FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

AND REPORT ON COMPLIANCE

JUNE 30, 2015

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KAUFMAN ROSSIN
cpa • advisors

INDEPENDENT AUDITORS' REPORT

Families of SMA d/b/a Cure SMA
Elk Grove Village, Illinois

We have audited the accompanying financial statements of Families of SMA d/b/a Cure SMA, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families of SMA d/b/a Cure SMA as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2015, on our consideration of Families of SMA d/b/a Cure SMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Families of SMA d/b/a Cure SMA's internal control over financial reporting and compliance.

Kaufman, Rossin & Co.

Kaufman, Rossin & Co., P.A.

October 17, 2015
Miami, Florida

FAMILIES OF SMA d/b/a CURE SMA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS	**2015**	2014
CURRENT ASSETS		
Cash and cash equivalents	$ 2,066,286	$ 2,117,699
Pledges receivable	128,835	279,648
Other current assets	50,956	99,413
Total current assets	2,246,077	2,496,760
INVESTMENTS (NOTES 2 AND 6)	741,466	620,515
OTHER ASSETS	6,344	6,344
PROPERTY AND EQUIPMENT (NOTE 4)	261,268	256,775
	$ 3,255,155	$ 3,380,394
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 490,193	$ 469,441
Grants payable (Note 5)	541,249	561,498
Total current liabilities	1,031,442	1,030,939
GRANTS PAYABLE (NOTE 5)	162,500	125,000
COMMITMENTS AND CONTINGENCIES (NOTE 8)		
NET ASSETS (NOTE 6)		
Unrestricted (Note 2)	1,034,679	1,275,179
Temporarily restricted	315,616	358,761
Permanently restricted	710,918	590,515
Total net assets	2,061,213	2,224,455
	$ 3,255,155	$ 3,380,394

See accompanying notes.

FAMILIES OF SMA d/b/a CURE SMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND OTHER INCOME				
Contributions and event related revenue (Note 2)	$ 4,192,629	$ 654,695	$ 109,608	$ 4,956,932
Other income	422,298	-	-	422,298
Investment income, net (Notes 2 and 3)	548	-	10,795	11,343
Net assets released from restrictions	697,840	(697,840)	-	-
Total public support and other income	5,313,315	(43,145)	120,403	5,390,573
EXPENSES				
Program Services:				
Research (Note 5)	1,990,595	-	-	1,990,595
Patient services	554,060	-	-	554,060
Family support	924,841	-	-	924,841
Awareness	501,020	-	-	501,020
Total program services	3,970,516	-	-	3,970,516
Supporting Services:				
General and administrative	265,590	-	-	265,590
Fundraising and event related	1,317,709	-	-	1,317,709
Total supporting services	1,583,299	-	-	1,583,299
Total expenses	5,553,815	-	-	5,553,815
CHANGE IN NET ASSETS	(240,500)	(43,145)	120,403	(163,242)
NET ASSETS - BEGINNING	1,275,179	358,761	590,515	2,224,455
NET ASSETS - ENDING	$ 1,034,679	$ 315,616	$ 710,918	$ 2,061,213

See accompanying notes.

FAMILIES OF SMA d/b/a CURE SMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND OTHER INCOME				
Contributions and event related revenue (Note 2)	$ 4,395,786	$ 255,356	$ 181,698	$ 4,832,840
Other income	346,698	-	-	346,698
Investment income (Notes 2 and 3)	-	-	1,871	1,871
Net assets released from restrictions	430,581	(430,581)	-	-
Total public support and other income	5,173,065	(175,225)	183,569	5,181,409
EXPENSES				
Program Services:				
Research (Note 5)	1,661,011	-	-	1,661,011
Patient services	554,921	-	-	554,921
Family support	772,793	-	-	772,793
Awareness	235,204	-	-	235,204
Total program services	3,223,929	-	-	3,223,929
Supporting Services:				
General and administrative	249,794	-	-	249,794
Fundraising and event related	1,528,327	-	-	1,528,327
Total supporting services	1,778,121	-	-	1,778,121
Total expenses	5,002,050	-	-	5,002,050
CHANGE IN NET ASSETS	171,015	(175,225)	183,569	179,359
NET ASSETS - BEGINNING	1,104,164	533,986	406,946	2,045,096
NET ASSETS - ENDING	$ 1,275,179	$ 358,761	$ 590,515	$ 2,224,455

See accompanying notes.

FAMILIES OF SMA d/b/a CURE SMA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	($ 163,242)	$ 179,359
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	60,237	39,847
Net realized loss on investments	3,061	-
Net unrealized loss on investments	4,622	-
Unrealized loss on private company stock	-	35,914
Contributions restricted for investment in endowment fund	(120,403)	(183,569)
Changes in operating assets and liabilities:		
Pledges receivable	150,813	(130,299)
Other current assets	48,457	(43,923)
Accounts payable and accrued expenses	20,752	79,800
Grants payable	17,251	(318,064)
Total adjustments	184,790	(520,294)
Net cash provided by (used in) operating activities	21,548	(340,935)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(64,730)	(160,028)
Proceeds on sales of investments	1,475,004	-
Purchases of investments	(1,603,638)	(183,569)
Net cash used in investing activities	(193,364)	(343,597)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for investment in endowment	120,403	183,569
NET DECREASE IN CASH AND CASH EQUIVALENTS	(51,413)	(500,963)
CASH AND CASH EQUIVALENTS - BEGINNING	2,117,699	2,618,662
CASH AND CASH EQUIVALENTS - ENDING	$ 2,066,286	$ 2,117,699
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

See accompanying notes.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Families of SMA d/b/a Cure SMA (the "Organization") is a not-for-profit organization that is tax-exempt under the provisions of Internal Revenue Code 501(c)(3). The purpose of the Organization is to raise money for advancing research, to provide patient and family support, and to promote public awareness with regard to the disease Spinal Muscular Atrophy ("SMA").

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* - net assets that are not subject to donor-imposed restrictions.
- *Temporarily restricted* - net assets subject to donor-imposed restrictions that may or will be met by actions of the Organization or that expire by the passage of time.
- *Permanently restricted* - net assets subject to donor-imposed restrictions that require the assets be maintained permanently by the Organization.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e. when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid short-term investments with remaining maturities at date of purchase of three months or less. Cash equivalents include investments in money market funds that are carried at cost plus accrued interest, which approximates fair value.

Investments

The Organization's investments are reported at their fair values in the statements of financial position. Investment income, including realized and unrealized gains and losses, interest and dividend income and investment expenses are included as a change in net assets in the statements of activities. Market risk is inherent and is dependent on the future changes in market prices of the investments held.

Fair Value Measurements

Fair value is defined as the price that the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction with an independent counter-party in the principal market or in the absence of a principal market, the most advantageous market for the asset or liability. Fair value is measured under a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish a classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of the Organization's assets and liabilities. The inputs are summarized in the three broad levels listed below.

Level 1 - quoted prices in active markets for identical assets or liabilities

Level 2 - other significant observable inputs (including quoted prices for similar assets or liabilities, interest rates, credit risk, etc.)

Level 3 - significant unobservable inputs (including the Organization's own assumptions in determining the fair value of assets or liabilities)

In applying the provisions of fair value measurements to the Organization's assets during the year, the following valuation techniques have been employed:

Exchange-Traded Funds

Exchange-traded funds traded on a national exchange or on the national market system of NASDAQ are valued at their last reported sale price or, if there has been no sale on that date, at the closing "bid" price if long, or closing "ask" price if short. Other exchange-traded funds for which over-the-counter market quotations are available are valued at their last reported sale price or, if there had been no sale on that date, at closing "bid" price if long, or closing "ask" price if short as reported by a reputable source selected by the Organization. The Organization has sole and absolute discretion in valuing any positions for which market quotations are not readily available or in adjusting the valuation of any other positions. The Organization's investments in exchange-traded funds are categorized in Level 1 of the fair value hierarchy.

Fair Value Measurements (Continued)

Mutual Funds

Mutual funds are valued at their net asset values, which are determined daily and are quoted on a national exchange. The Organization's investments in mutual funds are categorized in Level 1 of the fair value hierarchy.

Money Market Funds

Money market funds are valued at their net asset values, as provided by the issuing financial institution. The Organization's investments in money market funds are categorized in Level 1 of the fair value hierarchy.

Pledges Receivable

Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at fair value, using present value techniques and applicable discount rates. The discounts on the estimated future cash flows of pledges receivable are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in contribution revenue. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fund raising activity. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

As of June 30, 2015 and 2014, pledges receivable amounted to approximately $129,000 and $280,000, respectively. Pledge receivables were from three and two donors, accounting for approximately 83% and 79% of total pledges receivable at June 30, 2015 and 2014, respectively. No allowance was deemed necessary by management in either period.

Property and Equipment

Property and equipment is recorded at cost, if purchased, and donated property is stated at fair market value at the date of contribution. Expenditures for major betterments and additions are charged to the asset accounts while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are charged to expense currently.

Depreciation of property and equipment is determined using the straight-line method, based on estimated useful lives of 3 to 7 years.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Costs Incurred to Develop or Obtain Computer Software for Internal Use

The Company capitalizes the costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary project and post-implementation stages and costs incurred to maintain existing product offerings are expensed as incurred. Capitalized development costs are to be amortized over three years upon completion of project. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life. As of June 30, 2015 and 2014, capitalized software costs totaled approximately $148,000 and $116,000, respectively, and are included as a component of property and equipment in the accompanying statements of financial position.

Functional Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis. Direct costs are allocated specifically to the Organization's program and supporting services. Indirect costs are allocated by management to program and supporting services benefited based on the percentage of employee time spent among other factors. The allocation of costs is based on management's estimate, which is periodically reviewed to assess the appropriateness of the cost allocation.

Advertising and Promotion

Advertising and promotion costs are primarily related to fundraising events and press releases. These costs are expensed as incurred. For the years ended June 30, 2015 and 2014, advertising and promotion expense amounted to approximately $79,000 and $58,000, respectively, and is included as a component of program and supporting services in the accompanying statements of activities.

Concentration of Credit Risk

The Organization deposits excess cash with high credit quality financial institutions. At times, such balances may be in excess of federally insured limits.

Donated Services and In-kind Contributions

The Organization records the value of donated services and supplies when there is an objective basis available to measure their value. For the years ended June 30, 2015 and 2014, the value of in-kind contributions meeting the requirements for recognition in the financial statements amounted to approximately $131,000 and $86,000, respectively.

A substantial number of unpaid volunteers have donated services and made contributions of their time in connections with activities of the Organization. The value of these donated services are not reflected in the financial statements since they are not susceptible to objective measurement or valuation.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization has been granted an exemption from income taxes under Internal Revenue Code Section 501(c) (3) as a non-profit corporation. Certain activities not directly related to the Organization's tax-exempt purpose could be subject to taxation as unrelated business income, however a provision for unrelated business income tax was not required.

The Organization assesses its tax positions in accordance with "*Accounting for Uncertainty in Income Taxes*," as prescribed by Accounting Standards Codification, which provides guidance for financial statements recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return's due date or the date filed) that remain subject to examination by the Organization's major tax jurisdictions. Generally, the Organization is no longer subject to income tax examinations by major taxing authorities for years ending before June 30, 2012.

The Organization assesses its tax positions and determines whether it has any material unrecognized liabilities for uncertain tax positions. The Organization records these liabilities to the extent it deems them more likely than not to be incurred. Interest and penalties related to uncertain tax positions, if any, would be classified as a component of income tax expense. The Organization believes that it does not have any significant uncertain tax positions requiring recognition or measurement in the accompanying financial statements.

Use of Estimates in the Preparation of Financial Statements

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the statement of financial position dates and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Reclassification

Certain amounts in the 2014 financial statements have been reclassified to conform with 2015 presentation.

NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization's investments recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the Organization's accounting policies as disclosed in Note 1. The following tables present information about the Organization's investments measured at fair value as of June 30th:

	2015			
INVESTMENTS, at fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Mutual funds:				
Fixed income - bond	$ 232,235	$ -	$ -	$ 232,235
Fixed income - strategic	84,748	-	-	84,748
Equity - international	76,172	-	-	76,172
Equity - mid cap	69,780	-	-	69,780
Equity - small cap	41,142	-	-	41,142
Money market	29,003	-	-	29,003
Total mutual funds	533,080	-	-	533,080
Exchange-traded funds:				
Equity - index growth	109,989	-	-	109,989
Equity - index value	88,837	-	-	88,837
Equity - real estate	9,560	-	-	9,560
Total exchange-traded funds	208,386	-	-	208,386
	$ 741,466	$ -	$ -	$ 741,466

	2014			
INVESTMENTS, at fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Money market funds	$ 620,515	$ -	$ -	$ 620,515

NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Endowment

The Organization maintains an endowment fund consisting of gifts restricted by donors and the board of directors for permanent investment. The Organization follows the Illinois Uniform Prudent Management of Institutional Funds Act (IUPMIFA) and its own governing documents. IUPMIFA requires the Organization to prudently manage its endowment fund. The majority of the Organization's endowment contributions are subject to a specific agreement with the Organization.

The Organization entered into an agreement with a donor to establish an endowment fund for the purpose of providing scholarships to attend the Organization's annual conference for any families of patients newly diagnosed with Spinal Muscular Atrophy. The agreement requires the following: (a) all earnings of the endowment fund are reinvested into the corpus of the endowment, (b) no withdrawals from the endowment fund are allowed if the fund balance is less than $1,000,000, (c) up to 2.5% of the fund may be withdrawn, if the fund balance is above $1,000,000 but less than $2,000,000, so long as such withdrawal does not reduce the fund balance below $1,000,000, (d) up to 5% of the fund may be withdrawn, if the fund balance is above $2,000,000. Additionally, under the terms of the agreement, the board of directors designated $30,000 of unrestricted net assets for the endowment fund.

The Organization's investment guidelines and policies are overseen by members of the finance committee reporting to the Organization's board of directors. The overall investment objective of the Organization is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well through the maintenance of a diversified portfolio. Investments shall be diversified with a view to minimizing risk. Investments in the equity securities of any one company shall not exceed 5% of the portfolio nor shall the total securities position (debt and equity) in any one company exceed 10% of the portfolio. No more than 25% of the entire portfolio may be invested in the securities of any one sector. The assets of the Organization have a long investment time horizon.

The primary investment objective of the portfolio is to grow the corpus in excess of inflation and to meet the current and future obligations as dictated by the Organization's spending objectives. This objective is to be achieved through the establishment of an optimal portfolio structure and through the retention of quality investment managers capable of meeting the specific performance goals of the Organization. The investment portfolio is expected to achieve the following over rolling five year periods: (a) provide an annualized rate of return that will support the spending policy net of inflation, (b) outperform the return of a hypothetical portfolio composed of indexes weighted according to the target allocation, (c) outperform the median manager in a universe of foundations and endowments, (d) the volatility of returns, as measured by the standard deviation of quarterly returns, should be comparable to that of the benchmark index.

NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Endowment net asset composition by type of fund is as follows as of June 30th:

	2015		
	Unrestricted	Permanently restricted	Total
Board-restricted endowment funds	$ 30,548	$ -	$ 30,548
Donor-restricted endowment funds	-	710,918	710,918
Total funds	$ 30,548	$ 710,918	$ 741,466

	2014		
	Unrestricted	Permanently restricted	Total
Board-restricted endowment funds	$ 30,000	$ -	$ 30,000
Donor-restricted endowment funds	-	590,515	590,515
Total funds	$ 30,000	$ 590,515	$ 620,515

Changes in endowment net assets are as follows for the years ended June 30th:

	2015		
	Unrestricted	Permanently restricted	Total net endowment assets
Endowment net assets, beginning of year	$ 30,000	$ 590,515	$ 620,515
Contributions	-	109,608	109,608
Net unrealized losses	(223)	(4,399)	(4,622)
Other investment income, net	771	15,194	15,965
Endowment net assets, end of year	$ 30,548	$ 710,918	$ 741,466

	2014		
	Unrestricted	Permanently restricted	Total net endowment assets
Endowment net assets, beginning of year	$ 30,000	$ 406,946	$ 436,946
Contributions	-	181,698	181,698
Interest income	-	1,871	1,871
Endowment net assets, end of year	$ 30,000	$ 590,515	$ 620,515

NOTE 3. INVESTMENT INCOME, NET

Investment income, net is comprised of the following for the years ended June 30th:

	2015	2014
Net realized losses	($ 3,061)	$ -
Net unrealized losses	(4,622)	-
Interest and dividend income	21,373	1,871
Investment expenses	(2,347)	-
	$ 11,343	$ 1,871

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30th:

	2015	2014
Medical equipment	$ 401,966	$ 375,263
Software	148,140	115,914
Office equipment	58,343	52,542
Office furniture	42,676	42,676
	651,125	586,395
Less: accumulated depreciation and amortization	(389,857)	(329,620)
	$ 261,268	$ 256,775

Depreciation and amortization expense for the years ended June 30, 2015 and 2014, amounted to approximately $60,000 and $40,000, respectively.

NOTE 5. GRANTS PAYABLE

The Organization makes grants to various medical and research centers for research in relation to Spinal Muscular Atrophy. Grant agreements are subject to periodic reporting and compliance requirements and can be rescinded by the Organization if it is determined that a research project is no longer academically, technically or commercially feasible. The Organization is responsible for all costs incurred or committed at the time of a research projects' termination. Research grant expense for the years ended June 30, 2015 and 2014, amounted to approximately $1,340,000 and $1,023,000, respectively, and is included as a component of research in the accompanying statements of activities.

As of June 30, 2015, the Organization's grants payable obligations have terms expiring through February 2017. As of June 30, 2015 and 2014, grants payable obligations amounted to approximately $704,000 and $686,000, respectively.

NOTE 5. GRANTS PAYABLE (Continued)

Certain grant payments are made to grantees based on research milestones being met. These obligations are not accrued since conditional promises to give are not recognized until the conditions are substantially met. The timing of the research and development milestones being met and certainty of future grant payments is generally not readily determinable. During the years ended June 30, 2015 and 2014, certain research and development milestones were achieved and payments related to conditional promises were disbursed for $520,000 and $320,000, respectively, and are included as a component of research in the accompanying statements of activities.

As of June 30, 2015, future conditional promises due to grantees based on the achievement of milestones are estimated to be $560,000.

NOTE 6. NET ASSET RESTRICTIONS

At June 30, 2015 and 2014, temporarily restricted net assets amounted to approximately $316,000 and $359,000, respectively, and are primarily restricted for research grants.

At June 30, 2015 and 2014, permanently restricted net assets amounted to approximately $711,000 and $591,000, respectively, and are restricted for a scholarship fund endowment.

NOTE 7. CHAPTERS

The Organization has established Chapters consisting of volunteers who promote local and regional fund-raising and outreach efforts for the Organization by hosting events in their respective states and regions. As of June 30, 2015, there are thirty-three active chapters throughout the United States. Fund-raising and patient service support activities are coordinated by the staff of the Organization and revenue and expenses related to all such activities are included in the accompanying statements of activities.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Economic Conditions

The Organization depends substantially on contributions for its revenues. The ability of certain Organization contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Organization's board of directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

NOTE 8. COMMITMENTS AND CONTINGENCIES (Continued)

Lease Commitments

The Organization leases office space for its headquarters located in Elk Grove Village, Illinois, expiring February 2017. The approximate future minimum lease payments under the non-cancelable operating lease are summarized below:

2016	$	53,000
2017		35,000
	$	88,000

Rent expense, including common area maintenance costs, for the years ended June 30, 2015 and 2014 amounted to approximately $76,000 and $75,000, respectively.

Licensing Agreements

During 2010, the Organization entered into an Exclusive License Agreement with a biopharmaceutical company (the "Sublicensee") to develop and commercialize certain licensed products potentially useful in the treatment of Spinal Muscular Atrophy, based on patent rights owned by the Organization. Under the terms of the agreement, the Organization is eligible to receive payments based on the achievement of certain milestone events as set forth in the agreement. During the years ended June 30, 2015 and 2014, the Organization did not receive any milestone payments related to this agreement. As of June 30, 2015, the Organization is eligible to receive up to $11,250,000 in milestone payments from the Sublicensee.

Based on the nature of the development and commercialization process the timing and certainty of future contractual cash receipts cannot be determined at this time.

NOTE 9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 17, 2015 which is the date the accompanying financial statements were available to be issued.

SUPPLEMENTARY INFORMATION
AND REPORT ON COMPLIANCE

FAMILIES OF SMA d/b/a CURE SMA
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services					Supporting Services			
	Research	Patient Services	Family Support	Awareness	Total Program Services	General and Administrative	Fund Raising and Event Related	Total Supporting Services	Total
SALARIES AND RELATED									
Salaries	$ 225,260	$ 205,093	$ 318,669	$ 116,959	$ 865,981	$ 83,157	$ 431,546	$ 514,703	$ 1,380,684
Payroll taxes	17,681	16,575	25,220	9,738	69,214	7,146	33,816	40,962	110,176
Total salaries and related expenses	242,941	221,668	343,889	126,697	935,195	90,303	465,362	555,665	1,490,860
NON-PERSONNEL EXPENSES:									
Research grants	1,339,999	-	-	-	1,339,999	-	-	-	1,339,999
Fundraising events	7,434	5,463	112,822	140,341	266,060	7,398	433,389	440,787	706,847
Fundraising events - in kind	-	-	26,114	26,114	52,228	-	78,341	78,341	130,569
Conferences and meetings	245,926	150,780	182,030	15,248	593,984	935	62,319	63,254	657,238
Professional fees	50,774	62,507	50,477	20,575	184,333	101,264	55,813	157,077	341,410
Advisory services	27,748	8,385	15,480	9,675	61,288	4,515	16,770	21,285	82,573
Merchandise	-	-	5,872	5,872	11,744	-	17,615	17,615	29,359
Postage and delivery	21,158	-	21,158	42,316	84,632	-	21,158	21,158	105,790
Website	5,934	5,934	41,532	35,599	88,999	5,934	23,733	29,667	118,666
Office	4,430	3,813	14,144	13,198	35,585	4,838	35,412	40,250	75,835
Insurance	7,210	16,022	28,687	11,613	63,532	5,980	25,026	31,006	94,538
Rent	12,621	12,621	12,621	12,621	50,484	12,621	12,621	25,242	75,726
Bank and credit card fees	-	-	12,794	12,794	25,588	3,198	35,182	38,380	63,968
Public relations	14,634	12,784	12,784	13,441	53,643	12,785	12,784	25,569	79,212
Miscellaneous	3,714	1,765	1,828	2,750	10,057	8,868	3,915	12,783	22,840
Telephone	1,186	1,183	4,591	1,365	8,325	2,713	5,458	8,171	16,496
Utilities	1,587	1,587	2,286	1,605	7,065	1,723	3,258	4,981	12,046
Miscellaneous patient services	231	9,589	32,663	1,807	44,290	64	5,252	5,316	49,606
Total non-personnel expenses	1,744,586	292,433	577,883	366,934	2,981,836	172,836	848,046	1,020,882	4,002,718
Total expenses before depreciation and amortization	1,987,527	514,101	921,772	493,631	3,917,031	263,139	1,313,408	1,576,547	5,493,578
Depreciation and amortization	3,068	39,959	3,069	7,389	53,485	2,451	4,301	6,752	60,237
Total expenses	$ 1,990,595	$ 554,060	$ 924,841	$ 501,020	$ 3,970,516	$ 265,590	$ 1,317,709	$ 1,583,299	$ 5,553,815

See independent auditors’ report.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Families of SMA d/b/a Cure SMA
Elk Grove, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Families of SMA d/b/a Cure SMA (the "Organization"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatements of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kaufman, Rossin & Co.

Kaufman, Rossin & Co., P.A.

October 17, 2015
Miami, Florida