

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

**Financial Statements
and
Independent Auditors' Report
September 30, 2015 and 2014**

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**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows.....	7
Notes to Financial Statements	8

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The National Multiple Sclerosis Society Oregon Chapter
Portland, Oregon

We have audited the accompanying financial statements of The National Multiple Sclerosis Society Oregon Chapter, which are comprised of the statements of financial position as of September 30, 2015 and 2014, 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 audit 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 auditors consider 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.

To the Board of Trustees
The National Multiple Sclerosis Society Oregon Chapter
Page Two

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 The National Multiple Sclerosis Society Oregon Chapter as of September 30, 2015 and 2014, 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.

EKS&H LLLP
EKS&H LLLP

December 10, 2015
Denver, Colorado

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Statements of Financial Position

	September 30,	
	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 382,446	\$ 136,116
Contributions receivable	339,491	95,017
Contributions receivable from home office	1,732	-
Due from other chapters	-	1,510
Prepaid expenses and other assets	15,848	9,499
Total current assets	739,517	242,142
Non-current assets		
Contributions receivable	216,618	-
Rent, equipment, and security deposits	6,843	6,843
Property and equipment, net	10,237	13,600
Total non-current assets	233,698	20,443
Total assets	\$ 973,215	\$ 262,585
Liabilities and Net Assets		
Current liabilities		
Due to home office		
Other payables to home office	\$ -	\$ 1,112
Accounts payable and accrued expenses	136,766	166,112
Deferred revenue	2,791	-
Deferred rent	2,923	783
Total current liabilities	142,480	168,007
Long-term liabilities		
Deferred rent	15,771	18,694
Total long-term liabilities	15,771	18,694
Total liabilities	158,251	186,701
Commitments and contingencies		
Net assets		
Unrestricted	355,346	74,652
Temporarily restricted	459,618	1,232
Total net assets	814,964	75,884
Total liabilities and net assets	\$ 973,215	\$ 262,585

See notes to financial statements.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Statements of Activities

	For the Years Ended					
	September 30, 2015			September 30, 2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support						
Received directly						
Special events (includes in-kind donations of \$106,513 (2015) and \$86,131 (2014))	\$ 1,809,893	\$ -	\$ 1,809,893	\$ 1,513,923	\$ -	\$ 1,513,923
Less benefit-to-donor costs	<u>(328,577)</u>	<u>-</u>	<u>(328,577)</u>	<u>(245,937)</u>	<u>-</u>	<u>(245,937)</u>
	1,481,316	-	1,481,316	1,267,986	-	1,267,986
Contributions (includes in-kind donations of \$525 (2015) and \$0 (2014))	374,078	459,618	833,696	264,014	-	264,014
Legacies	<u>95,877</u>	<u>-</u>	<u>95,877</u>	<u>53,777</u>	<u>-</u>	<u>53,777</u>
Total public support	<u>1,951,271</u>	<u>459,618</u>	<u>2,410,889</u>	<u>1,585,777</u>	<u>-</u>	<u>1,585,777</u>
Other revenue						
Investment income	-	-	-	6	-	6
Debt forgiveness by home office	-	-	-	774,033	-	774,033
Miscellaneous income	<u>170,000</u>	<u>-</u>	<u>170,000</u>	<u>4,497</u>	<u>1,232</u>	<u>5,729</u>
Total other revenue	<u>170,000</u>	<u>-</u>	<u>170,000</u>	<u>778,536</u>	<u>1,232</u>	<u>779,768</u>
Net assets released from restrictions	<u>1,232</u>	<u>(1,232)</u>	<u>-</u>	<u>9,685</u>	<u>(9,685)</u>	<u>-</u>
Total revenue	<u>2,122,503</u>	<u>458,386</u>	<u>2,580,889</u>	<u>2,373,998</u>	<u>(8,453)</u>	<u>2,365,545</u>
Expenses						
Program services						
Research	326,246	-	326,246	320,672	-	320,672
Society initiatives	-	-	-	278,359	-	278,359
Client programs	408,283	-	408,283	345,279	-	345,279
Community programs	180,596	-	180,596	143,842	-	143,842
Professional education and training	36,009	-	36,009	17,480	-	17,480
Public education	<u>451,379</u>	<u>-</u>	<u>451,379</u>	<u>300,808</u>	<u>-</u>	<u>300,808</u>
Total program services	<u>1,402,513</u>	<u>-</u>	<u>1,402,513</u>	<u>1,406,440</u>	<u>-</u>	<u>1,406,440</u>
Supporting services						
Fundraising	316,840	-	316,840	237,306	-	237,306
Management and general	<u>122,456</u>	<u>-</u>	<u>122,456</u>	<u>46,851</u>	<u>-</u>	<u>46,851</u>
Total supporting services	<u>439,296</u>	<u>-</u>	<u>439,296</u>	<u>284,157</u>	<u>-</u>	<u>284,157</u>
Total expenses	<u>1,841,809</u>	<u>-</u>	<u>1,841,809</u>	<u>1,690,597</u>	<u>-</u>	<u>1,690,597</u>
Change in net assets	280,694	458,386	739,080	683,401	(8,453)	674,948
Net assets, beginning of year	<u>74,652</u>	<u>1,232</u>	<u>75,884</u>	<u>(608,749)</u>	<u>9,685</u>	<u>(599,064)</u>
Net assets, end of year	<u>\$ 355,346</u>	<u>\$ 459,618</u>	<u>\$ 814,964</u>	<u>\$ 74,652</u>	<u>\$ 1,232</u>	<u>\$ 75,884</u>

See notes to financial statements.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

**Statement of Functional Expenses
For the Year Ended September 30, 2015**

	Program Services						Supporting Services			Grand Total	
	Research	Client Programs	Community Programs	Professional Education and Training	Public Education	Total	Fundraising	Management and General	Total Programs and Support		Benefit-to-Donor Costs
Salaries and related expenses											
Salaries	\$ -	\$ 148,092	\$ 92,934	\$ 11,589	\$ 203,307	\$ 455,922	\$ 71,706	\$ 29,529	\$ 557,157	\$ -	\$ 557,157
Employee benefits	-	19,857	12,461	1,554	27,260	61,132	9,615	3,959	74,706	-	74,706
Payroll taxes	-	13,702	8,599	1,072	18,811	42,184	6,634	2,732	51,550	-	51,550
Total salaries and related expenses	-	181,651	113,994	14,215	249,378	559,238	87,955	36,220	683,413	-	683,413
Printing	-	14,107	325	82	14,700	29,214	26,343	1,138	56,695	-	56,695
Postage and shipping	-	3,521	(23)	181	6,423	10,102	12,028	549	22,679	-	22,679
Telephone	-	2,291	1,438	179	3,146	7,054	1,110	457	8,621	-	8,621
Supplies	-	2,631	1,129	437	2,372	6,569	1,875	1,336	9,780	23,729	33,509
Dues and memberships	-	55	35	4	76	170	182	171	523	-	523
Professional and other contract service fees	-	14,552	4,966	605	14,875	34,998	84,056	2,657	121,711	-	121,711
Donated public service announcements and advertising	-	-	-	-	-	-	26,500	-	26,500	-	26,500
Travel	-	8,439	12,051	678	5,838	27,006	7,140	925	35,071	132,226	167,297
Meetings	-	33,274	986	92	1,616	35,968	4,760	431	41,159	26,225	67,384
Occupancy	-	19,706	12,367	1,542	27,054	60,669	9,542	3,929	74,140	43,329	117,469
Furniture and equipment	-	3,059	1,920	239	4,200	9,418	1,481	610	11,509	-	11,509
Direct financial assistance	-	66,100	-	-	-	66,100	-	-	66,100	-	66,100
Awards and prizes	-	17	11	1	24	53	410	23	486	93,121	93,607
Miscellaneous expense	-	2,641	1,707	207	3,934	8,489	44,286	527	53,302	9,947	63,249
Depreciation and amortization	-	894	561	70	1,227	2,752	433	178	3,363	-	3,363
NPE additional allocation Society initiatives	-	-	-	-	-	-	-	44,176	44,176	-	44,176
Total expenses before chapter support of Society initiatives	-	352,938	151,467	18,532	334,863	857,800	308,101	93,327	1,259,228	328,577	1,587,805
Chapter support of Society initiatives	326,246	55,345	29,129	17,477	116,516	544,713	8,739	29,129	582,581	-	582,581
Total expenses	\$ 326,246	\$ 408,283	\$ 180,596	\$ 36,009	\$ 451,379	\$ 1,402,513	\$ 316,840	\$ 122,456	\$ 1,841,809	\$ 328,577	2,170,386
Less direct benefit-to-donor costs											(328,577)
Total expenses as reported on the statement of activities											\$ 1,841,809

See notes to financial statements.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

**Statement of Functional Expenses
For the Year Ended September 30, 2014**

	Program Services						Supporting Services		Total Programs and Support	Benefit-to-Donor Costs	Grand Total	
	Research	Society Activities	Client Programs	Community Programs	Professional Education and Training	Public Education	Total	Fundraising				Management and General
Salaries and related expenses												
Salaries	\$ -	\$ -	\$ 140,158	\$ 85,938	\$ 10,422	\$ 170,785	\$ 407,303	\$ 61,166	\$ 27,365	\$ 495,834	\$ -	\$ 495,834
Employee benefits	-	-	17,824	10,929	1,325	21,719	51,797	7,779	3,480	63,056	-	63,056
Payroll taxes	-	-	13,802	8,463	1,026	16,818	40,109	6,023	2,695	48,827	-	48,827
Total salaries and related expenses	-	-	171,784	105,330	12,773	209,322	499,209	74,968	33,540	607,717	-	607,717
Printing	-	-	10,232	679	115	14,028	25,054	16,155	1,066	42,275	-	42,275
Postage and shipping	-	-	6,202	587	103	6,316	13,208	7,888	647	21,743	-	21,743
Telephone	-	-	2,457	1,446	175	2,873	6,951	1,029	460	8,440	-	8,440
Supplies	-	-	1,814	860	102	1,668	4,444	1,048	571	6,063	17,267	23,330
Dues and memberships	-	-	58	35	4	70	167	180	51	398	-	398
Professional and other contract service fees	-	-	18,683	8,868	1,075	23,925	52,551	53,123	3,382	109,056	-	109,056
Donated public service announcements and advertising	-	-	-	-	-	-	-	31,100	-	31,100	-	31,100
Travel	-	-	6,381	5,186	176	2,877	14,620	7,246	507	22,373	107,550	129,923
Meetings	-	-	24,524	1,636	305	1,543	28,008	2,926	463	31,397	12,419	43,816
Occupancy	-	-	20,797	12,752	1,547	25,342	60,438	9,076	4,061	73,575	51,590	125,165
Furniture and equipment	-	-	4,541	2,784	338	5,533	13,196	1,982	887	16,065	-	16,065
Direct financial assistance	-	-	71,337	-	-	-	71,337	-	-	71,337	-	71,337
Awards and prizes	-	-	465	-	321	-	786	1,472	37	2,295	43,468	45,763
Miscellaneous expense	-	-	3,090	1,892	229	3,760	8,971	27,841	610	37,422	13,643	51,065
Depreciation and amortization	-	-	2,914	1,787	217	3,551	8,469	1,272	569	10,310	-	10,310
Chapter support of Society research investment initiatives	320,672	-	-	-	-	-	320,672	-	-	320,672	-	320,672
Total expenses before chapter support of Society initiatives	320,672	-	345,279	143,842	17,480	300,808	1,128,081	237,306	46,851	1,412,238	245,937	1,658,175
Chapter support of Society initiatives	-	278,359	-	-	-	-	278,359	-	-	278,359	-	278,359
Total expenses	\$ 320,672	\$ 278,359	\$ 345,279	\$ 143,842	\$ 17,480	\$ 300,808	\$ 1,406,440	\$ 237,306	\$ 46,851	\$ 1,690,597	\$ 245,937	1,936,534
Less direct benefit-to-donor costs												(245,937)
Total expenses as reported on the statement of activities												\$ 1,690,597

See notes to financial statements.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Statements of Cash Flows

	For the Years Ended September 30,	
	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 739,080	\$ 674,948
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	3,363	10,310
(Amortization) addition of lease credit, net	(783)	1,296
Debt forgiveness by home office	-	(774,033)
Changes in operating assets and liabilities		
Contributions receivable	(461,092)	(22,113)
Contributions receivable from home office	(1,732)	10,000
Due from other chapters	1,510	182
Prepaid expenses and other assets	(6,349)	1,391
Due to home office	(1,112)	(1,884)
Due to other chapters	-	(2,815)
Accounts payable and accrued expenses	(29,346)	75,594
Deferred revenue	2,791	(2,870)
Net cash provided by (used in) operating activities	246,330	(29,994)
Cash flows from investing activities		
Purchases of property and equipment	-	(1,121)
Net cash (used in) investing activities	-	(1,121)
Net increase (decrease) in cash and cash equivalents	246,330	(31,115)
Cash and cash equivalents, beginning of the year	136,116	167,231
Cash and cash equivalents, end of the year	\$ 382,446	\$ 136,116

See notes to financial statements.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Notes to Financial Statements

Note 1 - Organization and Significant Accounting Policies

Organization

The National Multiple Sclerosis Society (the “Society”) is a not-for-profit voluntary health and welfare agency that mobilizes people and resources to drive research for a cure and to address the challenges of everyone affected by MS. The Oregon Chapter (the “Chapter”) raises funds in Oregon 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.

Net Asset Classifications

Resources for various purposes are classified for accounting and financial reporting purposes into net asset categories established according to their nature and purpose as follows:

Unrestricted Net Assets: Unrestricted net assets represent funds that are fully available, at the discretion of management and the Board of Trustees, for the Chapter to utilize in any of its program or supporting services.

Temporarily Restricted Net Assets: Temporarily restricted net assets comprise 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.

Permanently Restricted Net Assets: Permanently restricted net assets include resources with permanent donor-imposed restrictions, which require the assets to be maintained in perpetuity but permit the Chapter to expend all or part of the income derived from the donated assets.

When both restricted and unrestricted resources are available for use, it is the Chapter’s policy to use restricted resources first, then unrestricted resources as needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Notes to Financial Statements

Note 1 - Organization and Significant Accounting Policies (continued)

Change in Estimate

During the 12 months ended September 30, 2015, the Society modified its approach for determining the estimated functional allocation of Chapter Support of Society Initiatives (also referred to as National Programs Expense), based on recent analysis of the current activities that the expense funds. As a result, the fiscal year 2015 amount of Chapter Support of Society Initiatives is allocated among all of the functional categories on the accompanying statement of functional expenses, including a 6.5% allocation to supporting services. In fiscal year 2014, the expense was allocated between the research and society activities columns as 100% program services.

Cash and Cash Equivalents

The Chapter considers highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

Deposits at the Chapter's financial institution is insured by the FDIC up to \$250,000. The Chapter has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and investments. The Chapter had no uninsured cash at September 30, 2015 and 2014.

At September 30, 2015, the Chapter had contributions receivable from two donors representing approximately 78% of total contributions receivable.

Investments

The Chapter's investments in equity and debt securities are stated at their quoted market prices with the net change in unrealized gains or losses included on the statements of activities.

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 years 2015 and 2014. Receivables are recorded at net realizable value, net of an allowance for uncollectible amounts. The Chapter believes that the contributions receivable are fully collectible. There are no identifiable concentrations of credit risk related to these receivables. Donated securities are liquidated upon receipt and recorded as contributions at their fair value.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Notes to Financial Statements

Note 1 - Organization and Significant Accounting Policies (continued)

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. Expenditures for maintenance and repairs are charged to operations as incurred. The Chapter capitalizes all equipment purchases exceeding \$1,000 with useful lives in excess of one year.

Long-Lived Assets

The Chapter periodically evaluates the carrying value of long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the years ended September 30, 2015 and 2014.

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 and other specific factors that would be considered by market participants. The fair value measurements also consider donors' credit risk. 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. 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. When a prior year's 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 on the statements 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.

All revenue received in advance for special events that are held subsequent to year-end is deferred and recognized in the year of the event.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Notes to Financial Statements

Note 1 - Organization and Significant Accounting Policies (continued)

Donated Goods and Services

Donated goods and services, including public service announcements and donated advertising, 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 the date of receipt.

	For the Years Ended September 30,	
	2015	2014
Donated goods	\$ 80,538	\$ 49,531
Donated services	<u>26,500</u>	<u>36,600</u>
Total	<u>\$ 107,038</u>	<u>\$ 86,131</u>

Public service announcements and donated advertising received during the years ended September 30, 2015 and 2014 totaled \$26,500 and \$31,100, respectively, and are reflected above as donated services and fundraising expense on the accompanying statements of activities.

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 Accounting Standards Codification ("ASC") Topic 958-605.

Chapter Support of Society Initiatives (National Programs Expense)

The National Programs Expense ("NPE") is an allocation to chapters that funds a large portion of the Society's budget in areas such as nationwide programs, services, centralized functions, and the Society's research investments as well as investments in the Society's unified plan. The Society's budget is determined through an inclusive budget-planning process. The Budget Development Advisory Committee provides consensus advice to the CEO and comprises members of the Senior Leadership Team, members of the National Board of Directors, and regional volunteer liaisons responsible for communicating with volunteer leadership in each region.

Revenue tiers with progressively higher percentages are used to determine the NPE allocation amounts. 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. For the years ended September 30, 2015 and 2014, the Chapter's NPE was calculated to be \$626,757 and \$599,031, respectively.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Notes to Financial Statements

Note 1 - Organization and Significant Accounting Policies (continued)

Chapter Support of Society Initiatives (National Programs Expense) (continued)

Multi-year contributions recognized prior to fiscal year 2015 that are restricted for research and other national initiatives are remitted to the home office when received and reflected as expense when the income is recorded at its present value and amortized over the respective periods.

Subsidy Received from The National Multiple Sclerosis Society

During the years ended September 30, 2015 and 2014, the Chapter was granted a subsidy of \$150,000 and \$5,732, respectively, from the home office to support operations.

Expense Allocations

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$26,500 and \$34,437 in fiscal years 2015 and 2014, respectively, and consisted of \$26,500 and \$31,100, respectively, in donated advertising and public service announcements.

Note 2 - Income Taxes

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

Management analyzed the tax positions taken by the Chapter and concluded that, as of September 30, 2015, there were no uncertain tax positions taken or 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.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Notes to Financial Statements

Note 3 - Allocation of Joint Costs

For the years ended September 30, 2015 and 2014, the Chapter incurred joint costs of \$0 and \$11,163, respectively, for information materials and activities that included fundraising appeals. Such costs were allocated in accordance with the requirements of ASC Topic 958-720. Of these costs, for the years ended September 30, 2015 and 2014, \$0 and \$10,181, respectively, were allocated to fundraising and \$0 and \$982, respectively, to public education. The public education joint costs were considered insignificant in fiscal years 2015 and 2014 as they were less than \$1,000 and were included in fundraising expenses on the accompanying statements of functional expenses.

Note 4 - Contributions Receivable

Contributions receivable are as follows:

	September 30,	
	2015	2014
Due in less than one year	\$ 339,491	\$ 95,017
Due in one to five years	223,000	-
	562,491	95,017
Less present value discount	(6,382)	-
	<u>\$ 556,109</u>	<u>\$ 95,017</u>

Note 5 - Property and Equipment

Property and equipment consist of the following:

	September 30,	
	2015	2014
Equipment	\$ 37,069	\$ 41,140
Leasehold improvements	8,701	8,701
	45,770	49,841
Less accumulated depreciation and amortization	(35,533)	(36,241)
Property and equipment, net	<u>\$ 10,237</u>	<u>\$ 13,600</u>

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Notes to Financial Statements

Note 6 - Operating Leases

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 a deferred rent liability of \$18,694 and \$19,477, respectively, at September 30, 2015 and 2014.

Office rent expense for the years ended September 30, 2015 and 2014 was \$72,306 and \$71,387, respectively.

The future minimum annual rental commitments under non-cancelable lease agreements at September 30, 2015 are as follows:

Year Ending September 30,

2016	\$ 75,298
2017	77,503
2018	79,773
2019	<u>27,371</u>
Total	<u>\$ 259,945</u>

Note 7 - Pension Plan

The Chapter participates in the Society's non-contributory Defined Contribution Retirement Plan (the "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 each of the years ended September 30, 2015 and 2014, as determined by the Society's President and Chief Executive Officer, was 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 the Plan for the years ended September 30, 2015 and 2014 was \$11,490 and \$11,706, respectively.

**THE NATIONAL MULTIPLE SCLEROSIS SOCIETY
OREGON CHAPTER**

Notes to Financial Statements

Note 8 - 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 purposes:

	September 30,	
	2015	2014
Program		
Stepping stones	\$ -	\$ 1,232
Time	<u>459,618</u>	<u>-</u>
Total	<u>\$ 459,618</u>	<u>\$ 1,232</u>

Temporarily restricted net assets were released from restrictions as follows:

	For the Years Ended September 30,	
	2015	2014
Program		
Restricted to Oregon counties	\$ -	\$ 9,685
Stepping stones	<u>1,232</u>	<u>-</u>
Total	<u>\$ 1,232</u>	<u>\$ 9,685</u>

Note 9 - Subsequent Events

The Chapter has evaluated subsequent events through the auditors' report date, which is the date the financial statements were available for issuance. There were no material subsequent events that are required to be recognized or disclosed in the accompanying financial statements.