Consolidated Financial Statements Together with
Report of Independent Certified Public Accountants

NATIONAL MULTIPLE SCLEROSIS SOCIETY AND AFFILIATE

September 30, 2017

NATIONAL MULTIPLE SCLEROSIS SOCIETY AND AFFILIATE

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
National Multiple Sclerosis Society:

We have audited the accompanying consolidated financial statements of National Multiple Sclerosis Society and Affiliate (collectively, the "Society"), which comprise the consolidated statement of financial position as of September 30, 2017, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the consolidated 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 Society'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Multiple Sclerosis Society and Affiliate as of September 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
April 6, 2018

NATIONAL MULTIPLE SCLEROSIS SOCIETY AND AFFILIATE
Consolidated Statement of Financial Position
As of September 30, 2017

ASSETS	
Current Assets	
Cash and cash equivalents	$ 51,107,512
Current portion of contributions receivable, net	14,488,067
Investments, short-term	65,375,143
Prepaid expenses and other current assets	6,968,034
Total current assets	137,938,756
Contributions receivable, net	673,117
Property and equipment, at cost, net of accumulated depreciation	6,855,985
Investments related to endowment	6,283,046
Investments related to charitable gift annuities	2,445,648
Beneficial interests in trust	1,447,435
Other non-current assets	346,291
Total assets	$ 155,990,278
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Grants payable	$ 37,500,928
Accounts payable and accrued expenses	14,264,728
Deferred revenue	8,594,230
Due to Progressive MS Alliance	7,684,478
Other current liabilities	661,211
Total current liabilities	68,705,575
Deferred rent, net of current portion	2,784,612
Obligations to annuitants, net of current portion	1,619,848
Other non-current liabilities	437,539
Total liabilities	73,547,574
COMMITMENTS AND CONTINGENCIES	
NET ASSETS	
Unrestricted	56,040,027
Temporarily restricted	19,844,640
Permanently restricted	6,558,037
Total net assets	82,442,704
Total liabilities and net assets	$ 155,990,278

The accompanying notes are an integral part of this consolidated financial statement.

NATIONAL MULTIPLE SCLEROSIS SOCIETY AND AFFILIATE
Consolidated Statement of Activities
For the year ended September 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUE				
Public Support				
Special events	$ 137,332,453	$ -	$ -	$ 137,332,453
Less: Cost of direct benefits to donors	(22,838,966)	-	-	(22,838,966)
Net special events	114,493,487	-	-	114,493,487
Contributions from individuals, corporations, and foundations	43,503,393	3,193,595	25,000	46,721,988
Bequests and trust income	12,435,713	1,972,802	-	14,408,515
Contributed public service announcements, services, and goods	15,392,483	-	-	15,392,483
Total public support	185,825,076	5,166,397	25,000	191,016,473
Advertising, program fees, and other	3,352,179	-	-	3,352,179
Investment income designated for operations	104,316	-	-	104,316
Net assets released from restrictions	5,909,545	(5,909,545)	-	-
Total operating revenue	195,191,116	(743,148)	25,000	194,472,968
OPERATING EXPENSES				
Program Services				
Research	44,224,433	-	-	44,224,433
Client and community services	47,728,145	-	-	47,728,145
Public education	46,289,260	-	-	46,289,260
Professional education and training	5,906,834	-	-	5,906,834
Total program services	144,148,672	-	-	144,148,672
Support Services				
Fundraising	40,118,238	-	-	40,118,238
Management and general	16,516,101	-	-	16,516,101
Total supporting services	56,634,339	-	-	56,634,339
Total operating expenses	200,783,011	-	-	200,783,011
Changes in net assets from operations	(5,591,895)	(743,148)	25,000	(6,310,043)
NONOPERATING ACTIVITIES				
Investment return, net	5,946,815	1,178,191	-	7,125,006
Adjustment of research grant liability	6,309,326	-	-	6,309,326
Change in fair value of beneficial interest in trust	-	3,655	22,593	26,248
Change in value of split-interest agreements	-	181,041	-	181,041
Total nonoperating activities	12,256,141	1,362,887	22,593	13,641,621
Changes in net assets before realignment	6,664,246	619,739	47,593	7,331,578
Inherent contribution acquired through realignment	32,367,271	14,096,657	4,618,459	51,082,387
Changes in net assets	39,031,517	14,716,396	4,666,052	58,413,965
Net assets, beginning of year	17,008,510	5,128,244	1,891,985	24,028,739
Net assets, end of year	$ 56,040,027	$ 19,844,640	$ 6,558,037	$ 82,442,704

The accompanying notes are an integral part of this consolidated financial statement.

NATIONAL MULTIPLE SCLEROSIS SOCIETY AND AFFILIATE
Consolidated Statement of Cash Flows
For the year ended September 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	$ 58,413,965
Adjustments to reconcile changes in net assets to net cash provided by operations	
Non-cash portion of inherent contribution acquired through realignment	(26,905,484)
Net realized and unrealized gains on investments	(7,229,322)
Adjustment of research grant liability	(6,309,326)
Depreciation and amortization	2,720,339
Change in value of beneficial interest in trusts	(26,248)
Change in value of split-interest agreements	(181,041)
Deferred rent	(876,102)
Changes in:	
Contributions receivable	2,715,802
Prepaid expenses and other assets	368,187
Accounts payable and accrued expenses	(1,960,057)
Grants payable	(1,445,525)
Deferred revenue	(1,032,631)
Other liabilities	111,637
Due to Progressive MS Alliance	5,008,008
Liability to annuitants	(474,148)
Net cash provided by operating activities	22,898,054
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of furniture and equipment	(2,083,169)
Purchase of investments	(35,424,186)
Proceeds from sales of investments	31,750,822
Net cash used in investing activities	(5,756,533)
Net increase in cash and cash equivalents	17,141,521
Cash and cash equivalents, beginning of year	33,965,991
Cash and cash equivalents, end of year	$ 51,107,512

The accompanying notes are an integral part of this consolidated financial statement.

NATIONAL MULTIPLE SCLEROSIS SOCIETY AND AFFILIATE
Consolidated Statement of Functional Expenses
For the year ended September 30, 2017

	Program Activities					Supporting Services				
	Research	Client and Community Services	Public Education	Professional Education and Training	Total	Fund-Raising	Management and General	Total	Direct Donor Benefits	Grand Total
Salaries, payroll taxes, and benefits	$ 3,226,987	$ 29,376,405	$ 22,291,178	$ 2,924,581	$ 57,819,151	$ 15,395,597	$ 10,393,910	$ 25,789,507	$ -	$ 83,608,658
Awards, grants, and prizes	39,064,441	3,820,156	29,772	1,700,678	44,615,047	105,566	12,582	118,148	2,950,661	47,683,856
Contributed public service announcements, services, and goods	441,022	15,096	12,926,189	1,332	13,383,639	2,116,629	6,216	2,122,845	1,097,069	16,603,553
Professional fees	328,488	4,670,530	1,878,771	291,295	7,169,084	7,213,450	1,739,316	8,952,766	-	16,121,850
Occupancy	204,943	3,484,023	2,766,724	307,414	6,763,104	2,049,425	1,434,598	3,484,023	3,843,917	14,091,044
Conferences, meetings, and travel	683,626	2,081,411	799,640	288,831	3,853,508	1,561,835	230,113	1,791,948	8,016,320	13,661,776
Printing, publication, and postage	21,989	521,036	2,902,718	61,764	3,507,507	3,776,356	663,024	4,439,380	-	7,946,887
Credit card fees and bank fees	5,851	57,625	18,986	32	82,494	4,087,559	155,044	4,242,603	-	4,325,097
Depreciation and amortization	54,407	924,915	734,492	81,610	1,795,424	544,068	380,847	924,915	-	2,720,339
Other	192,679	2,776,948	1,940,790	249,297	5,159,714	3,267,753	1,500,451	4,768,204	6,931,029	16,858,947
Total expenses	44,224,433	47,728,145	46,289,260	5,906,834	144,148,672	40,118,238	16,516,101	56,634,339	22,838,996	223,622,007
Less: Cost of direct benefits to donors	-	-	-	-	-	-	-	-	(22,838,996)	(22,838,996)
Total expenses as reported on the statement of activities	$ 44,224,433	$ 47,728,145	$ 46,289,260	$ 5,906,834	$ 144,148,672	$ 40,118,238	$ 16,516,101	$ 56,634,339	$ -	$ 200,783,011

The accompanying notes are an integral part of this consolidated financial statement.

1. ORGANIZATION

National Multiple Sclerosis Society and Affiliate (collectively, the "Society"), a national not-for-profit health agency, envisions a world free of Multiple Sclerosis ("MS"). Everything the Society does is focused so that people affected by MS can live their best lives as we stop MS in its tracks, restore what has been lost, and end MS forever. The Society is comprised of offices across the country and is governed by a national board of directors and supported by local boards of trustees. The Society's mission is fulfilled through funding cutting-edge research grants and training programs, driving change through advocacy, collaborating with MS organizations worldwide, and connecting people affected by MS to information, resources and people to live their best lives now. To move us ever closer to a world free of MS, the Society, in fiscal 2017 alone, invested over $44 million to support more than 350 new and ongoing research projects around the world while providing information and services to over one million people.

National Multiple Sclerosis Society qualifies as a charitable organization as defined by Internal Revenue Code ("IRC") Section 501(c)(3) and, accordingly, is exempt from federal income taxes under IRC section 501(a). Additionally, since National Multiple Sclerosis Society is publicly supported, contributions qualify for the maximum charitable contribution deduction under the IRC. Fast Forward LLC ("Fast Forward"), its consolidated not-for-profit affiliate, derives its tax exemption from National Multiple Sclerosis Society and is treated as a "disregarded entity" for tax purposes.

Effective October 1, 2016 the Society consolidated the 36 chapters and the national headquarters into a single entity under one federal employer's identification number. The unified entity will issue one set of audited financial statements and file a single tax return. This transition better aligns the Society's resources in order for the organization to maximize its impact so that each person affected by MS can live their best life while we relentlessly pursue a cure for everyone with MS. For accounting purposes, the transition was treated as an acquisition of 100% of the assets and liabilities of the 36 chapters by the Society. Total assets acquired from the 36 chapters approximated $73.7 million and net assets acquired approximated $51 million. No consideration was given in exchange for these interests.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements consist of the accounts of National Multiple Sclerosis Society and Fast Forward, a not-for-profit limited liability company of which National Multiple Sclerosis Society is the sole member.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the amounts of revenues and expenses during the reporting period, the most significant of which include the fair values assigned to certain financial instruments; the collectability of contributions receivable; the fair value of contributed public service announcements; and the useful lives assigned to property and equipment. Actual results could differ from those estimates.

Basis of Accounting

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with U.S. GAAP. Accordingly, all significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements. 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 Society and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets available at the discretion of management and the Board of Directors (the “Board”). These net assets may be used by the Society in support of any of its program or supporting services.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Society and/or passage of time.

Permanently restricted net assets - Net assets which contain certain donor-imposed restrictions that stipulate that such resources be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

Revenue Recognition

Contributions (including unconditional promises to give) are recorded at fair value when received. Contributions received with donor stipulations that limit the use of the donated assets are reported as either temporarily restricted or permanently restricted support. Unconditional promises to give, with payments due in future years, are reported as either temporarily restricted or permanently restricted support, discounted to present value using credit adjusted discount rates which articulate with the collection period of the respective pledge. Such discount rates are not subsequently revised. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the consolidated statement of activities as net assets released from restrictions.

Special event, contribution, and advertising revenues are recorded on an accrual basis as earned. Revenue from program-related fees are recorded at fair value when earned.

Unconditional bequests (donations received under terms of a will) are reported as revenues when notification of the bequest is received, the amount is reasonably determinable, and the probate court declares the will valid.

Fast Forward receives contributions under separate collaboration agreements with other not-for-profit organizations to fund certain Sponsored Research Agreements (“SRAs”) entered with certain organizations for the purpose of conducting specified research and development and therapeutic strategies for progressive multiple sclerosis (“R&D”) activities. Amounts received, which are refundable to the related not-for-profit organizations if not spent for the specified activities, are recorded as support when the activities have been performed or expenditures have been incurred by the recipient organizations.

Allowance for Doubtful Accounts

The Society maintains an allowance for doubtful accounts for estimated losses that may result from the inability of donors or advertisers to make payments. Such allowances are based on several factors, including but not limited to, historical collection experience, and the financial condition of its markets, donors or advertisers. Accounts are written off when deemed to be uncollectible.

Functional Allocation of Expenses

The costs of providing Society programs and supporting services have been summarized on a functional basis on the consolidated statements of activities and functional expenses.

The following is a description of Society programs activities:

Research - The Society supports research projects around the world aimed at stopping multiple sclerosis in its tracks, restoring function, and ending the disease forever.

Client and Community Services - Programs, services and resources for people living with multiple sclerosis and affected by multiple sclerosis which facilitate education, recreation, physical and emotional wellness, provide financial resources and a connection for people living with multiple sclerosis. Also includes costs associated with collaborating with other community organizations, focusing on access to healthcare, rehabilitation, treatments and therapies; long-term care; disability rights issues; vocational training and rehabilitation, wellness and fitness; and, outreach and education to rural and underserved populations.

Public Education - Costs associated with educating the public about multiple sclerosis including the Society's annual multiple sclerosis awareness campaign, public service announcements, Momentum, which is the Society's flagship magazine distributed quarterly to people with multiple sclerosis, healthcare providers, supporters of the Society, and MS Connection newsletter, which includes information about programs and activities in local markets.

Professional Education and Training - Activities or programs designed to improve the knowledge, skills and critical judgment of physicians and other healthcare professionals engaged (directly or indirectly) in providing client services by keeping them abreast of new diagnostic techniques and therapies.

Supporting services represent costs for administrative and general support activities not directly related to program services. Fundraising includes salaries and related expenses of employees involved in fundraising activities.

Research Grants

Research grants, which are generally awarded for three years, are recognized in accordance with defined payment schedules, and as the related conditions on which they depend are met. Research grants are subject to revocation rights by the Society and the continued qualification of grantees, among other criteria. Accordingly, grants are evaluated annually and expensed as approved. Society policy regarding the recognition of grants payable is to include only those amounts for which a specific grantee is identified, and the respective grant has been approved by the Society's President and CEO.

Payments made under Sponsored Research Agreements are recognized as an expense, as services or R&D activities performed by the funded entities in accordance with the terms of the respective SRA. Funding commitments by Fast Forward, for which future payments are conditioned upon achieving certain stipulated milestones, as set forth in the respective SRA, are not recognized in the financial statements.

Joint Costs

The Society accounts for costs of activities that include both a fundraising appeal and informational content (joint costs) in accordance with standards incorporated in the Accounting Standards Codification ("ASC") of the Financial Accounting Standards Board. In fiscal year 2017, the Society incurred joint costs of $4,246,047, for information materials and activities that included fundraising appeals.

These costs have been allocated as follows as of September 30, 2017:

Fundraising	$ 2,525,178
Management and General	612,415
Public Education	1,108,454
Total	$ 4,246,047

Concentration of Credit Risk

Cash, cash equivalents and investments are exposed to various risks, such as interest rate, market and credit risks. To manage such risks, the Society has a diversified investment portfolio in a variety of asset classes managed by an independent investment manager. The Society's cash, cash equivalents and investments are placed with high credit quality financial institutions. The Society regularly evaluates its investments, including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported on the accompanying consolidated financial statements can vary substantially from year to year. The Society maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits; however, the Society does not anticipate nonperformance by these financial institutions.

Cash and Cash Equivalents

The Society considers highly liquid investments with original maturities of three months or less from the date purchased, other than those held in the investment portfolio, to be cash equivalents. At September 30, 2017, substantially all the Society's cash and cash equivalents were on deposit with one financial institution.

Contributions Receivable

At September 30, 2017, the Society's contributions receivable, net, consist of the following:

Amounts expected to be collected:		
In less than one year	$	14,624,078
Less: Allowance for doubtful accounts		(136,011)
Net contributions receivable, current		14,488,067
One to three years		725,000
Less: Discount to present value		(51,883)
Net contributions receivable, noncurrent		673,117
Total	$	15,161,184

Investments and Investment Return

Investments in mutual funds and equity securities are reported at fair value, based on published unit values or quoted market prices in active markets as of the reporting date. Investments in debt securities are carried at fair value, based on measurement inputs derived directly from quoted market prices or observable inputs, such as quoted market prices for similar securities, interest rates, credit risks, and other factors. Investments in certificates of deposit are carried at cost, which approximates fair value. Donated securities are recorded at their quoted fair values on the date received. Warrants received in connection with the funding of SRAs are stated at their estimated fair value. Income earned from investments, including realized and unrealized gains and losses and interest and dividends, is recorded in the net asset class owning the assets, except for permanently restricted net assets where the income is recorded as temporarily restricted and then reclassified to unrestricted upon appropriation for expenditure by the Board in accordance with the Society's spending rate policy.

Split-Interest Agreements and Beneficial Interest in Trust

Under the Society's annuity program, the Society is the beneficiary of a number of split-interest agreements established with donors, whereby the Society controls and invests the donated assets and shares with the donors or the donor's designee(s) income generated from these assets until such time as stated in the agreement (usually upon death of the donor or the donor's designee(s)). At that time, the residual assets are available for use by the Society subject to any restrictions stipulated by the donor.

The Society records a liability for amounts payable to annuitants, using an actuarial calculation performed at the time of gift. The obligation to the annuitant is accreted to the amount payable to annuitants over their life expectancies and adjustments are made annually for changes in mortality, if any, and results from the investment of donated assets. The Society's liability to annuitants at September 30, 2017 is based on a discount rate of 6% per annum and totaled $1,853,499, of which $1,619,848 is reflected within the consolidated statement of finance position as due to annuitants for the non-current portion and $241,651 is included within other current liabilities for the current portion. State-mandated reserves related to these arrangements are maintained at required levels.

In situations where the assets are controlled and invested by an independent third-party, the Society records a beneficial interest in trust and contribution revenue for its share of the assets at fair value based on the present value of the estimated future distributions to be received by the Society over the expected term of the respective agreements. The Society's beneficial interest in trusts at September 30, 2017 totaled $1,447,435.

Property and Equipment

Property and equipment are carried at cost, if purchased or if donated, at fair value at the date of gift, less accumulated depreciation and amortization. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, generally three to seven years. Amortization of leasehold improvements is provided on the straight-line method over the lesser of their estimated useful lives or the terms of the related lease.

Due to *Progressive MS Alliance*

The Society is a managing member, along with Associanzione Italiana Sclerosi Multipla (Italy), MS Research Australia, Multiple Sclerosis International Federation, MS Society (United Kingdom), and the Multiple Sclerosis Society of Canada, of the *Progressive MS Alliance* (the "*Alliance*"). The *Alliance* is open to MS organizations from around the world and is continually seeking new member organizations from the global MS community. The *Alliance* made a joint commitment to accelerate the development of treatment for progressive MS by removing scientific and technological barriers. The *Alliance* has four strategic objectives which include: raise profile and accelerate progress, secure resources and globalize research funding, inspire, galvanize and engage among priority stakeholders and deliver operational excellence by aligning resources.

As a managing member, the Society committed to providing funds of approximately $25,377,000 over the following eight years conditional on various factors. In addition, the Society maintains custody of the pooled funds contributed from other *Alliance* members. The disbursement of funds for various progressive MS research initiatives are approved by voting *Alliance* members. The Society received a total of $5,923,941 ending September 30, 2017 from *Alliance* members, which will be held until such time the funds are approved for expenditure. As of September 30, 2017, the Society recorded unspent donated funds, consisting of both Society and other *Alliance* members' monies, totaling $7,684,478 as a liability.

Donated Goods and Services

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

The Society received donated print, radio and television public service announcements of approximately $14.9 million for the year ended September 30, 2017. Such amounts, which are based upon information provided by third-party media services, are recorded at their estimated fair value determined on the date of contribution and are reported as contributed public service announcements revenue, public education program expense and fundraising expense on the accompanying consolidated statements of activities and functional expenses.

Highly qualified volunteers serving on peer review research committees have donated their time and efforts to the Society. These contributed services, which meet the recognition criteria under U.S. GAAP, totaled $440,134 for the year ended September 30, 2017. Such amounts are recorded at their estimated fair value at the date of contribution and are reported as contributions from individuals, corporations and foundations revenue and expenses on the accompanying consolidated statements of activities and functional expenses.

A number of volunteers, including members of the Board of Directors, have made significant contributions of their time in furtherance of Society' program and support functions. The value of this contributed time does not meet the criteria for recognition as contributed services in accordance with U.S. GAAP and, accordingly, is not reflected in the accompanying consolidated financial statements.

Deferred Rent

Rent expense/income is recorded on a straight-line basis over the term of the respective lease. The difference between rental payments made/received under the lease and rent expense/income calculated on a straight-line basis is recorded as deferred rent receivable or deferred rent liability on the consolidated statement of financial position.

Accounting for Uncertainty in Income Taxes

Guidance in "Accounting for Uncertainty in Income Taxes" under the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification, clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained, if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. The Society has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and, to identify and evaluate other matters that may be considered tax positions.

Subsequent Events

The Society has evaluated subsequent events through April 6, 2018, the date the consolidated financial statements were available for issuance. The Society is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers", to clarify the principles for recognizing revenue and to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services. Subsequently, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers, Deferral of the Effective Date," which deferred the effective date of ASU 2014-09 for one year. As such, ASU 2014-09 will be effective for the Society for annual reporting periods beginning after December 15, 2018. The Society has not determined the impact of ASU 2014-09 at this time.

In February 2016, the FASB issued ASU 2016-02, "Leases", which requires that most leased assets be recognized on the balance sheet as assets and liabilities for the rights and obligations created by these leases. An entity is required to apply the amendments in ASU 2016-02 under the modified retrospective transition approach. This approach includes a number of optional practice expedients. Under these practical expedients, an organization will continue to account for leases that commence before the effective date in accordance with current U.S. GAAP, unless the lease is modified. However, lessees are required to recognize on the balance sheet leased assets and liabilities for operating leases at each reporting date. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018. The Society has not determined the impact of ASU 2016-02 at this time.

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements for Not-For-Profit Entities," which makes targeted changes to the not-for-profit financial reporting model. The new ASU marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the new standard, net asset reporting will be streamlined and clarified. The existing three-category classification of net assets will be replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." The guidance for classifying deficiencies in endowment funds and on accounting for the lapsing of restrictions on gifts to acquire property, plant, and equipment have also been simplified and clarified. New disclosures will highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. Not-for-profits will continue to have flexibility to decide whether to report an operating subtotal and if so, to self-define what is included or excluded. However, if the operating subtotal includes internal transfers made by the governing board, transparent disclosures must be provided. The standard also imposes several new requirements related to reporting expenses, including providing information about expenses by their natural classification. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. The Society has not determined the impact of ASU 2016-14 at this time.

3. SPECIAL EVENTS REVENUE

A summary of the Society's special events revenue for the year ended September 30, 2017 is as follows:

Event	
Bike MS	$ 69,304,759
Walk MS	44,126,024
Dinners, Luncheons, and Leadership Events	10,975,412
Other Special Events	9,460,322
Muckfest MS	3,465,936
Total Special Events Revenue, gross	137,332,453
Less: Cost of direct benefits to donors	(22,838,966)
Total Special Events Revenue, net	$ 114,493,487

4. FAIR VALUE MEASUREMENTS

The Society follows guidance for fair value measurements that defines fair value 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 on the measurement date. As required by U.S. GAAP for fair value measurements, the Society uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs other than quoted prices in an active market, which are either directly or indirectly observable as of the measurement date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by an entity. The Society considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Society's perceived risk of that instrument.

The carrying amounts of cash and cash equivalents, contributions receivable, prepaid expenses and other current assets, accounts payable and accrued expenses, deferred revenue and other liabilities approximate fair value due to the short maturity of these financial instruments.

The fair values assigned to investments and split-interest arrangements are based on the quoted fair values of the underlying securities as of the measurement date.

The following table provides the fair value hierarchy of the Society's financial instruments as of September 30, 2017:

	Level 1	Level 2	Level 3	Total
Investments, investments related to endowment, and investments related to charitable gift annuities				
Equities	$ 32,952,741	$ -	$ -	$ 32,952,741
Mutual funds	39,391,130	-	-	39,391,130
Other investments	-	-	136,934	136,934
Total investments reported on the fair value hierarchy	72,343,871	-	136,934	72,480,805
Cash and cash equivalents				1,623,032
Total investments				74,103,837
Beneficial interest in trust	-	-	1,447,435	1,447,435
Total	$ 72,343,871	$ -	$ 1,584,369	$ 75,551,272

Beneficial interest in trust is stated at fair value based on the trust's reporting of the underlying assets as of the reporting date.

Stock warrants, which are included in other investments in the table above, are valued using Level 3 inputs, based primarily on the estimation and allocation of enterprise value among the equity classes of each of the companies that issued the warrants using acceptable valuation approaches for privately held, early-stage companies, which the Society considers to be reasonable.

Changes in fair value of investments measured with Level 3 inputs are as follows:

	Other Investments	Beneficial Interest in Trust	Total
Balance September 30, 2016	$ 159,991	$ 91,116	$ 251,107
Acquired through Realignment	-	1,380,071	1,380,071
Distribution	-	(50,000)	(50,000)
Change in fair values	(23,057)	26,248	3,191
Balance September 30, 2017	$ 136,934	$ 1,447,435	$ 1,584,369

5. INVESTMENT RETURN

The components of the Society's net investment gains, including the change in fair value of split-interest agreements, in the accompanying consolidated statement of activities are as follows for the year ended September 30, 2017:

Interest and dividends	$ 1,402,900
Net realized and unrealized gains on investments	6,255,981
	7,658,881
Less: Investment advisory fees	(248,518)
Total	$ 7,410,363

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following at September 30, 2017:

Furniture and fixtures	$ 3,448,895
Equipment	10,677,314
Leasehold improvements	5,536,332
Software	5,322,046
	24,984,587
Less: Accumulated depreciation and amortization	(18,128,602)
Total	$ 6,855,985

7. EMPLOYEE RETIREMENT PLAN

The Society participates in a 401(k) Plan for all eligible employees of the Society. The Society will match 100% of the first 3% of employee contributions to the plan plus 50% on the next 2% for a maximum Safe Harbor Match contribution of 4% of pay each payroll period. For the fiscal year ended September 30, 2017, pension expense totaled $1,913,103, after application of forfeitures.

8. LEASES

The Society leases space for 94 offices throughout the United States through short-term leases, with terms ranging from 12 to 120 months, and containing provisions for future rent increases that are included in the future minimum lease payments below and are amortized using the straight-line method over the lease terms.

The Society sublets a portion of its premises in New York, NY and Chicago, IL under non-cancellable sublease agreements. The subleases are co-terminus with the respective leases.

Rent expense computed on the straight-line basis, totaled approximately $8.1 million for the year ended September 30, 2017. The Society recorded a deferred rent liability at September 30, 2017 of $3,212,000, the current portion of which ($427,500) is reflected within other current liabilities on the consolidated statement of financial position, and a deferred rent receivable at September 30, 2017 of $96,700, which is reflected in the consolidated statement of financial position as part of prepaid expenses and other current assets.

Approximate future minimum lease commitments due under property and equipment operating leases and related minimum sublease income are as follows:

Year Ending September 30,	Lease Payments	Sublease Income
2018	$ 7,113,170	$ 825,445
2019	6,337,122	833,295
2020	5,674,742	841,145
2021	5,039,279	848,996
2022	2,952,552	559,611
Thereafter	1,701,644	38,923
Total	$ 28,818,509	$ 3,947,415

9. RESEARCH AND DEVELOPMENT ACTIVITIES

Research and Fellowship Grants

The Society's program services include funding for research and fellowship projects to be conducted in the future, generally over three to five-year periods. These projects are funded by unrestricted net assets and revenue to be generated by the Society. Commitments for research and fellowship projects are subject to, among other things, revocation rights by the Society, the continued qualifications of grantees, and the grantees satisfying prior conditions before payment.

Outstanding future commitments for research and fellowship projects, which are not recorded within grants payable on the accompanying consolidated statement of financial position, due to their conditional nature, are as follows:

Year Ending September 30,	Research and Fellowships
2018	$ 18,779,178
2019	9,156,386
2020	2,352,474
2021	714,454
Total	$ 31,002,492

Commercial Research Grant Funding

Fast Forward enters into SRAs with selected biotechnology companies and academic institutions engaged in research and development projects aimed at identifying and developing therapies and or diagnostics to improve the treatment of multiple sclerosis. Under the SRAs, Fast Forward agrees to provide funding for specified R&D activities, payable as defined milestones are achieved. Fast Forward funds SRAs from the public support it receives from donors or through the Society, and from other funding entities under collaboration agreements. Under certain SRAs, Fast Forward received warrants or options to purchase ordinary shares, preferred stock, or common stock, of the respective R&D companies. In addition, certain SRAs entitle Fast Forward to royalties upon the achievement of specified developmental milestones for funded projects.

There were no warrants received during fiscal 2017; however, two development milestones were achieved by funded entities that resulted in royalty payments totaling $420,000 made to the Society.

In fiscal 2017, the Society deployed a total of $1,058,137 through Fast Forward to funded entities under SRAs.

Collaboration Agreement with Other Not-for-Profit Organizations

Fast Forward entered into a collaboration agreement with a not-for-profit organization, whereby the organizations agreed to co-fund Fast Forward's programs to aid early-stage pharmaceutical and biotechnology companies engaged in the development of innovative therapeutic and/or diagnostic strategies for multiple sclerosis, and programs to facilitate the translation of academic multiple sclerosis research discoveries into commercial development. The agreement allowed Fast Forward to choose the companies or institutions to be funded from funds provided by the organizations.

During fiscal 2017, there were three projects co-funded through this agreement, which were still active as of September 30, 2017. Total funds deployed by the Society in fiscal 2017 to projects co-funded by the not-for-profit organization totaled $482,362. Of these disbursements, $409,065 is reflected within research expense on the consolidated statement of activities and $73,297 is reflected within prepaid expenses and other current assets on the consolidated statement of financial position. The prepaid expense balance associated with the collaboration agreements totaled $230,462 as of September 30, 2017. Outstanding conditional funding commitments under the collaboration agreements totaled approximately $1.1 million as of September 30, 2017, of which $965,000 is expected to be satisfied in fiscal 2018.

SRAs Fully Funded from Public Support and Collaboration Agreement with Other Not-for-Profit Organizations

As of September 30, 2017, Fast Forward had five active projects funded by public support and collaboration agreements with other not-for-profit organizations. Total funds deployed by the Society to the entities funded under these SRAs totaled approximately $575,800 in fiscal 2017. Of these disbursements, $155,420 is reflected within research expense on the consolidated statement of activities, and $420,355 is reflected within prepaid expenses and other current assets on the consolidated statement of financial position. The prepaid expense balance associated with the collaboration agreements totaled $465,104 as of September 30, 2017. Outstanding conditional funding commitments under these SRAs at September 30, 2017 totaled approximately $1 million, and $780,000 is expected to be satisfied in fiscal 2018.

Research Grant Liability Adjustment

The Society's research grant agreements stipulate that grant commitments are subject to reductions when grantees are either unable to utilize the grant funds for the research project to which the Society has committed or if the grantee receives funds from other organizations serving similar purposes and fulfills the funding needs of the grantee. During fiscal 2017, the Society wrote off such grant liabilities, which were evaluated and met this criteria totaling $6,309,326, and are reflected as adjustment of research grant liability on the accompanying consolidated statement of activities.

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets for research, educational, and other purposes at September 30, 2017 are as follows:

Purpose	
Research	$ 4,539,251
Client and community services	
General programs and services	2,652,038
Wellness initiatives	2,291,478
Care management services	1,389,297
Direct financial assistance	739,192
Pediatric and family services	998,851
Professional education	1,195,110
Other services and operational support	1,447,712
Unappropriated endowment investment income	2,585,437
	17,838,365
Time Restriction	1,414,126
Charitable Gift Annuities	592,149
Total	$ 19,844,640

During fiscal year, net assets were released following satisfaction of donor restrictions as follows:

Research	$ 1,162,796
Client and community services	
Wellness	799,180
Direct financial assistance	616,315
Care management services	583,091
Other programs and services	2,748,163
Total	$ 5,909,545

11. PERMANENTLY RESTRICTED NET ASSETS

The Society's permanently restricted net assets consist of endowment funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions, if any.

Interpretation of Relevant Law

The State of New York passed the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), its version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). All not-for-profit organizations formed in New York must apply this law.

The Society classifies as permanently restricted net assets: (a) the original value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment, and (c) accumulations to its 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 classified as temporarily restricted net assets until such amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA. In the event prudent Board appropriations or investment losses on the endowment fund reduce the assets of the endowment funds below the permanently restricted net asset amount required to be maintained by law or donor stipulation, such declines are charged to the unrestricted fund and subsequent future investment income or gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in unrestricted net assets.

In accordance with NYPMIFA, the Society considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the endowment fund
(2) General purposes of the organization and its donor-restricted endowment fund
(3) General economic conditions
(4) Possible effect of inflation and deflation
(5) Expected total return from income and appreciation of endowment investments
(6) Other resources of the organization
(7) The investment policy of the organization, and
(8) Where appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on the Society

The Society’s endowment consists of donor-restricted endowment funds, restricted to the following purposes as of September 30, 2017:

Research	$	761,594
Client and community services		
Direct financial assistance		1,408,816
Pediatric and family services		449,137
Other services and programs		2,418,650
Unrestricted Operating Purposes		1,519,840
Total	$	6,558,037

Return Objectives and Risk Parameters

The Society's endowment fund consists of assets that must be held in perpetuity or for specified time periods stipulated by the donors. The Society maintains investment and spending policies for its endowment assets aimed at providing predictable and steady support for the Society's research, programmatic and administrative activities. Under this policy, the endowment assets are invested in a manner intended to preserve their value consistent with such donor stipulations, minimize the effect of high economic volatility and/or low investment return and provide funding for the programs specified by the donors.

Endowment Investment Spending Policy

For all endowment funds that have a value greater than their original gift, the spending rate (stated as a percentage) will be reviewed by the Investment Committee of the Society's Board of Directors and established on an annual basis. The annual spending rate on Endowed Funds held by the Society may range from a minimum of 0% to a maximum of 7%. The Investment Committee will recommend the annual spending rate which will be incorporated into the budget review and approval process by the Finance Committee of the Board of Directors.

In establishing the spending rate, the Investment Committee shall rely on the five-year rolling average market value (20 quarters) of the Endowment Fund assets calculated as of six-months prior to the fiscal year commencement date. For the fiscal year ended September 30, 2017, a 7% spending rate on endowment earnings was approved.

The following summarizes the activity of the endowment fund assets for the fiscal year ended September 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Year ended September 30, 2016	$ -	$ 572,974	$ 1,891,985	$ 2,464,959
Acquired through Realignment	-	875,583	4,618,459	5,494,042
Investment gain	-	1,263,961	22,593	1,286,554
Appropriation of endowment earnings	-	(104,316)	-	(104,316)
Additions and releases	-	(22,765)	25,000	2,235
Year ended September 30, 2017	$ -	$ 2,585,437	$ 6,558,037	$ 9,143,474