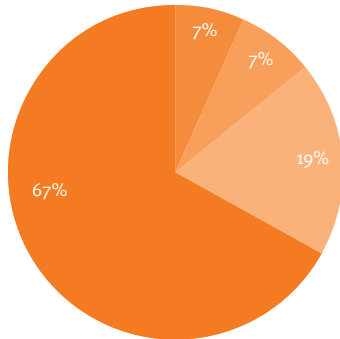


FINANCIAL INFORMATION



FUNCTIONAL EXPENSES \$196.2M

for the year 2006

Management & General **\$13.6M**

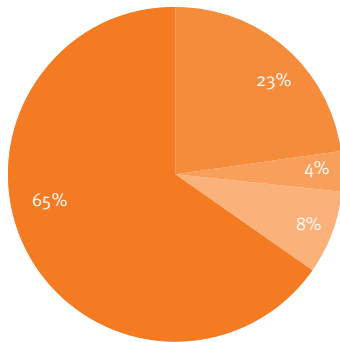
Fundraising **\$14.6M**

Research & Education Program **\$168.0M**

Public Education **\$36.8M**

Research Administration **\$131.2M**

86%



PUBLIC SUPPORT AND REVENUE \$196.7M

for the year 2006

Contributions **\$45.0M**

International Affiliate Transfers **\$8.0M**

Revenue **\$15.6M**

Special Events (Including Walk) **\$128.2M**

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, 2006 and 2005, 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 28, 2006

[STATEMENTS OF FINANCIAL POSITION]

(in thousands)	2006	2005
ASSETS		
Cash and cash equivalents	\$ 21,448	\$ 32,993
Investments (see Note 3)	144,932	115,538
Receivables		
Accrued income	4,723	3,523
Contributions receivable, net (see Note 6)	23,930	23,966
Sundry receivables	181	157
Assets related to Charitable Remainder Trusts	2,407	2,412
Fixed assets, net (see Note 7)	2,024	1,547
Prepaid expenses and other assets	1,727	1,867
Total assets	\$ 201,372	\$ 182,003
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities (see Note 5)	\$ 10,699	\$ 11,140
Liabilities related to Charitable Remainder Trusts	1,316	1,355
Accrued rent escalation	541	709
Deferred credit	240	299
Deferred revenue	4,033	3,708
Research grants payable (see Note 9)	142,369	123,154
Total liabilities	159,198	140,365
Commitments and contingencies		
Net assets		
Unrestricted	10,473	11,061
Temporarily restricted	26,659	25,455
Permanently restricted	5,042	5,122
Total net assets	42,174	41,638
Total liabilities and net assets	\$ 201,372	\$ 182,003

See accompanying notes to financial statements.

The Juvenile Diabetes Research Foundation International and Its Chapters
Years Ended June 30, 2006 and 2005

[STATEMENTS OF ACTIVITIES]

(in thousands)	2006				2005			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE								
Public support								
Contributions	\$ 33,313	\$ 11,621	\$ -	\$ 44,934	\$ 31,599	\$ 11,916	\$ -	\$ 43,515
Special event								
Proceeds	153,651	-	-	153,651	143,288	-	-	143,288
Direct expenses	(25,396)	-	-	(25,396)	(22,679)	-	-	(22,679)
Contributions from affiliates	7,975	-	-	7,975	7,009	-	-	7,009
Total public support	169,543	11,621	-	181,164	159,217	11,916	-	171,133
Revenue								
Investment income (expense)	14,825	-	(80)	14,745	10,945	4	76	11,025
Advertising income	287	-	-	287	287	-	-	287
Other	531	-	-	531	683	-	-	683
Total revenue	15,643	-	(80)	15,563	11,915	4	76	11,995
Net assets released from restrictions	10,417	(10,417)	-	-	9,302	(9,302)	-	-
Total public support and revenue	195,603	1,204	(80)	196,727	180,434	2,618	76	183,128
EXPENSES								
Program services								
Research support	131,227	-	-	131,227	105,487	-	-	105,487
Public education	36,751	-	-	36,751	33,356	-	-	33,356
	167,978	-	-	167,978	138,843	-	-	138,843
Supporting services								
Management and general	13,582	-	-	13,582	11,365	-	-	11,365
Fund raising	14,631	-	-	14,631	14,053	-	-	14,053
	28,213	-	-	28,213	25,418	-	-	25,418
Total expenses	196,191	-	-	196,191	164,261	-	-	164,261
Change in net assets	(588)	1,204	(80)	536	16,173	2,618	76	18,867
NET ASSETS								
Beginning of year	11,061	25,455	5,122	41,638	(5,112)	22,837	5,046	22,771
End of year	\$ 10,473	\$ 26,659	\$ 5,042	\$ 42,174	\$ 11,061	\$ 25,455	\$ 5,122	\$ 41,638

See accompanying notes to financial statements.

The Juvenile Diabetes Research Foundation International and Its Chapters

Years Ended June 30, 2006 and 2005

[STATEMENTS OF CASH FLOWS]

(in thousands)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 536	\$ 18,867
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net realized gain from sale of investments	(7,592)	(769)
Net unrealized appreciation on investments	(3,419)	(7,902)
Depreciation and amortization	646	553
Increase in receivables, net	(1,188)	(4,051)
(Increase) decrease in prepaid expenses and other assets	140	(903)
(Increase) decrease in split-interest agreements, net	(34)	230
Increase (decrease) in accounts payable and accrued liabilities	(441)	2,256
Increase (decrease) in accrued rent escalation	(168)	202
Increase (decrease) in deferred credit	(59)	47
Increase in deferred revenue	325	1,488
Increase in research grants payable	19,215	15,489
Net cash provided by operating activities	7,961	25,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,123)	(433)
Purchase of investments	(49,084)	(18,283)
Proceeds from sale of investments	30,701	1,271
Net cash used in investing activities	(19,506)	(17,445)
Net increase (decrease) in cash and cash equivalents	(11,545)	8,062
CASH AND CASH EQUIVALENTS		
Beginning of year	32,993	24,931
End of year	\$ 21,448	\$ 32,993

See accompanying notes to financial statements.

The Juvenile Diabetes Research Foundation International and Its Chapters

Years Ended June 30, 2006 and 2005

STATEMENTS OF FUNCTIONAL EXPENSES

(in thousands)

2006

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Expenses
	Research Support	Public Education	Total	Management and General	Fund Raising	Total	
Research grants	\$ 122,313	\$ -	\$ 122,313	\$ -	\$ -	\$ -	\$ 122,313
Payroll and related expenses	5,204	21,549	26,753	8,566	8,537	17,103	43,856
Printing and promotional expenses	287	3,325	3,612	751	1,923	2,674	6,286
Office rent and related expenses, including depreciation and amortization	1,113	5,379	6,492	2,264	2,025	4,289	10,781
Meetings and conferences	1,380	2,721	4,101	601	994	1,595	5,696
Professional services	731	1,420	2,151	368	333	701	2,852
Miscellaneous	199	2,357	2,556	1,032	819	1,851	4,407
	\$ 131,227	\$ 36,751	\$ 167,978	\$ 13,582	\$ 14,631	\$ 28,213	\$ 196,191
Percentage of total	66.89%	18.73%	85.62%	6.92%	7.46%	14.38%	100.00%

(in thousands)

2005

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Expenses
	Research Support	Public Education	Total	Management and General	Fund Raising	Total	
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%	8.55%	15.47%	100.00%

See accompanying notes to financial statements.

The Juvenile Diabetes Research Foundation International and Its Chapters

Years Ended June 30, 2006 and 2005

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 which grant unrestricted funds to the Foundation in support of its programs. The Foundation has international affiliates located in Canada, Australia, United Kingdom 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.

When a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, donor restricted contributions whose restrictions are met in the year of contribution are reported as unrestricted support.

CONTRIBUTIONS

Contributions and promises to contribute are recognized as income when received or when they become unconditional promises to contribute, at 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, 2006 and 2005, the Foundation recorded \$4,033 and \$3,708 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, 2006. 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 include 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.

Fair value of certain alternative investments amounting to approximately \$38 million are estimated by respective external investment managers where market values are not readily ascertainable. These valuations involved assumptions and estimation methods. The Foundation believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 2006 and 2005. 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 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 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. Certain prior year amounts have been reclassified to conform with current year presentation.

3. INVESTMENTS

Investments at June 30, 2006 and 2005 consisted of the following:

	2006		2005	
	Cost	Fair Value	Cost	Fair Value
Fixed income securities	\$ 33,680	\$ 32,584	\$ 35,386	\$ 36,180
Equity securities including mutual funds and hedge funds	79,378	112,348	51,700	79,358
Total investments	\$ 113,058	\$ 144,932	\$ 87,086	\$ 115,538

Included in investments are amounts related to Charitable Gift Annuities totaling \$1,987 and \$1,766 at June 30, 2006 and 2005, 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, 2006 and 2005 were as follows:

	2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 3,705	\$ 3	\$ 26	\$ 3,734
Unrealized (losses) gains	3,518	-	(99)	3,419
Realized (losses) gains	7,602	(3)	(7)	7,592
	\$ 14,825	\$ -	\$ (80)	\$ 14,745

	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

Investment expenses relating to investment advisors, managers and custodians and other bank charges are recorded as reductions to interest and dividend income.

4. RETIREMENT PLAN

The Foundation has a defined contribution pension plan which covers substantially all employees. The Foundation's expense for the years ended June 30, 2006 and 2005 was \$1,782 and \$1,626, respectively.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2006 and 2005 consist of:

	2006	2005
Accounts payable and accrued expenses	\$ 7,596	\$ 8,341
Accrued vacation	1,723	1,541
Liability related to charitable gift annuities	1,380	1,253
Other	-	5
Total accounts payable and accrued liabilities	\$ 10,699	\$ 11,140

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2006 and 2005 consisted of:

	2006	2005
Gross contributions receivable, due		
Less than one year	\$ 9,813	\$ 10,441
Two to five years	15,994	14,288
Thereafter	2,210	3,300
	28,017	28,029
Less		
Unamortized discount to present value	(1,876)	(1,802)
Allowance for doubtful accounts	(2,211)	(2,261)
	\$ 23,930	\$ 23,966

Contributions receivable have been discounted to their present value at the date the original unconditional promise to give was made. As of June 30, 2006 and 2005 such contributions receivable were discounted using average rates of 5.13% and 3.82%, respectively. Contributions deemed uncollectible are recorded as bad debt expense. During the year ended June 30, 2006 and 2005, the Foundation provided for \$2,120 and \$683 of contributions receivable, respectively, deemed to be uncollectible.

7. FIXED ASSETS

Fixed assets at June 30, 2006 and 2005 consisted of:

	2006	2005
Furniture and equipment	\$ 3,216	\$ 2,510
Leasehold improvements	1,914	1,497
Fixed assets, gross	5,130	4,007
Less accumulated depreciation and amortization	(3,106)	(2,460)
Fixed assets, net	\$ 2,024	\$ 1,547

Depreciation and amortization expense for the years ended June 30, 2006 and 2005 amounted to \$646 and \$553, respectively.

8. RELATED-PARTY TRANSACTIONS

During the years ended June 30, 2006 and 2005, the Foundation received the following contributions, included in the statement of activities, from affiliates. These contributions support the Foundation's programs.

	2006	2005
JDRF - Canada	\$ 5,341	\$ 3,975
JDRF - Australia	1,997	2,000
JDRF - United Kingdom	592	984
JDRF - Greece	45	45
JDRF - Others	-	5
	\$ 7,975	\$ 7,009

9. RESEARCH GRANTS PAYABLE

Research grants payable at June 30, 2006 and 2005 consisted of:

	2006	2005
Gross research grants payable	\$ 143,003	\$ 123,422
Less		
Unamortized discount to present value	(634)	(268)
	\$ 142,369	\$ 123,154

The gross amount of the payables are due as follows

	2006	2005
Less than one year	\$ 132,440	\$ 118,208
One to two years	9,929	4,946
	\$ 142,369	\$ 123,154

Research grants have been discounted to their present value as of June 30, 2006 and 2005 using discount rates of 5.21% and 3.53%, respectively.

10. COMMITMENTS AND CONTINGENCIES

RESEARCH GRANTS

As of June 30, 2006, there were conditional research grant commitments of \$142,364 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:

	2007	2008	2009	2010 and thereafter	Total
	\$ 77,085	42,261	15,877	7,141	\$ 142,364

LEASES

Effective January 1, 1995, the Foundation entered into a 15-year lease agreement for executive office space in New York City. The lease provided 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 provided 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 \$1,048 and \$866 for the years ended June 30, 2006 and 2005, respectively. As of June 30, 2006, a liability of \$541 remains for the excess of the straightline 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.

As of November 15, 2005 the Foundation added 9,586 sq. ft. of space on the 16th floor at 120 Wall Street through December 31, 2009. Annual rent commitment for this space is \$278.

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 \$3,444 and \$3,221 for the years ended June 30, 2006 and 2005, respectively.

As of June 30, 2006, the minimum annual lease payments under operating leases for rental of premises in the next five years and thereafter are as follows:

	2007	2008	2009	2010	2011 and thereafter	Total
	\$ 4,241	3,466	3,032	1,755	2,203	\$ 14,697

11. RESTRICTED NET ASSETS

TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2006 and 2005, temporarily restricted net assets were available for the following purposes:

	2006	2005
Net contributions receivable and split interest agreements	\$ 24,996	\$ 24,586
In support of DCC program (know your A1C)	1,621	-
In support of Center for Islet Transplantation at University of Pennsylvania	-	825
Research scientist award	42	44
	\$ 26,659	\$ 25,455

PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity. At June 30, 2006 and 2005, 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:

	2006	2005
Nondesignated program activities	\$ 1,576	\$ 1,575
Research grants funding JDRF Artificial Pancreas Project	2,000	2,000
Research grants at Virginia Mason Research Center	1,466	1,547
	\$ 5,042	\$ 5,122