

Financial Information

FUNCTIONAL EXPENSES \$164.3M

for the year 2005

Management & General \$11.4M

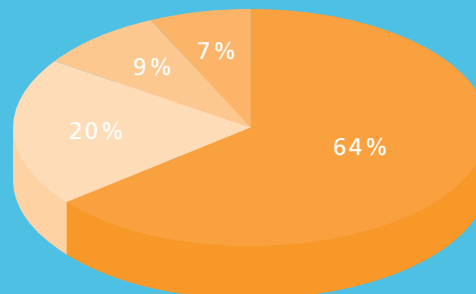
Fundraising \$14.1M

Research & Education Program \$138.8M

Public Education \$33.3M

Research Administration \$105.5M

84%



PUBLIC SUPPORT AND REVENUE \$183.1M

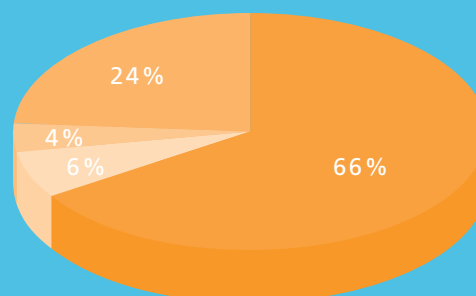
for the year 2005

Contributions \$43.5M

International Affiliate Transfers \$7.0M

Revenue \$12.0M

Special Events (Including Walk) \$120.6M



REPORT OF INDEPENDENT AUDITORS

To the Board of Directors

The Juvenile Diabetes Research Foundation International

In our opinion, the accompanying statements of financial position and the related statements of activities, cash flows and functional expenses present fairly, in all material respects, the financial position of The Juvenile Diabetes Research Foundation International and its Chapters (the "Foundation") at June 30, 2005 and 2004, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York
September 26, 2005

STATEMENTS OF FINANCIAL POSITION

<i>(in thousands)</i>	2005	2004
ASSETS		
Cash and cash equivalents	\$ 32,993	\$ 24,931
Investments (see Note 3)	115,538	89,855
<i>Receivables</i>		
Interest and dividends receivable	1	70
Accrued income	3,523	4,403
Contributions receivable (see Note 6)	23,966	18,980
Sundry receivables	156	142
Assets related to Charitable Remainder Trusts	2,412	2,716
Fixed assets, net (see Note 7)	1,547	1,667
Prepaid expenses and other assets	1,867	964
Total assets	\$ 182,003	\$ 143,728
LIABILITIES AND NET ASSETS		
<i>Liabilities</i>		
Accounts payable and accrued liabilities (see Note 5)	\$ 11,140	\$ 8,884
Liabilities related to Charitable Remainder Trusts	1,355	1,429
Accrued rent escalation	709	507
Deferred credit	299	252
Deferred revenue	3,708	2,220
Research grants payable (see Note 9)	123,154	107,665
Total liabilities	\$ 140,365	\$ 120,957
<i>Net assets</i>		
Unrestricted	11,061	(5,112)
Temporarily restricted	25,455	22,837
Permanently restricted	5,122	5,046
Total net assets	41,638	22,771
Total liabilities and net assets	\$ 182,003	\$ 143,728

See accompanying notes to financial statements.
The Juvenile Diabetes Research Foundation International and Its Chapters
Years Ended June 30, 2005 and 2004

STATEMENTS OF ACTIVITIES

<i>(in thousands)</i>	2005				2004			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE								
<i>Public support</i>								
Contributions	\$31,599	\$11,916	\$ -	\$43,515	\$26,633	\$8,012	\$ -	\$ 34,645
Special events								
Proceeds	143,288	-	-	143,288	130,012			130,012
Direct expenses	(22,679)	-	-	(22,679)	(22,152)			(22,152)
Transfers from affiliates	7,009	-	-	7,009	5,749			5,749
Total public support	159,217	11,916	-	171,133	140,242	8,012	-	148,254
<i>Revenue</i>								
Investment income	10,945	4	76	11,025	9,485	-	(37)	\$9,448
Advertising income	287	-	-	287	287			287
Other	683	-	-	683	1,156			1,156
Total revenue	11,915	4	76	11,995	10,928	-	(37)	10,891
Net assets released from restrictions	9,302	(9,302)	-	-	10,894	(10,894)	-	-
Total public support and revenue	180,434	2,618	76	183,128	162,064	(2,882)	(37)	159,145
EXPENSES								
<i>Program services</i>								
Research support	105,487	-	-	105,487	92,963			92,963
Public education	33,356	-	-	33,356	29,837			29,837
	138,843	-	-	138,843	122,800			122,800
<i>Supporting services</i>								
Management and general	11,365		-	11,365	10,819			10,819
Fund raising	14,053	-	-	14,053	13,776			13,776
	25,418	-	-	25,418	24,595			24,595
Total expenses	164,261	-	-	164,261	147,395			147,395
Change in net assets	16,173	2,618	76	18,867	14,669	(2,882)	(37)	11,750
<i>Net assets</i>								
Beginning of year	(5,112)	22,837	5,046	22,771	(19,781)	25,719	5,083	11,021
End of year	\$11,061	\$25,455	\$5,122	\$41,638	\$(5,112)	\$22,837	\$5,046	\$22,771

See accompanying notes to financial statements.

The Juvenile Diabetes Research Foundation International and Its Chapters
Years Ended June 30, 2005 and 2004

STATEMENTS OF CASH FLOWS

<i>(in thousands)</i>	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 18,867	\$ 11,750
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Net realized gain from sale of investments	(769)	(1,356)
Net unrealized appreciation on investments	(7,902)	(6,308)
Depreciation and amortization	553	610
Increase in receivables, net	(4,051)	(2,130)
(Increase) decrease in prepaid expenses and other assets	(903)	3
Decrease in split-interest agreements, net	230	74
Increase in accounts payable and accrued liabilities	2,256	1,485
Increase (decrease) in accrued rent escalation	202	(1)
Increase (decrease) in deferred credit	47	(46)
Increase in deferred revenue	1,488	1,809
Increase in research grants payable	15,489	3,641
Net cash provided by operating activities	25,507	9,531
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(433)	(488)
Purchase of investments	(18,283)	(18,841)
Proceeds from sale of investments	1,271	19,326
Net cash provided by investing activities	(17,445)	(3)
Net increase in cash and cash equivalents	8,062	9,528
Cash and cash equivalents		
Beginning of year	24,931	15,403
End of year	\$ 32,993	\$ 24,931

See accompanying notes to financial statements.
The Juvenile Diabetes Research Foundation International and Its Chapters
Years Ended June 30, 2005 and 2004

STATEMENTS OF FUNCTIONAL EXPENSES

<i>(in thousands)</i>				2005			
PROGRAM SERVICES				SUPPORTING SERVICES			
	<i>Research Support</i>	<i>Public Education</i>	<i>Total</i>	<i>Management and General</i>	<i>Fund Raising</i>	<i>Total</i>	<i>Total Expenses</i>
Research grants	\$98,243		\$98,243				\$98,243
Payroll and related expenses	4,267	19,519	\$23,786	7,333	\$8,309	\$15,642	\$39,428
Printing and promotional expenses	254	3,174	3,428	609	1,784	2,393	5,821
Office rent and related expenses, including depreciation and amortization	886	5,213	6,099	2,047	2,078	4,125	10,224
Meetings and conferences	1,295	2,830	4,125	582	928	1,510	5,635
Professional services	380	1,381	1,761	281	348	629	2,390
Miscellaneous	162	1,239	1,401	513	606	1,119	2,520
	\$105,487	\$33,356	\$138,843	\$11,365	\$14,053	\$25,418	\$164,261
Percentage of total	64.22%	20.31%	84.53%	6.92%	8.56%	15.47%	100.00%

<i>(in thousands)</i>				2004			
PROGRAM SERVICES				SUPPORTING SERVICES			
	<i>Research Support</i>	<i>Public Education</i>	<i>Total</i>	<i>Management and General</i>	<i>Fund Raising</i>	<i>Total</i>	<i>Total Expenses</i>
Research grants	\$86,349		\$86,349				\$86,349
Payroll and related expenses	3,878	16,819	\$20,697	6,815	\$7,672	\$14,487	\$35,184
Printing and promotional expenses	295	2,736	3,031	553	1,916	2,469	5,500
Office rent and related expenses, including depreciation and amortization	872	4,560	5,432	1,955	1,980	3,935	9,367
Meetings and conferences	1,067	1,883	2,950	320	662	982	3,932
Professional services	286	718	1,004	227	285	512	1,516
Miscellaneous	216	3,121	3,337	949	1,261	2,210	5,547
	\$92,963	\$29,837	\$122,800	\$10,819	\$13,776	\$24,595	\$147,395
Percentage of total	63.07%	20.24%	83.31%	7.35%	9.35%	16.69%	100.00%

See accompanying notes to financial statements.

The Juvenile Diabetes Research Foundation International and Its Chapters
Years Ended June 30, 2005 and 2004

FINANCIAL INFORMATION

1. ORGANIZATION

The mission of the Juvenile Diabetes Research Foundation International and its Chapters (the "Foundation") is to find a cure for diabetes and its complications through the support of research.

The Foundation solicits contributions from the public and engages in various fund raising activities. Funds raised are used to support Type 1 diabetes research. In addition, the Foundation engages in advocacy efforts aimed at increasing federal funding of Type 1 diabetes research.

The financial statements of the Foundation include the accounts of The Juvenile Diabetes Research Foundation International and its Chapters located throughout the United States. The Foundation has international affiliates located in Canada, Australia, U.K. and a number of other countries. The financial statements of those organizations are not included in the foregoing financial statements of the Foundation since the Foundation does not exercise control over the management and operations of the international affiliates.

The Foundation is a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NET ASSET CLASSIFICATIONS

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired.

Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by action of the Foundation.

Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Foundation to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

CONTRIBUTIONS

Contributions are recognized as income when they become unconditional promises to contribute, at their fair value.

The Foundation records contributions as temporarily restricted if they are received with donor stipulations that limit their use, either through purpose or time restrictions, and those stipulations have not expired. When donor restrictions expire in subsequent years, that is, when a purpose restriction is fulfilled or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor stipulations that limit their use which expire in the same reporting period are recorded as unrestricted contributions.

Contributions received for subsequent fiscal years' events, primarily walk events, are deemed conditional and are therefore recorded as deferred revenue and are recognized as revenue in the fiscal year the event takes place, which is generally within one year. During the years ended June 30, 2005 and 2004, the Foundation recorded \$3,708 and \$2,220 as deferred revenues, respectively.

The Foundation administers two types of split interest agreements – Charitable Gift Annuities and Charitable Remainder Trusts. With Charitable Gift Annuities, the Foundation receives cash or marketable securities from a donor in exchange for an annuity to be distributed for a fixed amount over the lifetime or lifetimes of the donor or other beneficiaries, not to exceed two persons. Upon the death of the annuitant or survivor of the annuitants, the Foundation is entitled to full use of the remainder. With Charitable Remainder Trusts administered by the Foundation, the Foundation receives donated assets as Trustee under a trust agreement established by the donor in exchange for an income stream to be distributed to the donor and/or other beneficiaries over a specified period of time. The distribution to the donor or other beneficiaries may be a fixed dollar amount (an annuity trust) or percentage of the fair market value of the trust as determined annually (unitrust). Upon the termination of the trust, the Foundation is entitled to full use of the remainder. For both Charitable Gift Annuities and Charitable Remainder Trusts, a related liability is recorded for the actuarially determined present value of the obligation to the annuitant or annuitants. The discount rates used to calculate the liability range between 3.6% and 8.2% at June 30, 2005. For Charitable Gift Annuities, the assets received are held as general assets of the Foundation, and the annuity liability is a general obligation of the Foundation.

The Foundation has volunteers who have donated significant amounts of their time to the Foundation's program services and to its fund-raising campaigns. Such contributed services do not meet the criteria for recognition as the value of such services cannot be readily measured and, accordingly, are not reflected in the accompanying financial statements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash balances of the Foundation and money market accounts. At times, cash and money market balances may be in excess of the Federal Deposit Insurance Corporation limits. The Foundation has not experienced any losses in such accounts.

INVESTMENTS

Investments, including assets related to split-interest agreements, are carried at fair value. Realized and unrealized gains and losses are recorded on the statement of activities and determined by comparison of cost, computed on a first-in, first-out basis, with proceeds or fair value. Cost of securities is determined by purchase price, if purchased, or fair value at date of receipt, if donated. Valuations of securities are based on published closing prices on the last day of the fiscal year.

Alternative investments are carried at estimated fair value provided by management of the alternative investment partnerships or funds. The Foundation believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2005 and 2004. Because alternative investments do not have readily determinable market values, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed and such differences could be material.

FIXED ASSETS

Fixed assets, which consist of furniture, equipment and leasehold improvements, are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which approximate three to ten years for furniture and equipment. Leasehold improvements are amortized on a straight-line basis over the shorter of the life of the asset or the lease term.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are defined to include: cash and cash equivalents, investments, receivables, assets related to split-interest agreement, accounts payable and liabilities related to split-interest agreements. The fair value of investments is discussed in Note 3. The carrying amount of the Foundation's remaining financial instruments approximates fair value.

ALLOCATION OF JOINT COSTS

The Foundation allocates joint costs between fund raising and program services or management and general in accordance with the American Institute of Certified Public Accountants Statement of Position (SOP) 98-2, "Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fund Raising".

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVESTMENTS

Investments at June 30, 2005 and 2004 consisted of the following:

	2005		2004	
	Cost	Fair Value	Cost	Fair Value
Fixed income securities	\$35,386	\$36,180	\$28,706	\$28,893
Equity securities including mutual funds	51,700	79,358	40,595	60,962
Total investments	\$87,086	\$115,538	\$69,301	\$89,855

Included in investments are amounts related to Charitable Gift Annuities totaling \$1,766 and \$1,546 at June 30, 2005 and 2004, respectively.

The Foundation's investments are exposed to various risks, such as market and credit risks. Because of the risk associated with such investments, it is possible that changes in their values will occur and that such changes could materially affect the Foundation's financial statements.

The Foundation is exposed to credit risk in the event of nonperformance by the issuers of the fixed income securities. However, the Foundation does not anticipate such nonperformance.

The components of investment income and its classification in the Statement of Activities for the years ended June 30, 2005 and 2004 were as follows:

	2005			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$2,334	\$2	\$18	\$2,354
Unrealized gains	\$7,868	1	33	7,902
Realized gains	743	1	25	769
	\$10,945	\$4	\$76	\$11,025
	2004			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$1,768	\$1	\$15	\$1,784
Unrealized (losses) gains	6,291	(2)	19	6,308
Realized gains (losses)	1,426	1	(71)	1,356
	\$9,485	\$-	(37)	\$9,448

Investment expenses relating to investment advisors, managers and custodians and other bank charges were \$370 and \$240 for the years ended June 30, 2005 and 2004, respectively. Investment expenses are recorded as reductions to interest and dividend income.

4. PENSION PLAN

The Foundation has a defined contribution pension plan which covers substantially all employees. Employer contribution amounts are determined by the Board of Directors. The Foundation's expense due to the amounts it contributed to the plan for the years ended June 30, 2005 and 2004 was \$1,626 and \$1,416, respectively.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2005 and 2004 consist of:

	2005	2004
Accounts payable and accrued expenses	\$8,341	\$ 6,516
Accrued vacation	1,541	1,377
Liability related to charitable gift annuities	1,253	942
Other	5	49
Total accounts payable and accrued liabilities	\$11,140	\$8,884

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2005 and 2004 consisted of:

	2005	2004
<i>Gross contributions receivable, due</i>		
Less than one year	\$10,441	\$10,393
One to ten years	17,588	11,788
	28,029	22,181
<i>Less</i>		
Unamortized discount to present value	(1,802)	(814)
Allowance for doubtful accounts	(2,261)	(2,387)
	23,966	\$18,980

Contributions receivable have been discounted to their present value at the date the original unconditional promise to give was made. As of June 30, 2005 and 2004 such contributions receivable were discounted using weighted average rates of 3.82% and 3.80%, respectively. Contributions deemed uncollectible are recorded as bad debt expense. During the year ended June 30, 2005 and 2004, the Foundation provided for \$683 and \$3,171 of contributions receivable, respectively, deemed to be uncollectible.

7. FIXED ASSETS

Fixed assets at June 30, 2005 and 2004 consisted of:

	2005	2004
Furniture and equipment	\$2,510	\$2,080
Leasehold improvements	1,497	1,494
	4,007	3,574
Less accumulated depreciation and amortization	(2,460)	(1,907)
Fixed assets, net	\$1,547	\$1,667

Depreciation and amortization expense for the years ended June 30, 2005 and 2004 amounted to \$553 and \$610, respectively.

8. RELATED-PARTY TRANSACTIONS

During the years ended June 30, 2005 and 2004, the Foundation received the following contributions, included in the statement of activities, from affiliates.

	2005	2004
JDRF – Canada	\$3,975	\$3,008
JDRF – Australia	2,000	1,731
JDRF – United Kingdom	984	932
JDRF – Greece	45	53
JDRF – Israel	1	25
JDRF – Others	4	-
	\$7,009	\$5,749

9. RESEARCH GRANTS PAYABLE

Research grants payable at June 30, 2005 and 2004 consisted of:

	2005	2004
Gross research grants payable	\$123,422	\$107,816
<i>Less</i>		
Unamortized discount to present value	(268)	(151)
	\$123,154	\$107,665

The gross amount of the payables are due as follows

Less than one year	\$118,208	\$94,448
One to two years	4,946	13,217
	\$123,154	\$107,665

Research grants payable have been discounted to their present value as of June 30, 2005 using a discount rate of 3.53%.

10. COMMITMENTS AND CONTINGENCIES

RESEARCH GRANTS

As of June 30, 2005, there were conditional research grant commitments of \$110,520 payable over the next five years. Such additional conditional commitments will be recognized in the Foundation's financial statements when the conditions have been substantially met and are currently estimated to be due as follows:

2006	\$63,204
2007	31,643
2008	11,689
2009 and thereafter	3,984
	\$110,520

LEASES

Effective January 1, 1995, the Foundation entered into a 15-year lease agreement for executive office space in New York City. The lease provides for rental concessions at the beginning of the lease term and for rental increases over the minimum rent for the Foundation's pro-rata share of increases in building operating expenses. As of June 2001, the Foundation leased additional office space for the executive office in the same building which also provides for rental increases over the minimum rent for the Foundation's pro-rata share of increases in building operating expenses. Rent expense for the executive office was \$866 and \$830 for the years ended June 30, 2005 and 2004, respectively. As of June 30, 2005, a liability of \$709 remains for the excess of the straight-line rent over the actual lease payments. The Foundation was also reimbursed for certain construction costs associated with leasehold improvements. The leasehold improvements and a corresponding deferred credit were recorded in 1995, both of which are being amortized on a straight-line basis over the term of the lease.

The Foundation is also obligated under various leases for space occupied by certain U.S. Chapters. Rent expense including maintenance costs for the U.S. Chapters was \$3,221 and \$2,689 for the years ended June 30, 2005 and 2004, respectively.

As of June 30, 2005, the minimum annual lease payments under operating leases for rental of premises in the next five years and thereafter are as follows:

2006	\$3,674
2007	2,983
2008	2,292
2009	1,978
2010 and thereafter	2,462
	\$13,389

LINE OF CREDIT

On February 24, 2005, the Foundation entered into an agreement with JP Morgan Chase ("Chase") for a line of credit in the aggregate amount of \$5 million. The term of the agreement expires on December 31, 2005 and is subject to an interest rate based on Prime or LIBOR plus 50 basis points. The line of credit was unused as of June 30, 2005.

11. RESTRICTED NET ASSETS

TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2005 and 2004, temporarily restricted net assets were available for the following purposes:

	2005	2004
Net contribution receivable and split interest agreements.	\$24,586	\$19,796
In support of Center for Islet Transplantation at Pennsylvania State University	825	2,000
In support of Diabetic Retinopathy Program	-	1,000
Research scientist award	44	41
	\$25,455	\$22,837

PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity. At June 30, 2005 and 2004, the investment income derived from the following components of the permanently restricted net asset balance, exclusive of a minor portion of investment income reinvested in perpetuity in accordance with donor wishes, was expendable to support:

	2005	2004
Nondesignated program activities	\$1,575	1,575
Research grants at Mount Sinai School of Medicine	2,000	2,000
Research grants at Virginia Mason Research Center	1,547	1,471
	\$5,122	\$5,046