
NATIONAL MULTIPLE SCLEROSIS SOCIETY
BLUE RIDGE CHAPTER
Charlottesville, Virginia
FINANCIAL REPORT
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ STAUNTON □ BLACKSBURG



NATIONAL MULTIPLE SCLEROSIS SOCIETY
BLUE RIDGE CHAPTER
Charlottesville, Virginia

FINANCIAL REPORT

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Board of Directors
National Multiple Sclerosis Society, Blue Ridge Chapter
Charlottesville, Virginia

We have audited the accompanying financial statements of the National Multiple Sclerosis Society, Blue Ridge Chapter (a nonprofit organization) which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Multiple Sclerosis Society, Blue Ridge Chapter as of September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 19, 2014

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- Financial Statements -

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NATIONAL MULTIPLE SCLEROSIS SOCIETY
BLUE RIDGE CHAPTER

Statements of Financial Position
As of September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 123,013	\$ 78,905
Investments-at market plus accrued interest	-	8
Contributions receivable	56,762	27,836
Contributions receivable from home office	2,692	9,005
Due from other chapters	838	-
Prepaid expenses and other assets	14,488	20,575
Total current assets	<u>\$ 197,793</u>	<u>\$ 136,329</u>
Noncurrent Assets:		
Furniture and equipment, at cost, net of accumulated depreciation	\$ 6,979	\$ 9,771
Due from home office - Charitable remainder trusts	866	1,232
Total noncurrent assets	<u>\$ 7,845</u>	<u>\$ 11,003</u>
Total assets	<u><u>\$ 205,638</u></u>	<u><u>\$ 147,332</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Due to home office:		
Other payables to home office	\$ 659	\$ 1,666
Due to other Chapters	33,044	23,254
Accounts payable and accrued expenses	112,574	123,661
Deferred revenue	665	286
Total liabilities	<u>\$ 146,942</u>	<u>\$ 148,867</u>
Net Assets:		
Unrestricted	\$ 32,540	\$ (1,535)
Temporarily restricted	26,156	-
Total net assets	<u>\$ 58,696</u>	<u>\$ (1,535)</u>
Total liabilities and net assets	<u><u>\$ 205,638</u></u>	<u><u>\$ 147,332</u></u>

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

NATIONAL MULTIPLE SCLEROSIS SOCIETY
BLUE RIDGE CHAPTER

Statements of Activities
Years Ended September 30, 2014 and 2013

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
Public support				
Received directly:				
Special Events (includes in-kind donations of \$75,585 in 2014 & \$70,290 in 2013)	\$ 1,335,475	\$ -	\$ 1,335,475	\$ 1,622,267
Less benefit to donor costs	(180,272)	-	(180,272)	(239,164)
Net special events	\$ 1,155,203	\$ -	\$ 1,155,203	\$ 1,383,103
Contributions (includes in-kind donations of \$0 in 2014 & \$0 in 2013)	\$ 199,995	\$ 26,156	\$ 226,151	\$ 214,865
Legacies	6,919	-	6,919	-
Total received directly	\$ 1,362,117	\$ 26,156	\$ 1,388,273	\$ 1,597,968
Received indirectly:				
Federated fundraising organizations	\$ -	\$ -	\$ -	\$ 7,476
Total public support	\$ 1,362,117	\$ 26,156	\$ 1,388,273	\$ 1,605,444
Other revenue				
Investment income	\$ 99	\$ -	\$ 99	\$ 15,158
Service program fees	5,005	-	5,005	6,845
Subsidy income	386,667	-	386,667	42,830
Total other revenue	\$ 391,771	\$ -	\$ 391,771	\$ 64,833
Total revenue	\$ 1,753,888	\$ 26,156	\$ 1,780,044	\$ 1,670,277
Expenses				
Program services:				
Research	\$ 400,393	\$ -	\$ 400,393	\$ 385,701
Society Activities	289,940	-	289,940	303,050
Client programs	384,046	-	384,046	541,102
Community programs	164,466	-	164,466	166,900
Professional education and training	15,774	-	15,774	50,699
Public education	185,486	-	185,486	159,266
Total program services	\$ 1,440,105	\$ -	\$ 1,440,105	\$ 1,606,718
Supporting services:				
Fundraising	\$ 179,741	\$ -	\$ 179,741	\$ 285,468
Management and general	99,967	-	99,967	237,953
Total supporting services	\$ 279,708	\$ -	\$ 279,708	\$ 523,421
Total expenses	\$ 1,719,813	\$ -	\$ 1,719,813	\$ 2,130,139
Change in net assets	\$ 34,075	\$ 26,156	\$ 60,231	\$ (459,862)
Net assets, beginning of year	(1,535)	-	(1,535)	458,327
Net assets, end of year	\$ 32,540	\$ 26,156	\$ 58,696	\$ (1,535)

The accompanying notes to the financial statements are an integral part of this statement.

NATIONAL MULTIPLE SCLEROSIS SOCIETY
BLUE RIDGE CHAPTER

Statements of Cash Flows
Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 60,231	\$ (459,862)
Adjustments to reconcile change in net assets provided by (used for) operating activities:		
Depreciation	2,792	2,792
Net realized and unrealized (gain) loss on investments	-	(9,920)
Due from home office - charitable remainder trusts	366	372
Changes in operating assets and liabilities:		
Contributions receivable	(28,926)	77,396
Contributions receivable from home office	6,313	(9,005)
Due from other chapters	(838)	-
Prepaid expenses	6,087	(8,933)
Due to home office	(1,007)	(232,006)
Due to other chapters	9,790	2,616
Accounts payable and accrued expenses	(11,087)	39,608
Deferred revenue	379	286
Net cash provided by (used for) operating activities	<u>\$ 44,100</u>	<u>\$ (596,656)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	<u>\$ 8</u>	<u>\$ 401,528</u>
Net cash provided by (used for) investing activities	<u>\$ 8</u>	<u>\$ 401,528</u>
Net increase (decrease) in cash and cash equivalents	\$ 44,108	\$ (195,128)
Cash and cash equivalents, beginning of year	<u>78,905</u>	<u>274,033</u>
Cash and cash equivalents, end of year	<u><u>\$ 123,013</u></u>	<u><u>\$ 78,905</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

NATIONAL MULTIPLE SCLEROSIS SOCIETY
BLUE RIDGE CHAPTER

Statement of Functional Expenses
Year Ended September 30, 2014

	Program Services				
	Research	Society Activities	Client Programs	Community Programs	Professional Education & Training
Salaries	\$ -	\$ -	\$ 160,934	\$ 97,773	\$ 9,934
Employee benefits	-	-	24,328	14,780	1,502
Payroll taxes	-	-	11,805	7,172	729
Total salaries and related expenses	\$ -	\$ -	\$ 197,067	\$ 119,725	\$ 12,165
Printing	-	-	2,066	632	46
Postage & shipping	-	-	4,424	1,433	125
Telephone	-	-	7,007	3,627	369
Supplies	-	-	4,087	1,578	157
Dues & memberships	-	-	885	213	22
Professional & other contract service fees	-	-	16,063	5,196	526
Travel	-	-	8,827	4,891	117
Meetings	-	-	65,915	10,625	567
Occupancy	-	-	21,598	13,122	1,333
Furniture & equipment	-	-	1,898	1,152	117
Direct financial assistance	-	-	48,427	-	-
Awards and prizes	-	-	859	17	1
Miscellaneous	-	-	4,064	1,732	176
Depreciation	-	-	859	523	53
Chapter support of Society Research Investment	400,393	-	-	-	-
Total expenses before Chapter Support of Society Activities	\$ 400,393	\$ -	\$ 384,046	\$ 164,466	\$ 15,774
Chapter Support of Society Activities	-	289,940	-	-	-
Total expenses	\$ 400,393	\$ 289,940	\$ 384,046	\$ 164,466	\$ 15,774

Less direct benefit to donor costs

Total expenses as reported on the statement of activities

The accompanying notes to the financial statements are an integral part of this statement.

Program Services		Supporting Services		Total	Benefit to	Total
Public	Total	Fundraising	Management	Programs	Donor	Expenses
Education			& General	and	Costs	
				Support		
\$ 109,067	\$ 377,708	\$ 80,833	\$ 64,311	\$ 522,852	\$ -	\$ 522,852
16,487	57,097	12,219	9,722	79,038	-	79,038
8,000	27,706	5,929	4,717	38,352	-	38,352
<u>\$ 133,554</u>	<u>\$ 462,511</u>	<u>\$ 98,981</u>	<u>\$ 78,750</u>	<u>\$ 640,242</u>	<u>\$ -</u>	<u>\$ 640,242</u>
10,991	13,735	12,544	299	26,578	-	26,578
7,485	13,467	8,795	808	23,070	-	23,070
4,046	15,049	2,999	2,386	20,434	-	20,434
1,728	7,550	3,875	1,035	12,460	2,365	14,825
237	1,357	198	140	1,695	-	1,695
5,780	27,565	5,549	3,408	36,522	-	36,522
1,282	15,117	16,126	1,122	32,365	30,944	63,309
1,933	79,040	8,458	1,140	88,638	20	88,658
14,637	50,690	10,848	8,631	70,169	66,107	136,276
1,286	4,453	953	758	6,164	-	6,164
-	48,427	-	-	48,427	-	48,427
13	890	1,641	8	2,539	16,545	19,084
1,932	7,904	8,342	1,139	17,385	64,291	81,676
582	2,017	432	343	2,792	-	2,792
-	400,393	-	-	400,393	-	400,393
<u>\$ 185,486</u>	<u>\$ 1,150,165</u>	<u>\$ 179,741</u>	<u>\$ 99,967</u>	<u>\$ 1,429,873</u>	<u>\$ 180,272</u>	<u>\$ 1,610,145</u>
-	289,940	-	-	289,940	-	289,940
<u>\$ 185,486</u>	<u>\$ 1,440,105</u>	<u>\$ 179,741</u>	<u>\$ 99,967</u>	<u>\$ 1,719,813</u>	<u>\$ 180,272</u>	<u>\$ 1,900,085</u>
						(180,272)
						<u>\$ 1,719,813</u>

NATIONAL MULTIPLE SCLEROSIS SOCIETY
BLUE RIDGE CHAPTER

Statement of Functional Expenses
Year Ended September 30, 2013

	Program Services				
	Research	Society Activities	Client Programs	Community Programs	Professional Education & Training
Salaries	\$ -	\$ -	\$ 244,585	\$ 101,498	\$ 31,662
Employee benefits	-	-	37,106	15,402	4,801
Payroll taxes	-	-	22,621	9,390	2,927
Total salaries and related expenses	\$ -	\$ -	\$ 304,312	\$ 126,290	\$ 39,390
Printing	-	-	7,725	1,252	387
Postage & shipping	-	-	9,639	3,803	547
Telephone	-	-	7,983	2,965	924
Supplies	-	-	4,562	1,787	539
Dues & memberships	-	-	4,138	1,706	528
Professional & other contract service fees	-	-	34,555	5,665	2,514
Travel	-	-	8,285	2,270	611
Meetings	-	-	45,307	7,069	866
Occupancy	-	-	25,992	10,789	3,363
Furniture & equipment	-	-	2,167	899	280
Direct financial assistance	-	-	79,441	-	-
Awards and prizes	-	-	1,173	-	-
Miscellaneous	-	-	4,787	1,975	616
Depreciation	-	-	1,036	430	134
Chapter support of Society Research Investment	385,701	-	-	-	-
Total expenses before Chapter Support of Society Activities	\$ 385,701	\$ -	\$ 541,102	\$ 166,900	\$ 50,699
Chapter Support of Society Activities	-	303,050	-	-	-
Total expenses	<u>\$ 385,701</u>	<u>\$ 303,050</u>	<u>\$ 541,102</u>	<u>\$ 166,900</u>	<u>\$ 50,699</u>

Less direct benefit to donor costs

Total expenses as reported on the statement of activities

The accompanying notes to the financial statements are an integral part of this statement.

Program Services		Supporting Services		Total	Benefit to	Total
Public	Total	Fundraising	Management	Programs	Donor	Expenses
Education			& General	and	Costs	
				Support		
\$ 92,971	\$ 470,716	\$ 122,538	\$ 200,849	\$ 794,103	\$ -	\$ 794,103
14,102	71,411	18,603	10,002	100,016	-	100,016
8,597	43,535	11,341	6,097	60,973	-	60,973
<u>\$ 115,670</u>	<u>\$ 585,662</u>	<u>\$ 152,482</u>	<u>\$ 216,948</u>	<u>\$ 955,092</u>	<u>\$ -</u>	<u>\$ 955,092</u>
12,823	22,187	34,641	806	57,634	-	57,634
3,901	17,890	19,167	1,139	38,196	-	38,196
2,715	14,587	3,582	1,926	20,095	-	20,095
1,584	8,472	6,033	1,123	15,628	5,405	21,033
1,550	7,922	2,353	1,099	11,374	-	11,374
5,170	47,904	12,196	3,667	63,767	-	63,767
1,229	12,395	19,591	872	32,858	111,108	143,966
1,721	54,963	9,552	1,221	65,736	3,822	69,558
9,878	50,022	13,031	7,006	70,059	52,947	123,006
823	4,169	1,086	584	5,839	-	5,839
-	79,441	-	-	79,441	-	79,441
-	1,173	1,810	-	2,983	53,444	56,427
1,808	9,186	9,425	1,283	19,894	12,438	32,332
394	1,994	519	279	2,792	-	2,792
-	385,701	-	-	385,701	-	385,701
<u>\$ 159,266</u>	<u>\$ 1,303,668</u>	<u>\$ 285,468</u>	<u>\$ 237,953</u>	<u>\$ 1,827,089</u>	<u>\$ 239,164</u>	<u>\$ 2,066,253</u>
-	303,050	-	-	303,050	-	303,050
<u>\$ 159,266</u>	<u>\$ 1,606,718</u>	<u>\$ 285,468</u>	<u>\$ 237,953</u>	<u>\$ 2,130,139</u>	<u>\$ 239,164</u>	<u>\$ 2,369,303</u>
						(239,164)
						<u>\$ 2,130,139</u>

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NATIONAL MULTIPLE SCLEROSIS SOCIETY - BLUE RIDGE CHAPTER

Notes to Financial Statements September 30, 2014 and 2013

NOTE 1 - ORGANIZATION:

The National Multiple Sclerosis Society (the "Society") is a not-for-profit voluntary health and welfare agency that helps each person address the challenges of living with MS through a 50-state network of chapters. The Blue Ridge Chapter (the "Chapter") raises funds in northwest, southwest and central Virginia, the entire state of West Virginia, and eastern Kentucky to fund cutting-edge research, drive change through advocacy, facilitate professional education, and provide programs and services that help people with MS and their families move their lives forward.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation:

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Chapter and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to any donor-imposed stipulations. At September 30, 2014 and 2013, the Chapter had unrestricted net assets of \$32,540 and (\$1,535), respectively.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Chapter or the passage of time. At September 30, 2014 and 2013, the Chapter had temporarily restricted net assets of \$26,156 and \$0, respectively.

Permanently restricted net assets - Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Chapter. Generally, the donors permit the Chapter to use all or part of the income earned for either general or donor-specific purposes. At September 30, 2014 and 2013, the Chapter had no permanently restricted net assets.

The Chapter reports gifts of land, buildings, and equipment as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Chapter reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Investments:

Investments are stated at fair value. Investment income represents realized and unrealized gains and losses, earned interest, and dividends. Donated investments are recorded as contributions at their fair value at date of gift.

NATIONAL MULTIPLE SCLEROSIS SOCIETY - BLUE RIDGE CHAPTER

Notes to Financial Statements
September 30, 2014 and 2013 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Property and Equipment:

The Chapter follows the practice of capitalizing all expenditures for property and equipment with a cost more than \$2,000 and an estimated useful life greater than one year. Property and equipment are stated at cost, and consist of furniture and equipment. Depreciation is provided using the straight-line method over estimated useful lives which is five years.

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 are 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 and other specific factors that would be considered by market participants. The fair value measurements also consider donors' credit risk. Gifts received with donor stipulations that limit the use of the donated assets are reported as temporarily restricted support. 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. 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 fulfilled in the same accounting period in the unrestricted net asset class.

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

Contributions and Other Receivables:

Contributions and other receivables consist of accruals of public support received after year end that pertained to fundraising events held during fiscal 2014 and 2013, respectively. The Chapter believes that the pledges receivable are fully collectible. There are no identifiable concentrations of credit risk related to these receivables.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Contributed Goods and Services:

No amounts have been included in the financial statements for donated services. There is no objective basis to determine the value of volunteers who have contributed their time and material to the Chapter's operation and fundraising activities.

Included in the financial statements are \$70,548 and \$70,290 for years ending September 30, 2014 and 2013, respectively, of in-kind donations of supplies and various items paid for by sponsors and others for which reimbursements were not requested.

NATIONAL MULTIPLE SCLEROSIS SOCIETY - BLUE RIDGE CHAPTER

Notes to Financial Statements September 30, 2014 and 2013 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Contributed Goods and Services: (continued)

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 established by ASC Section 958-605 (formerly Statement of Financial Accounting Standards No. 116, *Contributions Received and Contributions Made*).

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 results could differ from those estimates.

Tax Exempt Status:

The National Multiple Sclerosis Society is a not-for-profit voluntary health agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, the Society is not required to pay federal and state income taxes.

Contributions to the Society qualify for charitable contribution deduction to the extent provided by Section 170 of the Internal Revenue Code. Management analyzed the tax positions taken by the Chapter and concluded that, as of September 30, 2014, 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.

The Chapter is subject to audits by taxing jurisdictions; however, no audit for any tax period is currently in progress. Management believes that the Chapter is no longer subject to such audits for years ended on or prior to September 30, 2010 under federal tax jurisdictions.

Research and Society Activities Expense:

The Society calculates the National Program Expense, which funds research and other Society activities, 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 will be 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 Society meets its programmatic goals and that all donor restrictions are honored. In fiscal year 2014, the Chapter's National Program Expense under the new policy was calculated to be \$690,333. 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.

Reclassification of Prior Year Balances:

Certain amounts from the prior year have been reclassified to conform to the presentation of the current year financial statements.

NATIONAL MULTIPLE SCLEROSIS SOCIETY - BLUE RIDGE CHAPTER

Notes to Financial Statements
September 30, 2014 and 2013 (continued)

NOTE 3 - CASH AND CASH EQUIVALENTS:

For purposes of cash flows, cash and cash equivalents consist of cash on hand and cash in banks and certificates of deposit with maturities of three months or less from the date of acquisition.

The Chapter maintains cash deposits with financial institutions in excess of the limit of federal deposit insurance. The federally insured limits of cash deposits at September 30, 2014 and 2013 were \$250,000. The Chapter exceeded federally insured limits by \$147,697 and \$0 for September 30, 2014 and 2013, respectively.

NOTE 4 - INVESTMENTS:

Investments consist of money market and mutual fund accounts, and are reported at fair value. Market values at September 30, 2014 and 2013 are summarized as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Market Value</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Cost Basis</u>
Unrestricted funds:				
Money market and mutual funds	\$ -	\$ -	\$ 8	\$ 8

The fair market value is determined by quotes in nationally distributed publications.

Investment income/(loss) is as follows:

	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$ 99	\$ 5,238
Net realized and unrealized gains (losses)	-	9,920
Total	<u>\$ 99</u>	<u>\$ 15,158</u>

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Furniture and fixtures	\$ 91,562	\$ 91,562
Equipment	2,592	2,592
Total	\$ 94,154	\$ 94,154
Less: accumulated depreciation	<u>(87,175)</u>	<u>(84,383)</u>
Net property and equipment	<u>\$ 6,979</u>	<u>\$ 9,771</u>

Depreciation expense for the years ended September 30, 2014 and 2013, was \$2,792.

NATIONAL MULTIPLE SCLEROSIS SOCIETY - BLUE RIDGE CHAPTER

Notes to Financial Statements
September 30, 2014 and 2013 (continued)

NOTE 6 - COMMITMENTS:

Rent expense for the year ended September 30, 2014 and 2013, was \$65,019 and \$78,006, respectively.

The Chapter entered into a lease agreement for rental of its Charlottesville, Virginia office facilities with the lease term beginning April 1, 2012 and ending March 31, 2017. The Chapter entered into a lease agreement for rental of its Charleston, West Virginia office facilities with the lease term beginning November 1, 2012 and ending September 30, 2016. Future minimum lease payments required pursuant to these leases are as follows:

Year Ended	
<u>September 30,</u>	
2015	\$ 65,771
2016	67,744
2017	<u>28,067</u>
	<u>\$ 161,582</u>

NOTE 7 - DEFINED CONTRIBUTION RETIREMENT PROGRAM:

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, 2014 and 2013, as determined by the Society's President & Chief Executive Officer were 3% of gross annual salary. In accordance with the Plan's provisions, contributions required in any given year are first offset by forfeitures of unvested Chapter contributions for terminated participants.

The pension expense related to this plan for the years ended September 30, 2014 and 2013 was \$9,166 and \$9,878, respectively.

NOTE 8 - NET VALUE OF GIFT ANNUITY:

In FY 2000, the Home Office received a \$10,000 gift annuity from a donor whose gift is restricted to the Blue Ridge Chapter. The donor and the spouse receive income for the rest of their lives. Upon the death of both the donor and spouse, the Chapter will receive the remainder of the assets which are based upon life expectancy and are reflected as follows:

	<u>2014</u>	<u>2013</u>
\$	<u>866</u>	<u>1,232</u>

NATIONAL MULTIPLE SCLEROSIS SOCIETY - BLUE RIDGE CHAPTER

Notes to Financial Statements
September 30, 2014 and 2013 (continued)

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for specific client programs. Their use is limited by donor-imposed stipulations that either expire with the passage of time or the fulfillment of specific obligations. Temporarily restricted net assets are restricted for the following reasons:

	<u>2014</u>	<u>2013</u>
Program services	\$ 24,906	\$ -
Restricted locally	1,250	-
Total	<u>\$ 26,156</u>	<u>\$ -</u>

NOTE 10 - FAIR VALUE MEASUREMENTS:

Fair value for investments are determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Chapter is providing the following information related to its investments:

<u>Fair Value Measurements at Reporting Date Using</u>				
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>September 30, 2014</u>				
Investments	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>September 30, 2013</u>				
Investments	\$ 8	\$ 8	\$ -	\$ -
Total	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ -</u>

NATIONAL MULTIPLE SCLEROSIS SOCIETY - BLUE RIDGE CHAPTER

Notes to Financial Statements
September 30, 2014 and 2013 (continued)

NOTE 11 - REALIGNMENT WITH CENTRAL AND EASTERN VIRGINIA CHAPTER:

The Chapter Board has approved that effective January 1, 2015, the Blue Ridge Chapter will realign with the Central and Eastern Virginia Chapter to form the Virginia - West Virginia Chapter of the National Multiple Sclerosis Society. The realignment will be conducted in part to unify the Chapters and to more effectively deploy resources in the region. The transaction will be treated as an acquisition for accounting purposes. No consideration will be exchanged in the combination.

The remaining assets of the Blue Ridge Chapter will be recorded at fair market value as of the date of realignment, which will be estimated to approximate book value recorded on the Blue Ridge Chapter's books.

National Office approval for this realignment is outstanding at the date the financial statements and slated to be voted on in January 2015.

NOTE 12 - DATE OF MANAGEMENT'S REVIEW:

In preparing these financial statements, management of the Chapter has evaluated events and transactions for potential recognition or disclosure through December 19, 2014, the date the financial statements were available to be issued.

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