

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.
WASHINGTON, D.C.

FINANCIAL REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

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REGARDIE, BROOKS & LEWIS

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INDEPENDENT AUDITOR'S REPORT

April 23, 2015

To the Board of Directors
Diabetes Research and Wellness Foundation, Inc.
Washington, D.C.

We have audited the accompanying financial statements of Diabetes Research and Wellness Foundation, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2014 and 2013, 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 auditing 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 assessment of the risks of material misstatement 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 Diabetes Research and Wellness Foundation, Inc. as of December 31, 2014 and 2013, 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.

Regardie, Brooks & Lewis

Certified Public Accountants

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.
WASHINGTON, D.C.

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2014</u>	<u>2013</u>
<u>A S S E T S</u>		
<u>Current assets:</u>		
Cash	\$ 1,433,099	\$ 1,890,902
Contributions receivable	282,114	291,880
Accounts receivable - Diabetes Network (note 12)	188,100	308,732
Other receivables	1,696	11,149
Prepaid supplies and other expenses	<u>258,589</u>	<u>170,820</u>
Total current assets	2,163,598	2,673,483
Investments	4,955	-
Accounts receivable long-term - Diabetes Network (note 12)	387,192	323,779
Property and equipment (note 4)	<u>4,115</u>	<u>617</u>
Total assets	<u>\$ 2,559,860</u>	<u>\$ 2,997,879</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 860,059	\$ 720,664
<u>Long-term liabilities:</u>		
Gift annuities payable (note 5)	<u>24,034</u>	<u>25,270</u>
Total liabilities	<u>884,093</u>	<u>745,934</u>
<u>Net assets:</u>		
Unrestricted	1,601,951	2,135,363
Temporarily restricted (note 7)	<u>73,816</u>	<u>116,582</u>
Total net assets	<u>1,675,767</u>	<u>2,251,945</u>
Total liabilities and net assets	<u>\$ 2,559,860</u>	<u>\$ 2,997,879</u>

See the accompanying independent auditor's report.
The accompanying notes are an integral part of these financial statements.

REGARDIE, BROOKS & LEWIS

CHARTERED

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.
WASHINGTON, D.C.

STATEMENTS OF ACTIVITIES

	Year ended December 31, 2014			Year ended December 31, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Revenues, gains, and other support:</u>						
Contributions of medical supplies (note 6)	\$ 1,665,070	\$ -	\$ 1,665,070	\$ 7,125,831	\$ -	\$ 7,125,831
Contributions and grants	2,079,788	73,816	2,153,604	2,862,490	116,582	2,979,072
Fees - technical and material assistance	3,236,097	-	3,236,097	2,268,786	-	2,268,786
Program event revenue	48,780	-	48,780	78,447	-	78,447
List rental income	16,099	-	16,099	17,798	-	17,798
Subscriptions	5,553	-	5,553	6,831	-	6,831
Investment and other income	1,174	-	1,174	2,560	-	2,560
Change in value of gift annuities payable	(3,356)	-	(3,356)	(3,744)	-	(3,744)
Net assets released from restrictions	116,582	(116,582)	-	101,763	(101,763)	-
Total revenues, gains, and other support	7,165,787	(42,766)	7,123,021	12,460,762	14,819	12,475,581
<u>Expenses:</u>						
Program services:						
Medical, relief, and nutritional supplies (note 6)	1,753,971	-	1,753,971	7,232,046	-	7,232,046
Diabetes identification and guidance	1,373,222	-	1,373,222	1,224,135	-	1,224,135
Global outreach assistance	3,301,362	-	3,301,362	2,274,607	-	2,274,607
Medical research grants	507,000	-	507,000	77,167	-	77,167
Diabetes self-management research and services	203,240	-	203,240	201,055	-	201,055
Educational events	105,826	-	105,826	126,061	-	126,061
Total program services	7,244,621	-	7,244,621	11,135,071	-	11,135,071
Supporting services:						
Management and general	135,471	-	135,471	58,836	-	58,836
Fundraising	319,107	-	319,107	357,149	-	357,149
Total supporting services	454,578	-	454,578	415,985	-	415,985
Total expenses	7,699,199	-	7,699,199	11,551,056	-	11,551,056
Change in net assets	(533,412)	(42,766)	(576,178)	909,706	14,819	924,525
Net assets beginning of year	2,135,363	116,582	2,251,945	1,225,657	101,763	1,327,420
Net assets at end of year	\$ 1,601,951	\$ 73,816	\$ 1,675,767	\$ 2,135,363	\$ 116,582	\$ 2,251,945

See the accompanying independent auditor's report.
The accompanying notes are an integral part of these financial statements.

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.
WASHINGTON, D.C.

STATEMENTS OF CASH FLOWS

	Years ended December 31,	
	<u>2014</u>	<u>2013</u>
<u>Cash flows from operating activities:</u>		
Change in net assets - Exhibit "B"	\$ (576,178)	\$ 924,525
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized gains on sales of investments	-	(1,553)
Depreciation	664	340
Change in value of gift annuities payable	3,706	3,744
Bad debt expense	4,028	12,235
Non cash contributions	(19,955)	-
Changes in:		
Contributions receivable	9,766	26,350
Accounts receivable - Diabetes Network	57,219	450,593
Other receivables	5,425	2,570
Prepaid supplies and other expenses	(72,769)	(160,437)
Accounts payable, accrued expenses, and other	<u>139,395</u>	<u>263,058</u>
Net cash (used in) provided by operating activities	<u>(448,699)</u>	<u>1,521,425</u>
<u>Cash flows from investing activities:</u>		
Proceeds from sales of investments	-	71,705
Acquisition of property and equipment	<u>(4,162)</u>	<u>-</u>
Net cash (used in) provided by investing activities	<u>(4,162)</u>	<u>71,705</u>
<u>Cash flows from financing activities:</u>		
Payments of annuity obligations	<u>(4,942)</u>	<u>(4,942)</u>
Net (decrease) increase in cash	(457,803)	1,588,188
Cash at beginning of year	<u>1,890,902</u>	<u>302,714</u>
Cash at end of year	<u>\$ 1,433,099</u>	<u>\$ 1,890,902</u>

Supplemental disclosures of cash flow information:

There was no cash paid for interest or income taxes during the years ended December 31, 2014 and 2013.

Supplemental disclosure of non-cash transactions:

See notes 7A and 7B.

See the accompanying independent auditor's report.

The accompanying notes are an integral part of these financial statements.

REGARDIE, BROOKS & LEWIS

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CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1 - Organization and business.

The Diabetes Research and Wellness Foundation, Inc. (the Foundation) was incorporated in Maryland in 1993. The Foundation was formed for the purpose of enhancing the quality of life for all people in the world suffering from or vulnerable to diabetes or other diseases. The Foundation provides funds, medicines, informational items, and other medical needs to institutions and to others engaged in medical research and study on finding cures for diabetes and related diseases, and increasing public awareness of the effects of diabetes.

Program services.

Medical, relief, and nutritional supplies.

The Foundation's international medical, relief, and nutritional supplies program consists of providing essential diabetic and related supplies to support health services and patients in medically underserved communities on an ongoing humanitarian basis around the world.

Diabetes identification and guidance.

Efforts aimed through identification and guidance at raising awareness to diabetes and diabetes related illnesses.

Global outreach assistance.

The Foundation works closely with the worldwide Diabetes Wellness Network™ that consists of: The Diabetes Research & Wellness Foundation, Inc. (United States), the Diabetes Research Wellness Foundation (United Kingdom), Diabetes Research & Wellness Foundation (Sweden), the Association Pour La Diabete (France), and the Insamlingsstifelsen Deutschalnad (DHFD) (Germany). While all of the members of the network are separate organizations working for the benefit of people within their specific countries and throughout the world, we share the same goals and don't lose sight of the bigger picture - *Diabetes knows no borders* - enabling us to take advantage of our international dimension for the benefit of the charity and our beneficiaries.

Medical research grants.

Grants to agencies and institutions engaged in medical research and clinical studies to find cures for diabetes and related illnesses. Awards are based on specific criteria set by the board of directors including the availability of funds and written agreements with grant recipients. The timing between the time monies are raised for these purposes and the execution of the grants and related agreements may result in grant awards not always matching the income for a specific year. This has resulted in significant variations in the change in net assets from year to year.

Diabetes self-management research and services.

Dissemination of information through a monthly newsletter with up-to-date information on diabetes and related health issues.

Educational events.

Public education about the causes, prevention, and treatment of diabetes and its complications.

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

2 - Significant accounting policies.

A. Accounting method.

The Foundation presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

B. Basis of presentation.

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met by the passage of time.

C. Contributions receivable.

The Foundation estimates and records support from pledges in the year in which the pledges are made. All pledges are expected to be received within one year.

Contributions and associated expenses resulting from direct mail efforts are recognized in the period that the mailing took place. These amounts are recorded at their estimated realizable amount.

D. Cash.

For purposes of the statements of cash flows, the Foundation defines cash as operating cash and excludes cash and cash equivalents that are considered investments.

E. Accounts receivable.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management believes the amounts are fully collectible.

F. Investments.

Investments are reported at their fair values in the statements of financial position. The difference between the total fair value and total cost basis at December 31, 2014 is reflected in the statements of activities (Exhibit "B") as unrealized (depreciation) appreciation in value of investments. This change is reported outside of operations as an "other change" to net assets.

G. Property and equipment.

Property and equipment are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years. Total depreciation was \$664 and \$340 for the years ended December 31, 2014 and 2013, respectively. It is the Foundation's policy to capitalize purchases of property and equipment of \$1,000 or greater.

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

2 - Significant accounting policies (continued).

H. Revenues and expenses.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets by the passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

I. Contributions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Contributions of United States Food and Drug approved pharmaceuticals, branded and generic, are recorded at estimated fair value on the date received. The method for calculating fair value uses up to twelve (12) data points from multiple sources including industry (the Thomson Reuters Red Book©), the U.S. government National Average Drug Acquisition Cost (NADAC) and from published retail prices. From these data points, the high and low prices are eliminated and the remaining items are used to compute an average fair value.

J. Functional allocation of expenses.

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

K. Estimates.

The presentation 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

L. Allocation of joint costs.

In 2014, the Foundation incurred joint costs of \$1,410,946 for informational materials and activities that included fund-raising appeals. Of these costs, \$258,757 was allocated to fund-raising expenses, and \$1,152,159 was allocated to the Diabetes identification and guidance program.

In 2013, the Foundation incurred joint costs of \$1,265,424 for informational materials and activities that included fund-raising appeals. Of these costs, \$252,641 was allocated to fund-raising expenses, and \$1,012,783 was allocated to the Diabetes identification and guidance program.

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

3 - Investments.

A summary of investments held is as follows:

	December 31, 2014	
	Cost	Fair value
Equities	\$ 4,955	\$ 4,955

Investment return consists of the following:

	Years ended December 31,	
	2014	2013
Operations:		
Investment income:		
Dividends, interest, and capital gain distributions	\$ 693	\$ 624
Realized gains	-	1,553
Investment income	\$ 693	\$ 2,177

4 - Property and equipment.

The following is an analysis of property and equipment:

	As of December 31,	
	2014	2013
Equipment and furniture	\$ 48,166	\$ 44,004
Less: Accumulated depreciation	(44,051)	(43,387)
Cost less accumulated depreciation	\$ 4,115	\$ 617

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

5 - Gift annuities payable.

The Foundation administers several charitable gift annuities. Under these agreements, the donor contributes assets to the Foundation in exchange for a promise by the Foundation to pay the designated beneficiary a fixed annual amount for their lifetime.

The present value of estimated future payments is calculated using a discount rate and applicable mortality tables. The liability for estimated future payments amounted to \$24,034 and \$25,270 at December 31, 2014 and 2013, respectively.

6 - Non-cash contributions.

A. Medical, relief, and nutritional supplies.

The Foundation solicited medical, relief, and nutritional supplies from various organizations, which were subsequently distributed as humanitarian aid. The fair value of these medical supplies amounted to \$1,665,070 and \$7,125,831 for the years ended December 31, 2014 and 2013, respectively.

B. Other.

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific program assistance, fund-raising efforts, and general administrative tasks. The financial statements do not reflect the value of these contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

C. Use of facilities and equipment.

The Foundation's office facilities and equipment are provided by a board member at no charge to the Foundation. This arrangement allows the Foundation to use more of its resources in support of its mission. The financial statements do not reflect the value of the donated use of these facilities and equipment.

7 - Temporarily restricted net assets.

The following is an analysis of temporarily restricted net assets:

	As of December 31, 2014	2013
Temporarily restricted net assets:		
Contributions receivable - America's Charities	\$ 73,816	\$ 116,582

The following is an analysis of restricted net assets:

	Years ended December 31, 2014	2013
Passage of time - collection on receivables	\$ 116,582	\$ 101,763

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

8 - Income taxes.

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for income taxes on unrelated business income. There were no unrelated business income activities in 2014 or 2013. In addition, the Foundation qualifies for the charitable contribution deduction under IRS Code Section 170 and has been classified as an organization other than a private foundation.

The Foundation has filed for and received an income tax exemption in the District of Columbia. The Foundation files Form 990 in the U.S. federal jurisdiction. With few exceptions, the Foundation is no longer subject to U.S. federal, state, and local, or non-U.S. income tax examinations by taxing authorities for years before 2011. Management of the Foundation believes it has no material uncertain tax positions, and accordingly, it will not recognize any liability for unrecognized tax obligations.

9 - Retirement plan.

The Foundation sponsors a Profit Sharing 401(k) Plan (the Plan). All employees who have attained age twenty-one and have completed three months of service are eligible to participate in the Plan. The Foundation contributes an amount equal to 50% of the employee's deferrals which do not exceed 6% of compensation. Contributions to the Profit Sharing Plan are discretionary.

The Foundation's contributions to the Plan were \$9,497 and \$20,806 for the years ended December 31, 2014 and 2013, respectively.

10 - Concentration of credit risk.

Financial instruments which potentially subject the Foundation to concentration of credit risk consist of temporary cash deposits which the Foundation maintains at several banks. Accounts at these institutions are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Accounts in excess of the FDIC insurance aggregated to \$1,173,023 and \$1,720,314 at December 31, 2014 and 2013, respectively. The Foundation has not experienced losses on these accounts.

11 - Concentration.

During the years ended December 31, 2014 and 2013, 23% and 57%, respectively, of the Foundation's total support was received in the form of non-cash contributions.

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

12 - Diabetes Wellness Network.

The Foundation has agreements with other non-profit organizations to which they provide program oversight and support, technical and material assistance, and the use of the Foundation's intellectual property, all at no profit. The Foundation and these organizations serve a common purpose to help find a cure for diabetes and, until that goal is achieved, to provide the care needed to combat the detrimental and life-threatening complications of this terrible disease. The Foundation is reimbursed for the cost of administrative and accounting services it performs on behalf of these other organizations.

These reimbursements accounted for 47% and 18% of the revenues and 43% and 20% of the expenses of the Foundation for the years ended December 31, 2014 and 2013, respectively. In addition, the Foundation received \$675,000 in contributions/grants from these organizations, in 2013.

Listed below is a summary of amounts due as of December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
<u>Short-term:</u>		
Diabetes Research & Wellness Foundation (Sweden/Finland)	\$ 187,921	\$ 306,486
Diabetes Research & Wellness Foundation (United Kingdom)	<u>179</u>	<u>2,246</u>
Subtotal	188,100	308,732
<u>Long-term:</u>		
Association Pour La Diabete (France)	<u>387,192</u>	<u>323,779</u>
Total	<u>\$ 575,292</u>	<u>\$ 632,511</u>

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

13 - Fair value.

Fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 - inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of December 31, 2014 and 2013.

	<u>Fair Value Measurements Using</u>		
	<u>(Level 1)</u>	<u>(Level 3)</u>	<u>Total</u>
<u>December 31, 2014</u>			
Assets:			
Equities	\$ <u>4,955</u>	\$ <u>-</u>	\$ <u>4,955</u>
Liabilities:			
Gift annuities	\$ <u>-</u>	\$ <u>24,034</u>	\$ <u>24,034</u>
 <u>December 31, 2013</u>			
Liabilities:			
Gift annuities	\$ <u>-</u>	\$ <u>25,270</u>	\$ <u>25,270</u>

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

13 - Fair value (continued).

The following table shows the movement in fair values of the Foundation's assets and liabilities using significant unobservable inputs as of December 31, 2014 and 2013.

	For the years ending December 31,	
	<u>2014</u>	<u>2013</u>
Beginning balance	\$ 25,270	\$ 26,468
Amounts paid	(4,592)	(4,942)
Changes in values	<u>3,356</u>	<u>3,744</u>
Ending balance	<u>\$ 24,034</u>	<u>\$ 25,270</u>
Total changes for the year included in net assets attributable to the changes in values of gift annuities relating to liabilities still held at reporting date	<u>\$ 3,356</u>	<u>\$ 3,744</u>

14 - Commitments.

The Foundation has made an unrestricted conditional cumulative grant of \$2,000,000 to Spring Point Project. The grant is subject to an annual progress report, to the satisfaction of the directors of the Foundation that the work continues to advance the purpose of the Foundation, and that adequate funds are available within the Foundation.

15 - Subsequent events.

Subsequent events have been evaluated through April 23, 2015 which is the date the financial statements were available to be issued.



REGARDIE, BROOKS & LEWIS

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

April 23, 2015

To the Board of Directors of
Diabetes Research and Wellness Foundation, Inc.
Washington, DC

We have audited the financial statements of Diabetes Research and Wellness Foundation, Inc. (a nonprofit organization) as of and for the years ended December 31, 2014 and 2013 and have issued our report thereon dated April 23, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for the purposes of additional analysis and are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Regardie, Brooks & Lewis

Certified Public Accountants

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.
WASHINGTON, D.C.

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Medical relief and nutritional supplies	Diabetes identification and guidance	Global outreach assistance	Medical research grants	Diabetes self-management research and services	Educational events	Management and general	Fundraising	Total
Medical, relief, and nutritional supplies	\$ 1,665,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,665,070
Mailing charges	-	1,022,687	-	-	61,250	-	7,630	232,386	1,323,953
Cost of materials	-	-	3,242,411	-	-	-	-	-	3,242,411
Medical research grants	-	-	-	507,000	-	-	-	-	507,000
Salaries and related costs	59,081	123,037	136,062	-	91,894	101,449	46,153	38,498	596,174
Professional services	-	165,323	58,951	-	2,700	-	47,756	15,340	290,070
List rental	-	16,280	-	-	-	-	-	4,505	20,785
Other program costs	29,820	-	-	-	-	-	-	-	29,820
Bank charges	-	10,595	-	-	-	-	3,420	2,290	16,305
Editorial services	-	-	-	-	42,841	-	-	-	42,841
Special events	-	-	-	-	-	-	-	26,088	26,088
Website	-	4,484	-	-	4,484	-	4,484	-	13,452
Travel and health events	-	-	-	-	-	4,377	31,834	-	36,211
Miscellaneous and other expenses	-	13,441	-	-	-	-	11,579	-	25,020
Insurance	-	-	-	-	-	-	12,389	-	12,389
Licenses and registration	-	8,562	-	-	-	-	1,337	-	9,899
Identification jewelry	-	8,339	-	-	-	-	-	-	8,339
Telephone	-	474	-	-	71	-	163	-	708
Depreciation	-	-	-	-	-	-	664	-	664
Reimbursed expenses	-	-	(136,062)	-	-	-	(31,938)	-	(168,000)
	<u>\$ 1,753,971</u>	<u>\$ 1,373,222</u>	<u>\$ 3,301,362</u>	<u>\$ 507,000</u>	<u>\$ 203,240</u>	<u>\$ 105,826</u>	<u>\$ 135,471</u>	<u>\$ 319,107</u>	<u>\$ 7,699,199</u>

Supplementary information.
See the accompanying independent auditor's report.

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.
WASHINGTON, D.C.

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Medical relief and nutritional supplies	Diabetes identification and guidance	Global outreach assistance	Medical research grants	Diabetes self-management research and services	Educational events	Management and general	Fundraising	Total
Medical, relief, and nutritional supplies	\$ 7,125,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,125,831
Mailing charges	-	903,035	-	-	75,845	-	6,744	225,144	1,210,768
Cost of materials	-	-	2,274,607	-	-	-	-	-	2,274,607
Medical research grants	-	-	-	77,167	-	-	-	-	77,167
Salaries and related costs	57,608	109,682	115,343	-	77,028	111,159	50,528	36,318	557,666
Professional services	-	139,906	-	-	2,973	-	47,439	14,620	204,938
List rental	-	19,855	-	-	-	-	-	6,258	26,113
Other program costs	48,607	-	-	-	-	-	-	-	48,607
Bank charges	-	20,697	-	-	-	-	2,615	5,192	28,504
Editorial services	-	-	-	-	41,975	-	-	-	41,975
Special events	-	-	-	-	-	-	-	69,617	69,617
Website	-	3,064	-	-	3,064	-	3,064	-	9,192
Travel and health events	-	-	-	-	-	14,902	7,247	-	22,149
Miscellaneous and other expenses	-	5,177	-	-	-	-	10,366	-	15,543
Insurance	-	-	-	-	-	-	11,697	-	11,697
Licenses and registration	-	8,651	-	-	-	-	1,062	-	9,713
Identification jewelry	-	12,928	-	-	-	-	-	-	12,928
Telephone	-	1,140	-	-	170	-	391	-	1,701
Depreciation	-	-	-	-	-	-	340	-	340
Reimbursed expenses	-	-	(115,343)	-	-	-	(82,657)	-	(198,000)
	<u>\$ 7,232,046</u>	<u>\$ 1,224,135</u>	<u>\$ 2,274,607</u>	<u>\$ 77,167</u>	<u>\$ 201,055</u>	<u>\$ 126,061</u>	<u>\$ 58,836</u>	<u>\$ 357,149</u>	<u>\$ 11,551,056</u>

Supplementary information.
See the accompanying independent auditor's report.

REGARDIE, BROOKS & LEWIS
CHARTERED
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS