2010 Campaign of $294,650, and the Chapter's Honor Roll contribution of $1,000,000.

The Chapter also participates in National's direct marketing program. Unrestricted public support received under the program by National that is attributable to New York City and Southern New York sources is credited to the Chapter at 50% of the income (net of expenses). Such public support is recorded as contributions received indirectly from National in the accompanying statement of activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recent Accounting Pronouncements

During fiscal year 2011, the Chapter adopted Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*. ASU 2010-06 amended certain of the disclosures required under ASC 820. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2, and 3 of the fair value hierarchy and present information regarding the purchases, sales, issuances, and settlements of Level 3 assets and liabilities on a gross basis

Subsequent Events

The Chapter has evaluated subsequent events through January 19, 2012, the date the financial statements were approved for issuance. No subsequent events are required to be disclosed in the financial statements.

Reclassifications

Certain accounts in the 2010 financial statements were reclassified to conform to the 2011 presentation.

NOTE 3 TAX-EXEMPT STATUS

The Chapter qualifies as a charitable organization as defined by Internal Revenue Code (IRC) Section 501(c)(3) and, accordingly, is exempt from federal income taxes under IRC Section 501(a). Additionally, since the Chapter is publicly supported, contributions made to the Chapter qualify for the maximum charitable contribution deduction under the IRC. The Chapter is also exempt from New York State and City income tax.

Management has analyzed the tax positions taken by the Chapter and has concluded that, as of September 30, 2011, there were no uncertain tax positions taken or are expected to be taken. Accordingly, no interest or penalties related to uncertain tax positions have been accrued in the accompanying financial statements.

NOTE 3 TAX-EXEMPT STATUS *(continued)*

The Chapter is subject to audits by taxing jurisdictions; however, no audits for any tax periods are currently in progress. Management believes that the Chapter is no longer subject to such audits for years ended on or prior to September 30, 2007 under federal and New York state tax jurisdictions.

NOTE 4 FAIR VALUE MEASUREMENTS

The Chapter accounts for fair value measurements under the accounting standard that establishes a hierarchy for the inputs used to measure fair value based on the nature of the data input, which generally range from quoted prices for identical instruments in a principal trading market (Level 1) to estimates determined using related market data (Level 3). Multiple inputs may be used to measure fair value.

Fair value measurements based on Level 1 inputs: Measurements that are most observable are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity.

Fair value measurements based on Level 2 inputs: Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid are considered Level 2. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks, and others.

Fair value measurements based on Level 3 inputs: Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

The Chapter's assets that are carried at fair value and based on Level 1 inputs consist of money market accounts included in cash equivalents amounting to $1,384,730 and $1,562,309 at September 30, 2011 and 2010, respectively, and financial instruments within its investment portfolio totaling $3,612,130 and $5,214,678 at September 30, 2011 and 2010, respectively (see Note 5).

NOTE 5 INVESTMENTS

The Chapter's investments at September 30, 2011 and 2010 are as follows:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Money market funds	$ 396,468	$ 396,468	$ 1,101,366	$ 1,101,366
Mutual funds				
Bond index fund	1,265,929	1,366,143	1,894,925	2,022,623
Stock index fund	1,196,929	1,250,080	1,361,697	1,445,139
Total return fund–primarily debt securities	600,000	599,439	600,000	644,438
Common stock	-	-	1,112	1,112
	$ 3,459,326	$3,612,130	$ 4,959,100	$ 5,214,678

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2011	2010
Furniture, fixtures and equipment	$ 280,964	$ 266,856
Leasehold improvements	353,224	353,224
	634,188	620,080
Less: Accumulated depreciation and amortization	389,728	325,968
Net property and equipment	$ 244,460	$ 294,112

NOTE 7 LEASES

The Chapter leases its main offices at National's premises in New York City under a non-cancellable sublease agreement with National, which expires in December 2021. The Chapter also leases office space in White Plains, New York under a non-cancelable lease, which expired in August 2011, and entered into a lease extension agreement, which will expire in October 2016.

The Chapter generally recognizes rent expense based on the straight-lining of the minimum lease payments over the respective terms of the leases and has recorded an accrued rent liability of approximately $330,000 at September 30, 2011. Office rent expense during the year was approximately $435,000.

NOTE 7 LEASES *(continued)*

Future minimum rental commitments under the sublease agreement with National, including common area maintenance costs, but excluding electricity, and the lease agreement for the White Plains office are approximately as follows:

Year Ending September 30,	Amount
2012	$ 295,000
2013	322,000
2014	329,000
2015	330,000
2016	331,000
Thereafter	1,697,000

NOTE 8 PENSION PLAN

The National Multiple Sclerosis Society, New York City Chapter Money Purchase Pension Plan (the Plan) is a non-contributory defined contribution pension plan available to all eligible employees. During fiscal year 2011, the Chapter made monthly contributions at the rate of 7% of employees' gross salaries. In accordance with the provisions of the Plan, contributions required in any given year are first offset by forfeitures of unvested Chapter contributions for terminated participants. Pension expense for the years ended September 30, 2011 and 2010 was approximately $162,000 and $164,000, respectively.

NOTE 9 ENDOWMENTS

The Chapter's endowment consists of Board designations of unrestricted net assets for specific purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Chapter does not have a donor-restricted endowment fund.

Return Objectives and Risk Parameters

The Chapter has adopted investment and spending policies for endowment assets that attempt to provide a modest and predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as provided by the Board, the endowment assets are invested in a manner that is intended to produce an average rate of return of 3% annually, assuming a moderate level of investment risk. Actual returns in any given year may vary from this average rate.

NOTE 9 ENDOWMENTS *(continued)*

Spending Policy and How the Investment Objectives Relate to Spending Policy

The investment objectives for the endowment require disciplined and consistent management philosophies that accommodate all those events which are relevant, reasonable, and probable. Accordingly, a periodic review of total rate of return and spending rate objectives is required. Extreme positions or variations in management style are not consistent with these objectives. While the Chapter does not have a formal spending policy, its spending plans are evaluated annually during the budgeting process and require approval by the Board.

NOTE 10 BOARD-DESIGNATED FUNDS AND TEMPORARILY RESTRICTED NET ASSETS

Board-Designated Funds

The activity in the Board-designated funds consisted of the following:

	Future Expansion of Patient Service Programs	Martin S. Davis Research Fellowship	Total
Balance, September 30, 2009	$ 1,398,972	$ 162,112	$ 1,561,084
Investment income–net	-	12,173	12,173
removal of designation	(1,398,972)	-	(1,398,972)
Balance, September 30, 2010	-	174,285	174,285
Investment income–net	-	5,288	5,288
Balance, September 30, 2011	$ -	$ 179,573	$ $179,573

During fiscal year 2010, the Board removed the designation for future expansion of patient service programs so that the related funds may be used for general purposes.

The Martin S. Davis Research Fellowship was established as an endowed research fellowship in memory of a former chairman of the Chapter. The fund is used to underwrite a portion of National's research activities through a fellowship selected annually by the Chapter's Board from National's list of approved grantees. There were no fellowship grants awarded in fiscal years 2011 and 2010.

NOTE 10 BOARD-DESIGNATED FUNDS AND TEMPORARILY RESTRICTED NET ASSETS *(continued)*

Temporarily Restricted Net Assets

The activity in temporarily restricted net assets consisted of the following:

	Lillian Goldman Endowment Fund	Beverly Sills Greenough and Meredith Greenough Fund	Legal Services Fund	Support Services	Janet Pearce Nursing Fund	Total
Balance, September 30, 2009	$ 397,135	$ 85,637	$ 1,205	$ -	$ 71,791	$ 555,768
Contributions	-	-	-	25,000	8,000	33,000
Investment income–net	29,822	6,431	-	-	-	36,253
Net assets released from restrictions	-	(92,068)	(1,205)	-	(400)	(93,673)
Balance, September 30, 2010	426,957	-	-	25,000	79,391	531,348
Contributions	-	-	-	-	6,000	6,000
Investment income–net	12,954	-	-	-	-	12,954
Net assets released from restrictions	-	-	-	(25,000)	(2,000)	(27,000)
Balance, September 30, 2011	$ 439,911	$ -	$ -	$ -	$ 83,391	$ 523,302

In June 2001, the Chapter received a grant from the Lillian Goldman Charitable Trust to establish the Lillian Goldman Endowment to Advance the Study and Treatment of Cognitive, Affective and Psychological Symptoms of Multiple Sclerosis. The grant agreement provides, among other things, that no portion of the grant will be used for administrative expenses or physical changes or to upgrade any facilities. The fund earns investment income at the average rate earned on the Chapter's investments in money market funds, certificates of deposit, equity and bond funds, and debt securities. Net investment income to date amounted to approximately $165,700 as of September 30, 2011.

NOTE 10 BOARD-DESIGNATED FUNDS AND TEMPORARILY RESTRICTED NET ASSETS *(continued)*

Temporarily Restricted Net Assets *(continued)*

The Beverly Sills Greenough and Meredith Greenough Multiple Sclerosis Fund was established in 2007 through temporarily restricted contributions and was used to provide crisis services to people with multiple sclerosis. Contributions totaling $105,135 and $1,855 received in fiscal years 2011 and 2010, respectively, and expensed during the respective periods were presented in the unrestricted net assets class in the accompanying statement of activities in accordance with the Chapter's accounting policy.

The Legal Services Fund was established in 1998 through temporarily restricted contributions and was used to provide legal services.

The Janet Pearce Nursing Fund was established in 2000 through temporarily restricted contributions and is used to provide education to nurses who provide services to people with multiple sclerosis.

OTHER FINANCIAL INFORMATION

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NEW YORK CITY-SOUTHERN NEW YORK CHAPTER
Schedule of Amount Due to National Headquarters
For the Year Ended September 30, 2011

Contribution to National Headquarters	
National program expense	$ 3,276,221
Honor Roll contribution	750,000
	4,026,221
Add:	
Amount due to National Headquarters for National program expense and contributions, October 1, 2010	1,237,431
National Headquarters fees for information technology and resource center	77,950
Change in carrying value of Chapter's interest in gift annuities held by National Headquarters	3,477
Other cash receipts from and disbursements to National Headquarters (net)	20,985
Less:	
Contributions received indirectly from National Headquarters	(157,001)
Sponsorships for special events received at National	(20,000)
Chapter payments to National Headquarters for National program expense and Honor Roll contribution	(5,059,176)
Amount due to National Headquarters for National program expense and contributions at end of year	129,887
Other accounts payable to National	21,793
Amount due to National Headquarters, September 30, 2011	$ 151,680

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NEW YORK CITY-SOUTHERN NEW YORK CHAPTER
Schedule of Income from Special Events
For the Year Ended September 30, 2011

	Sponsorship and Other Locally Restricted Income								
	Sponsorship								
Event	Cash	In-kind	Other Locally Restricted Income	Total Sponsorship and Other Locally Restricted Income	Campaign Income	Total Income	Direct Benefit to Donor Costs	Other Direct Costs	Total Costs Less Total Sponsorship
Walk MS	$ 168,200	$ 118,431	$ -	$ 286,631	$ 2,724,739	$ 3,011,370	$ 339,870	$ 416,735	$ 469,974
Challenge Walk	-	-	-	-	1,675	1,675	-	890	890
MS Bike	76,001	214,742	(1)	290,742	3,105,473	3,396,215	383,975	528,236	621,468
Mud Run	2,623	-	-	2,623	64,943	67,566	34,518	14,667	46,562
Dinner of Champions	-	-	-	-	493,500	493,500	104,420	38,716	143,136
Women on the MOVE	-	-	-	-	122,040	122,040	15,267	13,852	29,119
Golf	1,000	-	-	1,000	176,063	177,063	45,551	5,649	50,200
Marathon Strides	-	-	3,787	3,787	322,502	326,289	43,179	14,761	57,940
Climb to the Top	5,000	128,804	-	133,804	684,281	818,085	61,295	181,019	108,510
Race Against MS	-	-	-	-	396,131	396,131	87,257	12,605	99,862
Books for a Better Life	-	52,974	-	52,974	133,070	186,044	29,276	59,909	36,211
Ultimate Summertime Party (Manhattan Society)	-	-	101,324	101,324	-	101,324	39,053	6,933	45,986
Total	$ 252,824	$ 514,951	$ 105,110	$ 872,885	$ 8,224,417	$ 9,097,302	$ 1,183,661	$ 1,293,972	$ 1,709,858

NATIONAL MULTIPLE SCLEROSIS SOCIETY,
NEW YORK CITY-SOUTHERN NEW YORK CHAPTER
Schedule of Memberships and Contributions
For the Year Ended September 30, 2011

	Unrestricted	Temporarily Restricted	Total	Amount of In-kind Contributions Included
INDIVIDUAL CONTRIBUTIONS				
General gifts	$ 1,086,978	$ 6,000	$ 1,092,978	$ 38,000
Tributes and memorials	68,708	-	68,708	-
Total individual contributions	1,155,686	6,000	1,161,686	38,000
CORPORATE CONTRIBUTIONS				
Corporate gifts	421,470	-	421,470	19,950
Matching gifts	12,454	-	12,454	-
Tributes and memorials	1,340	-	1,340	-
Total corporate contributions	435,264	-	435,264	19,950
CONTRIBUTIONS FROM FOUNDATIONS				
Foundation gifts and grants	373,684	-	373,684	-
OTHER CAMPAIGN INCOME				
Community (third party) event income	37,828	-	37,828	-
Total memberships and contributions	$ 2,002,462	$ 6,000	$ 2,008,462	$ 57,950