

**NATIONAL MULTIPLE SCLEROSIS SOCIETY  
PACIFIC SOUTH COAST CHAPTER**

**REPORT, FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES**

**YEARS ENDED SEPTEMBER 30, 2010 AND 2009**



**LESLEY, THOMAS, SCHWARZ & POSTMA, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS  
*A Professional Accountancy Corporation*

**Principals**  
*George M. Lesley  
John Postma II  
Thomas R. Madigan  
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Cyndi M. LeBerthon*

December 29, 2010

Independent Auditors' Report

To the Board of Trustees of  
National Multiple Sclerosis Society Pacific South Coast Chapter,  
Carlsbad, California

We have audited the accompanying statements of financial position of National Multiple Sclerosis Society Pacific South Coast Chapter, (a non-profit organization) as of September 30, 2010 and 2009, and the related statements of activities and changes in unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Multiple Sclerosis Society Pacific South Coast Chapter, as of September 30, 2010 and 2009, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Lesley, Thomas, Schwarz & Postma, Inc.*

A Professional Accountancy Corporation  
Newport Beach, California

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**STATEMENTS OF FINANCIAL POSITION**

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,422,558	\$ 2,273,789
Prepaid expenses	240,956	288,458
Deposits	11,646	14,274
Other receivables	298,326	48,226
Total current assets	<u>2,973,486</u>	<u>2,624,747</u>
INVESTMENTS, in marketable securities (Notes 3 and 4)	<u>507,481</u>	<u>483,704</u>
PROPERTY AND EQUIPMENT, at cost, less accumulated depreciation and amortization of \$234,095 and \$254,194 at September 30, 2010 and 2009, respectively (Note 8)	<u>105,035</u>	<u>136,093</u>
OTHER ASSETS		
Security deposits	23,710	23,710
Charitable gift annuities (Note 7)	10,140	9,941
Endowment fund at San Diego Foundation (Notes 3, 4 and 5)	<u>32,310</u>	<u>30,136</u>
Total other assets	<u>66,160</u>	<u>63,787</u>
	<u>\$ 3,652,162</u>	<u>\$ 3,308,331</u>

See the accompanying notes to these financial statements

NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER

STATEMENTS OF FINANCIAL POSITION

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 383,088	\$ 311,348
Amounts due to National Multiple Sclerosis Society:		
Remittance due to National	120,125	51,943
Other payables to National	36,111	9,602
Due to other Chapters	252,055	242,907
Deferred rent	12,294	35,501
Deferred revenue	<u>1,280,684</u>	<u>1,127,434</u>
Total current liabilities	<u>2,084,357</u>	<u>1,778,735</u>
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Note 11)		
Unrestricted	1,364,097	1,333,029
Temporarily restricted	171,398	166,431
Permanently restricted	<u>32,310</u>	<u>30,136</u>
Total net assets	<u>1,567,805</u>	<u>1,529,596</u>
	<u>\$ 3,652,162</u>	<u>\$ 3,308,331</u>

See the accompanying notes to these financial statements

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**STATEMENT OF ACTIVITIES AND CHANGES IN  
UNRESTRICTED NET ASSETS, TEMPORARILY RESTRICTED NET ASSETS, AND  
PERMANENTLY RESTRICTED NET ASSETS**

**YEAR ENDED SEPTEMBER 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Public Revenue</u>				
Received directly				
Special events (includes in-kind donations of \$284,769)	\$ 5,492,521	\$ -	\$ -	\$ 5,492,521
Less benefit to donor costs	<u>(1,156,236)</u>	<u>-</u>	<u>-</u>	<u>(1,156,236)</u>
	<u>4,336,285</u>	<u>-</u>	<u>-</u>	<u>4,336,285</u>
Membership and contributions (includes in-kind donations of \$232,803)	190,864	653,653	-	844,517
Bequests and legacies	453,083	20,199	-	473,282
Received at National (other than legacies)	<u>67,547</u>	<u>2,370</u>	<u>-</u>	<u>69,917</u>
Total received directly	<u>5,047,779</u>	<u>676,222</u>	<u>-</u>	<u>5,724,001</u>
Received indirectly				
Combined federal service campaign	21,859	-	-	21,859
Federated fund raising organizations	<u>35,751</u>	<u>4,707</u>	<u>-</u>	<u>40,458</u>
Total received indirectly	<u>57,610</u>	<u>4,707</u>	<u>-</u>	<u>62,317</u>
Total revenue from the public	<u>5,105,389</u>	<u>680,929</u>	<u>-</u>	<u>5,786,318</u>
<u>Other revenue</u>				
Investment gain (Note 3)	37,313	-	1,975	39,288
Miscellaneous income	20,004	-	-	20,004
Service program fees	<u>-</u>	<u>830</u>	<u>-</u>	<u>830</u>
Total other revenue	<u>57,317</u>	<u>830</u>	<u>1,975</u>	<u>60,122</u>
Net assets released from restrictions	<u>676,593</u>	<u>(676,792)</u>	<u>199</u>	<u>-</u>
Total revenue	<u>5,839,299</u>	<u>4,967</u>	<u>2,174</u>	<u>5,846,440</u>

See the accompanying notes to these financial statements

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**STATEMENT OF ACTIVITIES AND CHANGES IN  
UNRESTRICTED NET ASSETS, TEMPORARILY RESTRICTED NET ASSETS, AND  
PERMANENTLY RESTRICTED NET ASSETS**

**YEAR ENDED SEPTEMBER 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Expenses</u>				
Program services				
Research	1,064,001	-	-	1,064,001
National activities	896,583	-	-	896,583
Client programs	1,238,053	-	-	1,238,053
Community programs	565,277	-	-	565,277
Professional education and training	188,121	-	-	188,121
Public education	548,580	-	-	548,580
Total program services	<u>4,500,615</u>	<u>-</u>	<u>-</u>	<u>4,500,615</u>
Supporting services				
Fund raising	854,524	-	-	854,524
Management and general	453,092	-	-	453,092
Total supporting services	<u>1,307,616</u>	<u>-</u>	<u>-</u>	<u>1,307,616</u>
Total expenses	<u>5,808,231</u>	<u>-</u>	<u>-</u>	<u>5,808,231</u>
Change in net assets	<u>31,068</u>	<u>4,967</u>	<u>2,174</u>	<u>38,209</u>
Net assets at the beginning of the year	<u>1,333,029</u>	<u>166,431</u>	<u>30,136</u>	<u>1,529,596</u>
Net assets at the end of the year	<u>\$ 1,364,097</u>	<u>\$ 171,398</u>	<u>\$ 32,310</u>	<u>\$ 1,567,805</u>

See the accompanying notes to these financial statements

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**STATEMENT OF ACTIVITIES AND CHANGES IN  
UNRESTRICTED NET ASSETS, TEMPORARILY RESTRICTED NET ASSETS, AND  
PERMANENTLY RESTRICTED NET ASSETS**

**YEAR ENDED SEPTEMBER 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Public Revenue</u>				
Received directly				
Special events (includes in-kind donations of \$307,727)	\$ 5,571,889	\$ -	\$ -	\$ 5,571,889
Less benefit to donor costs	<u>(1,145,871)</u>	<u>-</u>	<u>-</u>	<u>(1,145,871)</u>
	<u>4,426,018</u>	<u>-</u>	<u>-</u>	<u>4,426,018</u>
Membership and contributions (includes in-kind donations of \$42,949)	140,929	564,587	-	705,516
Bequests and legacies	126,180	199,900	-	326,080
Received at National (other than legacies)	<u>96,187</u>	<u>2,630</u>	<u>-</u>	<u>98,817</u>
Total received directly	<u>4,789,314</u>	<u>767,117</u>	<u>-</u>	<u>5,556,431</u>
Received indirectly				
Combined federal service campaign	41,734	-	-	41,734
Federated fund raising organizations	<u>41,607</u>	<u>13,830</u>	<u>-</u>	<u>55,437</u>
Total received indirectly	<u>83,341</u>	<u>13,830</u>	<u>-</u>	<u>97,171</u>
Total revenue from the public	<u>4,872,655</u>	<u>780,947</u>	<u>-</u>	<u>5,653,602</u>
<u>Other revenue (loss)</u>				
Investment loss (Note 3)	(83,341)	-	(1,911)	(85,252)
Miscellaneous income	49,813	-	-	49,813
Service program fees	<u>-</u>	<u>39,849</u>	<u>-</u>	<u>39,849</u>
Total other revenue (loss)	<u>(33,528)</u>	<u>39,849</u>	<u>(1,911)</u>	<u>4,410</u>
Net assets released from restrictions	<u>820,493</u>	<u>(820,393)</u>	<u>(100)</u>	<u>-</u>
Total revenue (expense)	<u>5,659,620</u>	<u>403</u>	<u>(2,011)</u>	<u>5,658,012</u>

See the accompanying notes to these financial statements

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**STATEMENT OF ACTIVITIES AND CHANGES IN  
UNRESTRICTED NET ASSETS, TEMPORARILY RESTRICTED NET ASSETS, AND  
PERMANENTLY RESTRICTED NET ASSETS**

**YEAR ENDED SEPTEMBER 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Expenses</u>				
Program services				
Client programs	1,246,477	-	-	1,246,477
Research	1,245,400	-	-	1,245,400
Community programs	614,601	-	-	614,601
Professional education and training	190,672	-	-	190,672
Public education	576,433	-	-	576,433
Total program services	<u>3,873,583</u>	<u>-</u>	<u>-</u>	<u>3,873,583</u>
Supporting services				
Fund raising	1,000,020	-	-	1,000,020
Management and general	210,181	-	-	210,181
Total supporting services	<u>1,210,201</u>	<u>-</u>	<u>-</u>	<u>1,210,201</u>
National program expense	<u>814,413</u>	<u>-</u>	<u>-</u>	<u>814,413</u>
Total expenses	<u>5,898,197</u>	<u>-</u>	<u>-</u>	<u>5,898,197</u>
Change in net assets	<u>(238,577)</u>	<u>403</u>	<u>(2,011)</u>	<u>(240,185)</u>
Net assets at the beginning of the year	<u>1,571,606</u>	<u>166,028</u>	<u>32,147</u>	<u>1,769,781</u>
Net assets at the end of the year	<u>\$ 1,333,029</u>	<u>\$ 166,431</u>	<u>\$ 30,136</u>	<u>\$ 1,529,596</u>

See the accompanying notes to these financial statements

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**STATEMENT OF FUNCTIONAL EXPENSES**

**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	Benefit to Donor Costs	Total
Salaries	\$ -	\$ -	\$ 482,535	\$ 367,831	\$ 120,746	\$ 378,584	\$ 1,349,696	\$ 330,669	\$ 59,122	\$ 389,791	\$ -	\$ 1,739,487
Employee benefits	-	-	43,269	32,983	10,827	33,948	121,027	29,651	5,302	34,953	-	155,980
Payroll taxes	-	-	36,238	27,624	9,068	28,432	101,362	24,833	4,440	29,273	-	130,635
Total salaries and related expenses	-	-	562,042	428,438	140,641	440,964	1,572,085	385,153	68,864	454,017	-	2,026,102
Printing and artwork	-	-	31,755	710	-	-	32,445	51,727	6,389	58,116	-	90,561
Postage and shipping	-	-	24,336	824	-	-	25,160	65,773	3,159	68,932	-	94,092
Telephone	-	-	9,094	6,902	2,281	7,103	25,380	6,326	1,109	7,435	-	32,815
Supplies	-	-	7,443	-	110	126	7,679	4,693	11,145	15,838	98,781	122,298
Membership, dues and subscriptions	-	-	-	-	-	-	-	581	2,805	3,386	-	3,386
Clippings & advertising	-	-	-	-	-	-	-	115,054	-	115,054	-	115,054
Professional & other contract service fees	-	-	121,800	23,712	900	60	146,472	104,382	303,960	408,342	-	554,814
Travel	-	-	10,214	1,541	2,637	-	14,392	16,895	17,544	34,439	-	88,608
Meetings	-	-	37,891	5,807	9,597	137	53,432	10,948	11,613	22,561	-	75,993
Occupancy	-	-	80,326	61,231	20,100	63,022	224,679	55,045	9,842	64,887	0	289,566
Furniture and equipment	-	-	15,069	11,487	3,771	11,823	42,150	10,326	1,846	12,172	-	54,322
Insurance (property & casualty)	-	-	11,597	8,840	2,902	9,098	32,437	7,947	1,421	9,368	-	41,805
Prizes and promotional items	-	-	1,992	-	-	-	1,992	3,038	3,032	6,070	-	216,144
Disbursements for persons with MS	-	-	292,389	-	-	-	292,389	-	-	-	-	292,389
Miscellaneous expense	-	-	11,417	-	-	-	11,417	2,445	7,826	10,271	809,596	831,284
Depreciation and amortization	-	-	20,708	15,785	5,182	16,247	57,922	14,191	2,537	16,728	-	74,650
Restricted contributions to National for research & other activities	167,417	-	-	-	-	-	167,417	-	-	-	-	167,417
Functionalized National program expense	896,584	-	-	-	-	-	896,584	-	-	-	-	896,584
Total expenses before Public Support to National	1,064,001	-	1,238,053	565,277	188,121	548,580	3,604,032	854,524	453,092	1,307,616	1,156,236	6,067,884
Public Support to National	-	896,583	-	-	-	-	896,583	-	-	-	-	896,583
Total expenses	\$ 1,064,001	\$ 896,583	\$ 1,238,053	\$ 565,277	\$ 188,121	\$ 548,580	\$ 4,500,615	\$ 854,524	\$ 453,092	\$ 1,307,616	\$ 1,156,236	6,964,467
Less Direct Benefit to Donor Costs	-	-	-	-	-	-	-	-	-	-	-	(1,156,236)
Total expenses as reported on the Statement of Activities	-	-	-	-	-	-	-	-	-	-	-	\$ 5,808,231

See the accompanying notes to these financial statements

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED SEPTEMBER 30, 2009**

	Program Services					Supporting Services					Benefit to Donor Costs	Total
	Research	Client Programs	Community Programs	Professional Education and Training	Public Education	Total Program Services	Fund Raising	Management and General	Total Supporting Services	National Activities		
Salaries	\$ -	\$ 457,977	\$ 374,347	\$ 119,435	\$ 394,633	\$ 1,346,392	\$ 359,135	\$ 53,373	\$ 412,508	\$ -	\$ -	\$ 1,758,900
Employee benefits	-	37,909	30,986	9,886	32,665	111,446	29,727	4,418	34,145	-	-	145,591
Payroll taxes	-	36,846	30,117	9,609	31,750	108,322	28,894	4,294	33,188	-	-	141,510
Total salaries and related expenses	-	532,732	435,450	138,930	459,048	1,566,160	417,756	62,085	479,841	-	-	2,046,001
Printing and artwork	-	25,759	721	1,209	-	27,689	57,317	3,715	61,032	-	-	88,721
Postage and shipping	-	22,268	776	462	-	23,506	67,193	2,161	69,354	-	-	92,860
Telephone	-	10,625	8,695	2,771	9,155	31,246	8,348	1,238	9,586	-	-	40,832
Supplies	-	1,876	229	513	92	2,710	6,898	16,769	23,667	-	88,593	114,970
Membership, dues and subscriptions	-	-	-	-	-	-	2,020	13,289	15,309	-	-	15,309
Clippings & advertising	-	-	-	-	-	-	198,260	159	198,419	-	-	198,419
Professional & other contract service fees	-	51,184	43,554	2,685	35	97,458	99,382	53,591	152,973	-	278,101	250,431
Travel	-	11,062	8,059	29	-	19,150	27,486	20,194	47,680	-	-	344,931
Meetings	-	14,882	3,315	10,633	38	28,868	7,496	9,479	16,975	-	-	45,843
Occupancy	-	79,414	64,913	20,710	68,431	233,468	62,275	9,255	71,530	-	90,500	395,498
Furniture and equipment	-	11,145	9,110	2,906	9,603	32,764	8,739	1,299	10,038	-	-	42,802
Insurance (property & casualty)	-	14,527	11,874	3,788	12,517	42,706	11,391	1,693	13,084	-	-	55,790
Prizes and promotional items	-	65	-	735	-	800	2,194	40	2,234	-	212,664	215,698
Disbursements for persons with MS	-	256,718	-	-	-	256,718	-	-	-	-	-	256,718
Miscellaneous expense	-	193,895	11,291	-	-	205,186	7,326	12,845	20,171	-	476,013	701,370
Depreciation and amortization	-	20,325	16,614	5,301	17,514	59,754	15,939	2,369	18,308	-	-	78,062
Restricted contributions to National for research & other activities	430,987	-	-	-	-	430,987	-	-	-	-	-	430,987
Functionalized National program expense	814,413	-	-	-	-	814,413	-	-	-	-	-	814,413
Total expenses before Public Support to National	1,245,400	1,246,477	614,601	190,672	576,433	3,873,583	1,000,020	210,181	1,210,201	-	1,145,871	6,229,655
Public Support to National	-	-	-	-	-	-	-	-	-	814,413	-	814,413
Total expenses	\$ 1,245,400	\$ 1,246,477	\$ 614,601	\$ 190,672	\$ 576,433	\$ 3,873,583	\$ 1,000,020	\$ 210,181	\$ 1,210,201	\$ 814,413	\$ 1,145,871	7,044,068
Less Direct Benefit to Donor Costs	-	-	-	-	-	-	-	-	-	-	-	(1,145,871)
Total expenses as reported on the Statement of Activities	-	-	-	-	-	-	-	-	-	-	-	\$ 5,898,197

See the accompanying notes to these financial statements

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**STATEMENTS OF CASH FLOWS**

	<b><u>Years Ended September 30,</u></b>	
	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 38,209	\$ (240,185)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	74,650	78,062
Realized gain on disposal of property and equipment	-	(509)
Unrealized loss (gain) on investments	(17,984)	105,721
Deferred rent expense	(23,207)	(14,333)
Changes in certain operating assets and liabilities		
Charitable remainder trust	-	168,696
Other receivables	(250,100)	4,367
Prepaid expenses and current deposits	50,130	105,777
Charitable gift annuities	(199)	100
Endowment fund at San Diego Foundation	(2,174)	2,011
Accounts payable and accrued expenses	71,740	(96,234)
Deferred revenue	153,250	(178,118)
Due to other Chapters	9,148	570
Amount due to/from National Multiple Sclerosis Society	<u>94,691</u>	<u>(70,194)</u>
Net cash provided by (used in) operating activities	<u>198,154</u>	<u>(134,269)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(43,592)	(26,749)
Purchase of investments in marketable securities	<u>(5,793)</u>	<u>(19,718)</u>
Net cash used in investing activities	<u>(49,385)</u>	<u>(46,467)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>148,769</u>	<u>(180,736)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>2,273,789</u>	<u>2,454,525</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 2,422,558</u>	<u>\$ 2,273,789</u>

See the accompanying notes to these financial statements

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010 AND 2009**

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

The National Multiple Sclerosis Society Pacific South Coast Chapter, (the "Chapter"), is a not-for-profit voluntary health agency which raises funds in Orange, San Diego, and Imperial counties of California to provide services to people with Multiple Sclerosis, support to Multiple Sclerosis research through its national organization and to educate 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting** - The financial statements of the Chapter have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other assets and liabilities.

The Chapter has evaluated subsequent events through December 29, 2010, the date which the financial statements were available to be issued.

**Financial Statement Presentation** – These financial statements present the accounts and activities of the Chapter and have been prepared on the accrual basis of accounting. The accounts of the Chapter have been classified for financial statement purposes as follows:

Net assets and revenue, gains, expenses and losses are classified as unrestricted, temporarily restricted and permanently restricted, as follows:

- *Unrestricted Net Assets:* Unrestricted net assets represent funds which 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 are comprised of funds which are restricted by donors for specific purposes. The restrictions are satisfied either by the passage of time or by actions of the Chapter.
- *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.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Accounts Receivable** - Management believes all receivables are collectible, therefore, no allowance for doubtful accounts has been established at September 30, 2010 and 2009.

**Revenue Recognition and Deferred Revenue** - Contributions are recorded as revenue when received or promised (pledged) unconditionally, at their fair value. Gifts received with donor stipulations limit the use of 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 expended 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.

**Prepaid Expenses** - Expenses directly associated with future special events are deferred until the fiscal year in which the special event occurs. Prepaid special event expenses totaled \$192,077 and \$222,521, at September 30, 2010 and 2009, and are included in prepaid expenses in the statement of financial position.

**Property and Equipment** - Property and equipment are recorded at cost and are depreciated on the straight-line method over the assets' estimated useful lives which range from 2 to 7 years. The leasehold improvements are amortized over the life of the lease. Depreciation and amortization expense was \$74,650 and \$78,062, for the years ended September 30, 2010 and 2009, respectively.

**Donated Services and Materials** - The Chapter records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In-kind contributions consisting of professional services with an estimated fair value of \$187,618 and \$0, at September 30, 2010 and 2009, have been recorded as contribution revenue, which is included in memberships and contributions in the statement of activities.

In-kind contributions consisting of medical equipment, with an estimated fair value of \$45,185 and \$26,050, at September 30, 2010 and 2009, have been recorded as restricted contribution revenue, which is included in memberships and contributions in the statement of activities.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind contributions of supplies for use in special events with an estimated fair value of \$284,769 and \$234,938, at September 30, 2010 and 2009 are included in special events revenue and direct benefit to donor expense in the statements of activities.

**Research and National Activities Expense** – The Chapter is required to remit 40% of all unrestricted contributions, net of allowances, 50% of all unrestricted legacies and 100% of research restricted contributions to the National Multiple Sclerosis Society (“National”). The total amount of contributions and legacies attributable to National amounted to \$1,960,584 and \$2,059,813, in fiscal 2010 and 2009, respectively.

The Chapter participates in National’s direct marketing program. Unrestricted public support received under the program by National that is attributable to Chapter sources is credited to and recorded by the Chapter at 40% of such unrestricted public support, net of 60% retained by National. These amounts are recorded as contributions received indirectly from National in the accompanying statements of activities.

Multi-year contributions that are restricted for research and other National initiatives, if any, are remitted to National when received and reflected as expense as the respective payments are received from donors.

In fiscal year 2005, the Chapter indicated its intent to contribute to National’s Promise 2010 Campaign in the amount of \$1,000,000, payable through 2010 in annual amounts to be determined by the Chapter. This is an intent and as such is reflected in the Chapter’s Contributions to National. Contributions dedicated to this campaign in the amount of \$118,330 and \$425,190 were received in 2010 and 2009, respectively. These contributions have been recorded as an expense and included in “Restricted contributions to National for research and other activities” on the Statement of Functional Expenses.

**Allocated Expenses** – Functional expenses which are not specifically attributable to program services or support services are allocated by management based on various allocation factors.

**Tax-Exempt Status** – 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 California State and Carlsbad City income tax.

**Concentration of Credit Risk** - The Chapter maintains its cash in bank deposit accounts which 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 cash and cash equivalents. At September 30, 2010 and 2009, the Chapter’s cash was held by 3 banks.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents** - For purposes of the statements of financial position and cash flows, the Chapter considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

**Investments** – The Chapter’s investments in mutual funds and government securities are stated at their quoted market prices, with the net change in unrealized gains or losses included in the statements of activities. Donated marketable securities are recorded as contributions at their fair value at the date of gift.

**Recent Accounting Pronouncements**

During fiscal 2009, the Chapter adopted FASB ASC 820-10 (formerly SFAS No. 157), *Fair Value Measurements*. This statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about the fair value measurements. See Note 4 for more information on the measurement of fair value.

During fiscal 2009, the Chapter adopted the disclosure requirements of FASB ASC 958-205-45-28 through 45-31 (formerly FSP 117-1), *Endowment of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* to require specific disclosures, among other things, of the governing board’s interpretation of the laws that underlie the organization’s net asset classification of donor-restricted endowment funds, its endowment spending policies, and its endowment investment policies, including the return objectives, risk parameters, and strategies for achieving those objectives. See Note 5 for more information.

**NOTE 3 - INVESTMENTS**

Investments are stated at fair value. Investments are summarized as follows:

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Unrestricted investments		
Mutual funds	\$ 89,591	\$ 29,121
Government securities	<u>417,890</u>	<u>454,583</u>
	507,481	483,704
Permanently restricted investments		
Endowment fund at San Diego Foundation	<u>32,310</u>	<u>30,136</u>
	<u>\$ 539,791</u>	<u>\$ 513,840</u>

**NOTE 3 – INVESTMENTS (CONTINUED)**

The following schedule summarizes the investment return gain (loss) and its classification in the statements of activities:

	<u>Years Ended September 30,</u>	
	<u>2010</u>	<u>2009</u>
Net realized and unrealized gain (loss) on investments	\$ 17,852	\$ (78,603)
Interest and dividend income	<u>19,262</u>	<u>23,470</u>
	37,114	(55,133)
Gain (loss) on endowment fund at San Diego Foundation	2,174	(2,011)
Gain (loss) in charitable remainder trust	<u>---</u>	<u>(28,108)</u>
Total investment gain (loss)	<u>\$ 39,288</u>	<u>\$ (85,252)</u>

**NOTE 4 – FAIR VALUE MEASUREMENTS**

The Chapter adopted the fair value 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, however, the level of fair value of each financial asset or liability presented below is based on the lower significant input level within this fair value hierarchy. The following tables provide the fair value hierarchy of the Chapter's financial assets as of September 30, 2010 and 2009:

<u>September 30, 2010</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Government securities	\$ 417,890	\$ ---	\$ ---	\$ 417,890
Mutual funds	89,591	---	---	89,591
Endowments	<u>---</u>	<u>---</u>	<u>32,310</u>	<u>32,310</u>
	<u>\$ 507,481</u>	<u>\$ ---</u>	<u>\$ 32,310</u>	<u>\$ 539,791</u>

<u>September 30, 2009</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Government securities	\$ 454,583	\$ ---	\$ ---	\$ 454,583
Mutual funds	29,121	---	---	29,121
Endowments	<u>---</u>	<u>---</u>	<u>30,136</u>	<u>30,136</u>
	<u>\$ 483,704</u>	<u>\$ ---</u>	<u>\$ 30,136</u>	<u>\$ 513,840</u>

#### NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

The table below sets forth a summary of the changes in the fair value of the Chapter's Level 3 financial assets for the years ended September 30, 2010 and 2009:

	<u>Years Ended September 30,</u>	
	<u>2010</u>	<u>2009</u>
Balance, beginning of the year	\$ 30,136	\$ 32,147
Withdrawals - net (including fees)	(705)	(825)
Unrealized gain (loss)	<u>2,879</u>	<u>(1,186)</u>
Balance, end of the year	<u>\$ 32,310</u>	<u>\$ 30,136</u>

Details on the methods and assumptions used to determine the fair values of the financial assets and liabilities are as follows:

*Fair value measurements based on Level 1 inputs:* Measurements that are most observable are based on quoted prices of identical instruments obtained from the 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.

*Mutual Funds:* These investments are public investment securities valued using the Net Asset Value ("NAV") provided by the investment custodian. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

*U.S. Government Securities:* These investments are valued based on the underlying assets using quoted prices in an active market.

*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. The Chapter did not hold any financial assets valued using level 2 methodology.

*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.

*Endowments:* - These investments are valued using the NAV provided by the foundation holding the investments. The NAV is quoted on a private market that is not active, however, the unit price is based on the underlying investments.

## NOTE 5 - ENDOWMENTS

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Chapter believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Chapter's endowment consists of funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

### **Interpretation of Relevant Law**

The Chapter has interpreted the State of California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Chapter classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is characterized as temporarily restricted net assets until those amounts are appropriated for expenditure by the Chapter in a manner consistent with the standard for expenditure prescribed by UPMIFA. In accordance with UPMIFA, the Chapter considers the following factors in making a determination to appropriate or calculate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The general purposes of the Chapter and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Chapter
7. The investment policies of the Chapter

The Chapter has an endowment fund at the San Diego Foundation which is classified as permanently restricted as the endowment must be maintained in perpetuity. The endowment is carried at fair market value based on the underlying investments in the portfolio and totaled \$32,310 and \$30,136, at September 30, 2010 and 2009, respectively.

## NOTE 5 – ENDOWMENTS (CONTINUED)

The changes in endowment net assets for the year ended September 30, 2010, follow:

	<b><u>Permanently Restricted</u></b>
Endowment net assets, beginning of the year	\$ 30,136
Net realized and unrealized gain	2,879
Appropriation of endowment assets for expenditure	<u>(705)</u>
Endowment net assets, end of the year	<u>\$ 32,310</u>

### **Return Objectives and Risk Parameters**

The Chapter has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Chapter must hold in perpetuity or for donor specified periods. Under this policy, as provided by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Chapter expects its endowment funds over time to provide an average rate of return of 5% annually. Actual returns in any given year may vary from this amount.

### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

The endowments are to be thought of as a permanent fund. As such, the investment objectives require disciplined and consistent management philosophies that accommodate all those events which are relevant, reasonable, and probable. Therefore, 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. The Chapter does not allow spending of the market value of the portfolio.

## NOTE 6 – ALLOCATION OF JOINT COSTS

In fiscal 2010 and 2009, the Chapter incurred joint costs of \$2,516 and \$6,614, respectively, for information materials and activities that included fundraising appeals. Such costs were allocated in accordance with the requirements of ASC Section 958-720 *Accounting for Cash of Activities of Not-for-Profit Organizations and State and Local Government Entities That Include Fund-Raising*. All of these costs were allocated to fundraising.

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

The Chapter leases office space under two noncancellable lease agreements with expiration dates through January 2012. Future minimum rental payments due from noncancellable office space lease agreements are as follows:

<u>Years Ended September 30,</u>	<u>Amount</u>
2011	\$ 117,619
2012	<u>12,566</u>
	<u>\$ 130,185</u>

Rent expense totaled \$285,352 and \$297,102, for the years ended September 30, 2010 and 2009, respectively.

The Chapter also leases various other office equipment under noncancellable operating leases. Total operating lease expense for these various leases was \$47,595 and \$38,936, for the years ended September 30, 2010 and 2009. Minimum future rental payments due from noncancellable equipment operating lease agreements are as follows:

<u>Years Ended September 30,</u>	<u>Amount</u>
2011	\$ 26,592
2012	26,592
2013	<u>3,968</u>
	<u>\$ 57,152</u>

The Chapter has restricted cash funds consisting of \$18,396 and \$13,627 at September 30, 2010 and 2009, respectively, for scholarships. The Chapter has restricted cash funds of \$142,862 and \$142,862 at September 30, 2010 and 2009, respectively, for specific "Fund a Need" program expenditures.

The Chapter is committed to remit 40% of income to National according to calculations stipulated by National.

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 Society will calculate 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 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's meets its programmatic goals and that all donor restrictions are honored. In Fiscal Year 2011, the Chapter's National Program Expense will be \$2,018,904. 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.

**NOTE 10 - PENSION PLAN**

The Chapter has a noncontributory defined contribution pension plan covering all eligible employees. Employees are fully vested at the end of five years. Contributions for the years ended September 30, 2010 and 2009, as determined by the National Headquarters' Chief Executive Officer, were 0% of gross annual salary. There was therefore no pension expense related to this plan for the years ended September 30, 2010 and 2009.

**NOTE 11 - NET ASSETS**

**Temporarily Restricted Net Assets**

Temporarily restricted net assets are amounts restricted due to donor imposed purpose restrictions for programs.

Temporarily restricted net assets consist of the following:

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Scholarship Fund	\$ 18,396	\$ 13,627
Fund a Need program	<u>142,862</u>	<u>142,862</u>
	161,258	156,489
Charitable gift annuities	<u>10,140</u>	<u>9,942</u>
	<u>\$ 171,398</u>	<u>\$ 166,431</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>Years Ended September 30,</u>	
	<u>2010</u>	<u>2009</u>
Contributions from Campaigns	<u>\$ 676,792</u>	<u>\$ 820,393</u>

**NOTE 11 - NET ASSETS (CONTINUED)**

**Permanently Restricted Net Assets**

Permanently restricted net assets consist of the following:

	<u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Endowment at San Diego Foundation	<u>\$ 32,310</u>	<u>\$ 30,136</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>Years Ended September 30,</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$ (199)</u>	<u>\$ 100</u>

**NOTE 12 - SPECIAL EVENTS**

The Chapter conducts special events in order to assist in the program operations and to contribute monies to the Society for research. All events are conducted in accordance with applicable federal, state, and local laws and ordinances.

**NOTE 13 – CONTRIBUTIONS**

Public support includes the following contributions, legacies and bequests received at National from San Diego, Orange and Imperial counties for the years ended September 30:

	<u>2010</u>	<u>2009</u>
General contributions	\$ ---	\$ 9,074
Research contributions	<u>---</u>	<u>500</u>
	<u>\$ ---</u>	<u>\$ 9,574</u>

**NOTE 14 – CONTRIBUTIONS RESTRICTED FOR LOCAL USE**

During the fiscal years ended September 30, 2010 and 2009, the Chapter received contributions of \$1,408,255 and \$1,349,956 which were restricted by the donors to be used solely for local chapter services and sponsorship for special events. These restricted contributions were tested as part of our independent audit procedures and were in compliance with the restricted gift policy of National.



**LESLEY, THOMAS, SCHWARZ & POSTMA, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS  
*A Professional Accountancy Corporation*

**Principals**  
George M. Lesley  
John Postma II  
Thomas R. Madigan  
Cory G. Youngberg  
Mark D. Murphy  
Doris D. Farinacci  
Mark A. Simurda  
Cyndi M. LeBerthon

December 29, 2010

Independent Auditors' Report on Supplementary Information

To the Board of Trustees of  
National Multiple Sclerosis Society Pacific South Coast Chapter

Our report on our audits of the basic financial statements of the National Multiple Sclerosis Society Pacific South Coast Chapter as of September 30, 2010 and 2009, and for the years then ended which was dated December 29, 2010 is included with the basic financial statements. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is for additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lesley, Thomas, Schwarz & Postma, Inc.*  
A Professional Accountancy Corporation  
Newport Beach, California

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**SUPPLEMENTAL SCHEDULE OF AMOUNT DUE NATIONAL**

**YEAR ENDED SEPTEMBER 30, 2010**

Total Revenue for the year ended September 30, 2010	\$ 5,846,440
Add: Benefit to donor costs	<u>1,156,236</u>
Gross Income	<u>7,002,676</u>
Less Revenue not subject to 40% sharing:	
Restricted for Local Use-Deductible Sponsorship	436,637
Restricted for Local Use-Bequests and Legacies	-
Restricted for Local Use-Other	454,046
Research received at the Chapter (100%)	8,847
Promise 2010 Research Received at the Chapter (100%)	156,330
Disaster Fund	-
Received at National-Chapter's share of Direct Mail	67,547
Received at National-Chapter's share of Direct Mail - Research	2,270
Received at National-Chapter's share of Helping Hands	-
Received at National-Research	-
Received at National-Promise 2010	-
Received at National-Chapter's share of unrestricted gifts (including unrestricted 60/40 legacies)	<u>-</u>
Sub-total - Received at National	69,817
Investment income (loss)	39,288
In-kind Donations for Special Events	284,769
In-kind Donations for other contributions	232,803
Subsidies	16,621
Service program fees	830
Miscellaneous income (refunds, miscellaneous)	3,383
Unrestricted legacies received at the Chapter subject to 50/50 sharing	<u>453,035</u>
Total revenue not subject to 40% sharing	<u>2,156,406</u>
Less Allowances:	
Fund Raising Allowance - Special Events	929,721
Fund Raising Allowance - New Campaigns	-
Major Gift Allowance	<u>-</u>
Total Allowances	<u>929,721</u>
Total Allowances and Deductions	<u>3,086,127</u>
See Independent Auditors' Report and accompanying notes to the financial statements	

NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER

SUPPLEMENTAL SCHEDULE OF AMOUNT DUE NATIONAL

YEAR ENDED SEPTEMBER 30, 2010

Divisible income subject to 40% sharing	3,916,549
Forty Percent of divisible income	1,566,620
Add: Fifty Percent of unrestricted legacies received at the Chapter	<u>226,517</u>
Sub-total	1,793,137
Add:	
Honor roll contributed from Chapter reserves	-
Research Received at the Chapter 100%	8,847
Promise 2010 Research Received at the Chapter (100%) Received at National-Research	156,330
Received at National-Chapter's share of Direct Mail - Research	2,270
Received at National-Promise 2010	<u>-</u>
Total National Program Expense	<u>1,960,584</u>
Chapter Payments:	
October 2009 through September 2010	1,772,565
Less Payments for FY09	(51,943)
Less Payments for FY07 and prior years	<u>-</u>
Total Paid for FY10	<u>1,720,622</u>
Credits:	
Received At National in FY10 (current fiscal year):	<u>119,837</u>
Total Credits	<u>119,837</u>
Total Payments and Credits	<u>1,840,459</u>
Balance Due National for FY10	120,125

See Independent Auditors' Report  
and accompanying notes to the financial statements

NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER

SUPPLEMENTAL SCHEDULE OF AMOUNT DUE NATIONAL

YEAR ENDED SEPTEMBER 30, 2010

Remittance Indebtedness:

Remittance Balance Due National as of 9/30/09 (previous yr)	51,943
Less: Payments for previous year in current year	(51,943)
Less: Payments for FY08 and prior years during current year	-
Adjustment for change in value of restricted annuities receivable	-
Less: Other reduction to Past Debt by National (e.g. move to Memo Debt)	-
Adjusted Balance Due National for prior years	-

Total Remittance Balance Due National at 9/30/10	<u>\$ 120,125</u>
Current	<u>\$ 120,125</u>
Long-term	<u>\$ -</u>

OTHER PAYABLES (RECEIVABLES) TO NATIONAL:

Campaign Supplies	\$ -
Loans & Advances	-
Health Insurance	-
Liability Insurance	-
IRC	3,640
Scholarships	-
Other (List and describe individually):	-
Router charges	2,181
Convio	1,245
Benefits	3,167
Technology services	23,915
Payroll	1,259
Fundraising	(5,000)
Summer Summit	1,200
Literature	<u>4,504</u>

TOTAL OTHER PAYABLES TO NATIONAL:	<u>\$ 36,111</u>
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IN ADDITION - AMOUNTS PAYABLE TO/FROM OTHER CHAPTERS:

Southern California Chapter (Challenge Walk)	252,055
Southern California Chapter	-
Northern California Chapter (share of Advocacy staff)	-

Total due to other Chapters at September 30, 2010	<u>\$ 252,055</u>
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See Independent Auditors' Report  
and accompanying notes to the financial statements

NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER

SUPPLEMENTAL SCHEDULE OF INCOME FROM SPECIAL EVENTS AND NEW CAMPAIGNS

YEAR ENDED SEPTEMBER 30, 2010

Event	Sponsorship		Other Restricted Income	Total Spon. & Other Total	Campaign Income	Total Sponsorship Other Restricted Income and Campaign Income	Benefit to Donor Costs	Other Direct Costs	Total Costs Less Total Sponsorship	Excess Sponsorship	Fund Raising Allowance
	Cash	In-kind									
MS 150 Dinner of Champions	\$ 110,060	\$ 112,804	\$ 22,856	\$ 245,720	\$ 2,207,709	\$ 2,453,429	\$ 496,029	\$ 69,797	\$ 342,962	\$ -	\$ -
Auction	34,392	38,131	78,370	150,893	309,013	459,906	136,929	51,420	115,826	-	-
MS Walk	192,005	96,363	-	288,368	1,417,343	1,705,711	315,986	134,644	162,262	-	-
Golf Tournaments	41,000	9,400	17,550	67,950	81,490	149,440	65,356	11,572	26,528	-	-
MS Challenge	54,530	28,071	3,732	86,333	574,874	661,207	123,368	37,911	78,678	-	-
Other Special Events	4,650	-	-	4,650	58,178	62,828	18,568	6,666	20,584	-	-
Excess Sponsorship	436,637	284,769	122,508	843,914	4,648,607	5,492,521	1,156,236	312,010	746,840	-	-
Total	436,637	284,769	122,508	843,914	4,648,607	5,492,521	1,156,236	312,010	746,840	-	-
Fundraising Allowance (1)	-	-	-	-	x 20%	-	-	-	-	-	\$ 929,721
Auction, OC (2)	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 436,637	\$ 284,769	\$ 122,508	\$ 843,914	\$ 4,648,607	\$ 5,492,521	\$ 1,156,236	\$ 312,010	\$ 746,840	\$ -	\$ 929,721

(1) Fund raising allowance is 20% of campaign income (which includes excess sponsorship).

(2) For new campaigns, chapters can deduct total direct expenses (not to exceed total income) from campaign income and calculate 60/40 share on the net amount, or apply the standard 20% fundraising allowance, whichever is most beneficial to the chapter.

See Independent Auditors' Report  
and accompanying notes to the financial statements

**NATIONAL MULTIPLE SCLEROSIS SOCIETY PACIFIC SOUTH COAST CHAPTER**

**SCHEDULE OF MEMBERSHIP AND CONTRIBUTIONS**

**YEAR ENDED SEPTEMBER 30, 2010**

<b><u>Individual contributions</u></b>	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Totals 2010</u></b>	<b><u>Amount of In-Kind Included in 2010 Totals</u></b>
Board appeal	\$ -	\$ 105,113	\$ -	\$ 105,113	\$ -
Employee appeal	-	4,393	-	4,393	-
Tributes and memorials	21,689	150	-	21,839	-
Individual contributions	127,415	308,641	-	436,056	114,879
Other campaign income	38,698	49,359	-	88,057	-
Total individual contributions	187,802	467,656	-	655,458	114,879
<b><u>Corporate contributions</u></b>					
Corporate gifts	2,562	155,349	-	157,911	117,924
Total corporate contributions	2,562	155,349	-	157,911	117,924
<b><u>Other contributions</u></b>					
Foundations	500	30,648	-	31,148	-
	500	30,648	-	31,148	-
Total	\$ 190,864	\$ 653,653	\$ -	\$ 844,517	\$ 232,803

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