NATIONAL MULTIPLE SCLEROSIS SOCIETY; CENTRAL VIRGINIA CHAPTER

Financial Statements

September 30, 2012 and 2011

Keiter
Your Opportunity Advisors

Certified Public
Accountants & Consultants
4401 Dominion Boulevard, 2nd Floor
Glen Allen, VA 23060

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NATIONAL MULTIPLE SCLEROSIS SOCIETY; CENTRAL VIRGINIA CHAPTER

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Keiter
Your Opportunity Advisors

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
National Multiple Sclerosis Society;
Central Virginia Chapter
Richmond, Virginia

We have audited the accompanying statements of financial position of the National Multiple Sclerosis Society, Central Virginia Chapter (the "Chapter") as of September 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows 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. These standards require that we plan and perform the audits 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 National Multiple Sclerosis Society, Central Virginia Chapter as of September 30, 2012 and 2011, 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.

Keiter

December 17, 2012
Glen Allen, Virginia

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NATIONAL MULTIPLE SCLEROSIS SOCIETY; CENTRAL VIRGINIA CHAPTER

Statements of Financial Position
September 30, 2012 and 2011

Assets	2012	2011
Current assets:		
Cash and cash equivalents	$ 526,395	$ 464,649
Special events receivable	28,843	11,875
Contributions receivable	-	470
Due from affiliates	34,926	12,980
Other receivables	-	2,901
Prepaid expenses	2,337	7,537
Total current assets	592,501	500,412
Deposit	4,140	4,140
Due from National - gift annuity	1,816	-
Furniture and equipment - net	22,752	8,436
Total assets	$ 621,209	$ 512,988

Liabilities and Net Assets		
Current liabilities:		
Due National Multiple Sclerosis Society	$ 38,032	$ 34,903
Accounts payable	20,244	10,488
Accrued expenses	60,037	66,135
Deferred revenue	215,158	182,555
Total current liabilities	333,471	294,081
Long-term liabilities:		
Due National Multiple Sclerosis Society-long term	71,023	107,989
Total liabilities	404,494	402,070
Net Assets:		
Unrestricted	206,097	75,365
Temporarily restricted	10,618	35,553
Total net assets	216,715	110,918
Total net assets and liabilities	$ 621,209	$ 512,988

See accompanying notes to financial statements.

NATIONAL MULTIPLE SCLEROSIS SOCIETY; CENTRAL VIRGINIA CHAPTER

Statements of Activities
Years Ended September 30, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and other support:						
Public revenue:						
Received directly:						
Special Events (includes in-kind donations of $48,605 and $30,546 in 2012 and 2011, respectively)	$ 1,130,853	$ 6,500	$ 1,137,353	$ 1,022,494	$ -	$ 1,022,494
Less - benefit to donor costs	(152,885)	-	(152,885)	(133,331)	-	(133,331)
	977,968	6,500	984,468	889,163	-	889,163
Membership and contributions (includes in-kind donations of $18,420 and $3,600 in 2012 and 2011, respectively)	77,907	25,609	103,516	56,852	36,424	93,276
Legacies - received from Chapter	93,954	-	93,954	140,939	-	140,939
Received at National (other than legacies)	20,373	-	20,373	23,684	-	23,684
Total received directly	1,170,202	32,109	1,202,311	1,110,638	36,424	1,147,062
Received indirectly:						
Combined federal service campaign	14,117	-	14,117	14,524	-	14,524
Federated fundraising organizations	6,808	-	6,808	5,555	-	5,555
Total received indirectly	20,925	-	20,925	20,079	-	20,079
Total public revenue	1,191,127	32,109	1,223,236	1,130,717	36,424	1,167,141
Other revenue:						
Interest income	2	-	2	4	-	4
Service program fees	65	-	65	1,195	-	1,195
Total other revenue	67	-	67	1,199	-	1,199
Net assets released from restrictions	57,044	(57,044)	-	36,352	(36,352)	-
Total revenue	$ 1,248,238	$ (24,935)	$ 1,223,303	$ 1,168,268	$ 72	$ 1,168,340

See accompanying notes to financial statements.

NATIONAL MULTIPLE SCLEROSIS SOCIETY; CENTRAL VIRGINIA CHAPTER

Statements of Activities, Continued
Years Ended September 30, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Expenses:						
Program services:						
Research	$ 195,078	$ -	$ 195,078	$ 166,465	$ -	$ 166,465
Public support to National	153,276	-	153,276	147,619	-	147,619
Client services	224,039	-	224,039	205,820	-	205,820
Community services	133,738	-	133,738	158,040	-	158,040
Professional education and training	52,849	-	52,849	55,804	-	55,804
Public education	109,163	-	109,163	121,477	-	121,477
Total program services	868,143	-	868,143	855,225	-	855,225
Supporting services:						
Fundraising	179,291	-	179,291	130,466	-	130,466
Management and general	70,072	-	70,072	85,951	-	85,951
Total supporting services	249,363	-	249,363	216,417	-	216,417
Total expenses	1,117,506	-	1,117,506	1,071,642	-	1,071,642
Change in net assets	130,732	(24,935)	105,797	96,626	72	96,698
Net assets - beginning of year	75,365	35,553	110,918	(21,261)	35,481	14,220
Net assets - end of year	$ 206,097	$ 10,618	$ 216,715	$ 75,365	$ 35,553	$ 110,918

See accompanying notes to financial statements.

NATIONAL MULTIPLE SCLEROSIS SOCIETY; CENTRAL VIRGINIA CHAPTER

Statements of Functional Expenses
Year Ended September 30, 2012

	Program Services							Supporting Services				
	Research	National Activities	Client Services	Community Services	Professional Education and Training	Public Education	Total	Fund-raising	Management and General	Total	Benefit to Donor Costs	Total
Expenses:												
Salaries	$ -	$ -	$ 86,236	$ 78,245	$ 31,890	$ 65,186	$ 261,557	$ 65,999	$ 42,396	$ 108,395	$ -	$ 369,952
Employee benefits	-	-	10,217	9,270	3,778	7,723	30,988	7,819	5,023	12,842	-	43,830
Payroll taxes	-	-	6,655	6,039	2,461	5,031	20,186	5,094	3,272	8,366	-	28,552
Total salaries and related expenses	-	-	103,108	93,554	38,129	77,940	312,731	78,912	50,691	129,603	-	442,334
Printing and artwork	-	-	1,155	187	201	906	2,449	4,365	81	4,446	-	6,895
Postage and shipping	-	-	770	352	139	926	2,187	2,326	184	2,510	-	4,697
Telephone	-	-	4,564	2,429	978	1,999	9,970	2,027	1,300	3,327	-	13,297
Office supplies and expense	-	-	1,818	1,596	632	1,291	5,337	2,209	840	3,049	21,885	30,271
Advertising	-	-	-	-	-	-	-	42,410	-	42,410	-	42,410
Professional fees	-	-	29,147	8,087	3,235	6,613	47,082	10,774	4,301	15,075	1,448	63,605
Travel	-	-	8,301	5,656	1,272	2,600	17,829	11,328	1,691	13,019	79,096	109,944
Meetings	-	-	4,933	2,525	392	801	8,651	2,013	521	2,534	-	11,185
Occupancy	-	-	12,345	11,201	4,565	9,331	37,442	9,448	6,069	15,517	1,710	54,669
Insurance	-	-	1,240	1,125	459	938	3,762	949	610	1,559	-	5,321
Furniture and equipment	-	-	1,654	1,501	612	1,250	5,017	1,266	813	2,079	2,291	9,387
Prizes and awards	-	-	663	279	97	198	1,237	425	129	554	34,932	36,723
Miscellaneous	-	-	3,840	3,212	1,309	2,676	11,037	9,124	1,740	10,864	11,523	33,424
Disbursements for individuals with MS	-	-	48,260	-	-	-	48,260	-	-	-	-	48,260
Depreciation	-	-	2,241	2,034	829	1,694	6,798	1,715	1,102	2,817	-	9,615
Functionalized National program expense	195,078	-	-	-	-	-	195,078	-	-	-	-	195,078
Total expense before public support to National	195,078	-	224,039	133,738	52,849	109,163	714,867	179,291	70,072	249,363	152,885	1,117,115
Public support to National	-	153,276	-	-	-	-	153,276	-	-	-	-	153,276
Total expenses	$ 195,078	$ 153,276	$ 224,039	$ 133,738	$ 52,849	$ 109,163	$ 868,143	$ 179,291	$ 70,072	$ 249,363	$ 152,885	1,270,391
Less- direct benefit to donor costs												(152,885)
Total expenses as reported on the statement of activities												$ 1,117,506

See accompanying notes to financial statements.

NATIONAL MULTIPLE SCLEROSIS SOCIETY; CENTRAL VIRGINIA CHAPTER

Statements of Functional Expenses
Year Ended September 30, 2011

	Program Services							Supporting Services				
	Research	National Activities	Client Services	Community Services	Professional Education and Training	Public Education	Total	Fund-raising	Management and General	Total	Benefit to Donor Costs	Total
Expenses:												
Salaries	$ -	$ -	$ 86,575	$ 93,175	$ 33,776	$ 69,493	$ 283,019	$ 53,187	$ 52,023	$ 105,210	$ -	$ 388,229
Payroll taxes	-	-	12,601	13,561	4,916	10,115	41,193	7,741	7,572	15,313	-	56,506
Employee benefits	-	-	6,867	7,390	2,679	5,512	22,448	4,219	4,126	8,345	-	30,793
Total salaries and related expenses	-	-	106,043	114,126	41,371	85,120	346,660	65,147	63,721	128,868	-	475,528
Printing and artwork	-	-	2,091	1,023	345	1,116	4,575	8,440	531	8,971	-	13,546
Postage and shipping	-	-	1,145	203	81	341	1,770	2,650	124	2,774	-	4,544
Telephone	-	-	3,062	2,424	831	1,710	8,027	1,528	1,280	2,808	-	10,835
Office supplies and expense	-	-	1,343	977	392	807	3,519	1,137	604	1,741	20,855	26,115
Advertising	-	-	22	24	9	6,098	6,153	14,201	13	14,214	-	20,367
Professional fees	-	-	26,585	11,832	3,611	7,429	49,457	9,007	5,561	14,568	3,259	67,284
Travel	-	-	3,974	4,375	1,144	2,354	11,847	6,566	1,763	8,329	71,067	91,243
Meetings	-	-	1,200	1,391	156	322	3,069	558	241	799	5,136	9,004
Occupancy	-	-	10,869	11,698	4,240	8,725	35,532	6,678	6,531	13,209	2,916	51,657
Insurance	-	-	1,175	1,264	458	943	3,840	722	706	1,428	-	5,268
Furniture and equipment	-	-	2,491	2,681	972	2,000	8,144	2,347	1,497	3,844	2,594	14,582
Prizes and awards	-	-	121	102	37	76	336	550	57	607	26,874	27,817
Miscellaneous	-	-	2,721	2,901	1,063	2,184	8,869	9,212	1,635	10,847	630	20,346
Disbursements for individuals with MS	-	-	40,173	-	-	-	40,173	-	-	-	-	40,173
Depreciation	-	-	2,805	3,019	1,094	2,252	9,170	1,723	1,687	3,410	-	12,580
Functionalized National program expense	166,465	-	-	-	-	-	166,465	-	-	-	-	166,465
Total expense before public support to National	166,465	-	205,820	158,040	55,804	121,477	707,606	130,466	85,951	216,417	133,331	1,057,354
Public support to National	-	147,619	-	-	-	-	147,619	-	-	-	-	147,619
Total expenses	$ 166,465	$ 147,619	$ 205,820	$ 158,040	$ 55,804	$ 121,477	$ 855,225	$ 130,466	$ 85,951	$ 216,417	$ 133,331	1,204,973
Less- direct benefit to donor costs												(133,331)
Total expenses as reported on the statement of activities												$ 1,071,642

See accompanying notes to financial statements.

NATIONAL MULTIPLE SCLEROSIS SOCIETY; CENTRAL VIRGINIA CHAPTER

Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	$ 105,797	$ 96,698
Adjustments to reconcile to net cash from operating activities:		
Depreciation	9,615	12,580
Gift annuities held by National	(1,816)	-
Loss on disposal of equipment	-	1,587
Changes in operating assets and liabilities:		
Receivables	(35,543)	66,993
Prepaid expenses	5,200	(1,003)
Deposits	-	5,908
Due National Multiple Sclerosis Society	(33,837)	(67,909)
Accounts payable	9,756	(4,928)
Accrued expenses	(6,098)	36,320
Deferred revenue	32,603	165,493
Net cash provided by operating activities	85,677	311,739
Cash flows from investing activities:		
Purchase of property and equipment	(23,931)	-
Proceeds from sale of equipment	-	372
Net cash (used in) provided by investing activities	(23,931)	372
Net change in cash and cash equivalents	61,746	312,111
Cash and cash equivalents, beginning of year	464,649	152,538
Cash and cash equivalents, end of year	$ 526,395	$ 464,649

See accompanying notes to financial statements.

NATIONAL MULTIPLE SCLEROSIS SOCIETY; CENTRAL VIRGINIA CHAPTER

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies:

Nature of Activities: National Multiple Sclerosis Society; Central Virginia Chapter (the "Chapter") is a not-for-profit voluntary health agency established in 1964 which raises funds in central Virginia to provide services to people with multiple sclerosis, supports multiple sclerosis research through its national organization ("National Headquarters") 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 individuals who have multiple sclerosis. The Chapter is located in the central area of Virginia and is dependent on the economic health of the area in order to maintain a consistent level of donations.

Financial Statement Presentation: The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United Stated of America and standards adopted by the National Health Council and National Assembly for Social Policy and Development.

Basis of Accounting: The Chapter is required to report information regarding its financial position and activities according to these three classes of net assets:

> *Unrestricted net assets* are net assets that are not subject to donor-imposed stipulations.
>
> *Temporarily restricted net assets* are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Chapter and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. 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.
>
> *Permanently restricted net assets* are subject to donor-imposed stipulations that they be maintained permanently by the Chapter to use all or part of the income earned on any related investments for general or specific purposes. The Chapter had no permanently restricted net assets at September 30, 2012 and 2011.

Use of Estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual events and circumstances could alter those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Chapter considers all highly liquid instruments purchased with a maturity of three months or less to be cash and equivalents.

1. Nature of Activities and Significant Accounting Policies, Continued:

Furniture and Equipment: Furniture and equipment are recorded at cost for purchased assets and at fair market value at the date of receipt for contributed assets. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. The Chapter's policy is to capitalize eligible items over $500.

Revenue Recognition: Contributions are recorded as revenue when received or when pledges are made. All contributions are available for unrestricted use unless specifically restricted by the donor. 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. Sponsorship income received that is refundable if the event does not occur is recorded as deferred revenue until the event occurs.

Recognition of Donor Restrictions: Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction.

Donated Services: The Chapter records revenue and corresponding expenses for donated administrative services, advertising services and donated facilities at fair market value. The Chapter records donated goods as a contribution and a corresponding expense.

In addition, a number of volunteers have donated significant contributions of their time to the Chapter's program services and supporting services. The value of this contributed time is not reflected in these statements because the criteria for recognition under generally accepted accounting principles (GAAP), had not been satisfied, or the total value of the service was not significant.

Leveraged Funds: The Chapter has committed to address the financial impact of MS on individuals and families. Enhancing the value of Society funds provided via our financial assistance program by leveraging funds from other sources is one very effective way to address the financial needs of clients and also demonstrates the benefit of collaborations and partnerships in addressing those needs. During the course of fiscal year 2012 the chapter was able to leverage $6,609 on behalf of members.

Functional Expenses: Expenses are charged to each program based on direct expenditures incurred. Other program expenditures not directly chargeable are allocated to a program based on staff time analysis.

1. Nature of Activities and Significant Accounting Policies, Continued:

Research and National Activities Expense: In January 2010, the Society's National Board of Directors approved a change in the policy for calculating each chapter's national program expense effective fiscal year 2011. This change was approved to simplify the formula, to reduce redundancies, internal reconciliations and billings, and to improve budgeting and planning. Under the new policy, the National Headquarters calculates the national program expense for each chapter in advance of the fiscal year after a complete review by the Budget Review Committee and National Board. The chapter's national program expense is calculated using the average of the previous two year's audited results as the revenue base. The remittance percentage is subject to adjustment each year to ensure that the National Headquarters meets its programmatic goals and that all donor restrictions are honored. For the fiscal year ending September 30, 2012, the Chapter is required to remit 31% of the first $3 million in revenue, 35% of any revenue between $3 and $5 million, and 36% of any revenue in excess of $5 million to National. In fiscal year 2012, the Chapter's national program expense under the policy was calculated to be $348,355. The $109,055 due to National at September 30, 2012, is to be repaid over the next three years resulting in $38,032 being classified as a current liability and $71,023 being classified as a long-term liability on the accompanying statement of financial position.

For the fiscal year ending September 30, 2011, the Chapter was required to remit 26.5% of the first $3 million in revenue, 30.5% of any revenue between $3 and $5 million, and 31.5% of any revenue in excess of $5 million to National. In fiscal year 2011, the Chapter's national program expense under the policy was calculated to be $314,084. The $141,589 due to National at September 30, 2011, was to be repaid over the next four years resulting in $33,600 being classified as a current liability and $107,989 being classified as a long-term liability on the accompanying statement of financial position.

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 50% of the net revenue from the program. These amounts are recorded as contributions received from National in the accompanying statements of activities.

In addition to contributions remitted to National Headquarters, the Chapter also participates in the funding of National Headquarters' research campaign, certain specific research grants approved by National Headquarters and other National Headquarters activities. There were no additional contributions to National Headquarters for 2012 or 2011.

In fiscal year 2013, the chapter's national program expense will be $396,861. By setting the chapter's national program expense in advance, the chapters and the national organization are in a better position to control resources through their respective budgeting and planning processes.

1. Nature of Activities and Significant Accounting Policies, Continued:

Tax Status: The Chapter has qualified as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the Commonwealth of Virginia.

Income Tax Uncertainties: The Chapter follows Financial Accounting Standards Board (FASB) guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected be taken in the course of preparing the Chapter's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-then-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Chapter's tax position and concluded that the Chapter had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Chapter's income tax returns for years since 2009 remain open for examination by tax authorities. The Chapter is not currently under audit by any tax jurisdiction.

Concentration of Credit Risk: Financial instruments which potentially subject the Chapter to concentrations of credit risk consist principally of cash and cash equivalents and receivables.

The Chapter maintains its cash balances at a financial institution that is insured by the Federal Deposit Insurance Corporation (FDIC). The Chapter periodically has funds in excess of insured limits.

Concentration of credit risk with respect to receivables is limited due to the large number of individual accounts.

Advertising: The Chapter expenses advertising costs as incurred.

Reclassifications: Certain prior year balances have been reclassified to conform with the current year presentation.

Subsequent Events: Management has evaluated subsequent events through December 17, 2012 and has determined there are no subsequent events to be reported in the accompanying financial statements.

2. Contributions:

Public support includes the following contributions, legacies and bequests received at National from Central Virginia sources for the years ended September 30:

	2012	2011
General contributions	$ 20,373	$ 23,684

During the years ended September 30, 2012 and 2011, the Chapter received contributions of $34,599 and $177,363, respectively, which were restricted by the donors to be used solely for local chapter services and sponsorship for special events.

3. Property and Equipment:

Below is a summary of property and equipment and accumulated depreciation at September 30:

	2012	2011
Furniture, fixtures and equipment	$ 1,495	$ 8,996
Office equipment	61,201	66,464
	62,696	75,460
Less accumulated depreciation	(39,944)	(67,024)
	$ 22,752	$ 8,436

Depreciation expense amounted to $9,615 and $12,580 for 2012 and 2011, respectively.

4. Lease Commitments:

The Chapter entered into a new lease for office space, which contains a rent holiday, on September 1, 2010. Under this long-term agreement expiring January 31, 2016, the total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited to accrued expenses in the accompanying statement of financial position.

The Chapter also leases a copier and postage machine under lease agreements which expire on September 30, 2016 and January 31, 2015, respectively.

4. Lease Commitments, Continued:

The future minimum lease payments under the lease agreements consist of the following at September 30, 2012:

2013	$ 54,208
2014	54,208
2015	53,466
2016	20,700
	$ 182,582

5. Pension Plan:

The Chapter participates in the Society's noncontributory Defined Contribution Retirement Plan, which covers substantially all of the Chapter's employees, based on defined eligibility for covered employees. Temporary employees and independent contractors are not eligible. Employees become eligible on the first day of the first month after beginning employment and all covered employees receive a contribution on September 30 each year. Employees are fully vested at the end of five years. The contribution rate for the years ended September 30, 2012 and 2011, as determined by the Society's President & Chief Executive Officer was 3% of gross annual salary. The pension expense incurred by the Chapter related to this plan for the years ended September 30, 2012 and 2011 was $9,919 and $10,647 respectively.

6. Joint Costs:

During the year ending September 30, 2011, the Chapter incurred joint costs for information materials and activities that included fundraising appeals of $22,749. Such costs were allocated in accordance with the requirement of the American Institute of Certified Public Accountants. Of these costs, $16,520 was allocated to fundraising, and $6,229 was allocated to public education for 2011. The Chapter did not incur any joint costs for the year ending September 30, 2012.

7. Related Parties:

From time to time, other chapters receive donated funds and share expenses for joint events with the Chapter. In addition, other chapters reimburse certain expenses to the Chapter. These expenses include salary and benefit expenses for certain shared employees and other operational expenses primarily related to advocacy activities. At September 30, 2012, the balance due from other chapters for joint events and operational expenses was $34,926. During the year the Chapter incurred $34,926 in operational expenses which are reimbursed by other chapters.

8. Gift Annuity:

The Society is the beneficiary in a number of split-interest agreements with donors, whereby National Headquarters controls and invests the donated assets and shares with the donor or the donor's designee income generated from these assets until such time as stated in the agreement (usually upon the death of the donor or the donor's designee). In prior years through the year ended September 30, 2011, the residual assets under these agreements were shared between the chapter designated by the donor and National Headquarters, generally at 60% for the chapter and 40% for National Headquarters, unless otherwise designated by the donor.

Effective fiscal year 2012, the Chapter Relations Committee (CRC) of the Board of Directors of the Society adopted a new policy which allocates 100% of the residual assets to the chapter in a split-interest agreement where a chapter is designated as a beneficiary by the donor. The CRC also applied the policy to all such agreements entered into as of September 30, 2011, resulting in the reallocation, during fiscal year 2012, to the chapters of the portion of contributions previously credited to National Headquarters as of that date. National Headquarters continues to hold, manage, invest and control the donated assets.

The contributions allocated to the Chapter under split-interest agreements for the year ended September 30, 2012 was $1,816.