

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

FINANCIAL REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011

TABLE OF CONTENTS

	<u>Page number</u>
Independent Auditor's Report	1 - 2
<u>FINANCIAL STATEMENTS</u>	
EXHIBIT "A" - Statements of Financial Position As of December 31, 2012 and 2011	3
EXHIBIT "B" - Statements of Activities For the years ended December 31, 2012 and 2011	4
EXHIBIT "C" - Statements of Cash Flows For the years ended December 31, 2012 and 2011	5
Notes to Financial Statements	6 - 14
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule B-1 - Schedules of Functional Expenses For the years ended December 31, 2012 and 2011	15 - 16



REGARDIE, BROOKS & LEWIS

CHARTERED
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

7101 WISCONSIN AVENUE, SUITE 1012 · BETHESDA, MARYLAND 20814
TEL: (301) 654-9000 e-mail: rblcpa@rblcpa.com FAX: (301) 656-3056

PAUL J. GNATT, CPA
PHILIP R. BAKER, CPA
CELSO T. MATAAC, JR., CPA
DOUGLAS A. DOWLING, CPA
BRIAN J. GIGANTI, CPA
SETH C. ALLEN, CPA

CONSULTANTS
JEROME P. LEWIS
DAVID A. BROOKS
JESSE A. KAISER
NANCY P. SHIREY, CPA

INDEPENDENT AUDITOR'S REPORT

April 5, 2013

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, 2012 and 2011, 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 standards 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, 2012 and 2011, and the results of its operations 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,	
	2012	2011
<u>A S S E T S</u>		
<u>Current assets:</u>		
Cash	\$ 302,714	\$ 516,504
Contributions receivable	318,230	347,496
Accounts receivable - DRWF Sweden (note 13)	81,567	67,941
Other receivables	25,954	30,738
Prepaid supplies and other expenses	10,383	178,782
Total current assets	738,848	1,141,461
Investments (note 3)	70,152	69,460
Accounts receivable long-term - Association Pour La Diabete (note 13)	1,001,537	916,995
Property and equipment (note 4)	957	1,657
Total assets	\$ 1,811,494	\$ 2,129,573
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 457,606	\$ 552,280
Other payables (note 6)	-	75,204
Total current liabilities	457,606	627,484
<u>Long-term liabilities:</u>		
Gift annuities payable (note 5)	26,468	27,669
Total liabilities	484,074	655,153
<u>Net assets:</u>		
Unrestricted	1,225,657	1,292,730
Temporarily restricted (note 8)	101,763	181,690
Total net assets	1,327,420	1,474,420
Total liabilities and net assets	\$ 1,811,494	\$ 2,129,573

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

	<u>Year ended December 31, 2012</u>			<u>Year ended December 31, 2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues, gains, and other support:</u>						
Contributions of medical supplies (note 7)	\$ 5,833,418	\$ -	\$ 5,833,418	\$ 6,563,758	\$ -	\$ 6,563,758
Contributions and grants	3,488,067	101,763	3,589,830	3,374,131	181,690	3,555,821
Fees - technical and material assistance	1,727,115	-	1,727,115	1,579,744	-	1,579,744
Program event revenue	43,793	-	43,793	36,514	-	36,514
List rental income	5,003	-	5,003	7,898	-	7,898
Subscriptions	37,013	-	37,013	7,607	-	7,607
Investment and other income	2,758	-	2,758	2,774	-	2,774
Change in value of gift annuities payable	(1,853)	-	(1,853)	(3,626)	-	(3,626)
Net assets released from restrictions	181,690	(181,690)	-	128,469	(128,469)	-
Total revenues, gains, and other support	<u>11,317,004</u>	<u>(79,927)</u>	<u>11,237,077</u>	<u>11,697,269</u>	<u>53,221</u>	<u>11,750,490</u>
<u>Expenses:</u>						
<u>Program services:</u>						
Medical, relief, and nutritional supplies (note 7)	5,960,704	-	5,960,704	6,686,534	-	6,686,534
Diabetes identification and guidance	1,820,643	-	1,820,643	2,309,685	-	2,309,685
Global outreach assistance	1,728,215	-	1,728,215	1,576,365	-	1,576,365
Medical research grants	1,051,000	-	1,051,000	552,000	-	552,000
Diabetes self-management research and services	211,624	-	211,624	233,954	-	233,954
Educational events	136,864	-	136,864	147,225	-	147,225
Total program services	<u>10,909,050</u>	<u>-</u>	<u>10,909,050</u>	<u>11,505,763</u>	<u>-</u>	<u>11,505,763</u>
<u>Supporting services:</u>						
Management and general	51,276	-	51,276	50,418	-	50,418
Fundraising	426,646	-	426,646	492,158	-	492,158
Total supporting services	<u>477,922</u>	<u>-</u>	<u>477,922</u>	<u>542,576</u>	<u>-</u>	<u>542,576</u>
Total expenses	<u>11,386,972</u>	<u>-</u>	<u>11,386,972</u>	<u>12,048,339</u>	<u>-</u>	<u>12,048,339</u>
Change in net assets from operations	(69,968)	(79,927)	(149,895)	(351,070)	53,221	(297,849)
<u>Other changes:</u>						
Unrealized appreciation (depreciation) in value of investments	2,895	-	2,895	(1,078)	-	(1,078)
Change in net assets	(67,073)	(79,927)	(147,000)	(352,148)	53,221	(298,927)
Net assets beginning of year	<u>1,292,730</u>	<u>181,690</u>	<u>1,474,420</u>	<u>1,644,878</u>	<u>128,469</u>	<u>1,773,347</u>
Net assets at end of year	<u>\$ 1,225,657</u>	<u>\$ 101,763</u>	<u>\$ 1,327,420</u>	<u>\$ 1,292,730</u>	<u>\$ 181,690</u>	<u>\$ 1,474,420</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 CASH FLOWS

	Years ended December 31,	
	2012	2011
<u>Cash flows from operating activities:</u>		
Change in net assets - Exhibit "B"	\$ (147,000)	\$ (298,927)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized (gains) losses on sales of investments	(764)	485
Unrealized (appreciation) depreciation on investments	(2,895)	1,078
Depreciation and loss on disposal of assets	700	752
Changes in:		
Contributions receivable	29,266	123,876
Other receivables	(93,384)	612,993
Prepaid supplies and other expenses	168,399	(62,486)
Accounts payable, accrued expenses, and other	(169,878)	(767,817)
Value of gift annuities	(1,201)	(5,995)
Deferred revenues	-	(1,246)
Net cash used in operating activities	(216,757)	(397,287)
<u>Cash flows from investing activities:</u>		
Proceeds from sales of investments	4,482	8,877
Purchases of investments	(1,515)	(3,932)
Acquisition of property and equipment	-	(1,237)
Net cash provided by investing activities	2,967	3,708
Net decrease in cash	(213,790)	(393,579)
Cash at beginning of year	516,504	910,083
Cash at end of year	\$ 302,714	\$ 516,504

Supplemental disclosures of cash flow information:

There was no cash paid for interest or income taxes during the years ended December 31, 2012 and 2011.

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

CHARTERED

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 Deutschnad (DHFD) (Germany). While all of the members of the network are independent, autonomous charities 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.

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 the 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 composed of mutual funds investing in equity securities and are reported at their fair values in the statements of financial position. The differences between the total fair value and total cost basis at December 31, 2012 and 2011 are 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 \$700 and \$752 for the years ended December 31, 2012 and 2011, 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 wholesale value on the date received, based on values published in the Thomson Reuters Redbook©. The Redbook is an industry recognized drug and pricing reference guide for pharmaceuticals.

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 2012, the Foundation incurred joint costs of \$1,969,317 for informational materials and activities that included fund-raising appeals. Of these costs, \$367,852 was allocated to fund-raising expenses, and \$1,601,465 was allocated to the Diabetes identification and guidance program.

In 2011, the Foundation incurred joint costs of \$2,189,106 for informational materials and activities that included fund-raising appeals. Of these costs, \$377,640 was allocated to fund-raising expenses, and \$1,811,466 was allocated to 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,			
	2012		2011	
	Cost	Fair value	Cost	Fair value
Cash and mutual funds	\$ 65,643	\$ 70,152	\$ 68,023	\$ 69,460

Investment return consists of the following for the years ended December 31:

	2012	2011
Operations:		
Investment income:		
Dividends, interest, and capital gain distributions	\$ 1,834	\$ 3,679
Realized losses	764	(485)
Investment fees	(344)	(502)
Investment income	2,254	2,692
Non-operating:		
Unrealized appreciation (depreciation) in value of investments	2,895	(1,078)
Investment return	\$ 5,149	\$ 1,614

4 - Property and equipment.

The following is an analysis of property and equipment for the years ended December 31:

	2012	2011
Equipment and furniture	\$ 44,004	\$ 44,004
Less: Accumulated depreciation	(43,047)	(42,347)
Cost less accumulated depreciation	\$ 957	\$ 1,657

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 \$26,468 and \$27,669 at December 31, 2012 and 2011, respectively.

6 - Related party transactions.

In 2012, the Foundation made a decision to limit/reduce the level of related party transactions. Through their efforts the outstanding balance due to related entities was paid in full and the list rentals were handled without the use of a broker, who was a related party.

The Foundation received list rental revenues of \$7,898 and also rented lists, at cost, totaling \$91,916 in 2011.

The Foundation has a balance due to these other entities of \$75,204 for costs and revenues advanced to the Foundation at December 31, 2011.

No commissions or fees for services rendered, or markup of product cost were charged by entities owned and operated by officers of the Foundation in connection with list rental operations and product purchases, respectively.

7 - 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 \$5,833,418 and \$6,563,758 for the years ended December 31, 2012 and 2011, 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.

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

8 - Temporarily restricted net assets.

The following is an analysis of temporarily restricted net assets:

	December 31, 2012	2011
Temporarily restricted net assets:		
Contributions receivable - America's Charities	\$ 101,763	\$ 181,690

The following is an analysis of restricted net assets:

	Years ended December 31, 2012	2011
Passage of time - collection on receivables	\$ 181,690	\$ 128,469

9 - 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 2012 or 2011. 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 2009. Management of the Foundation believes it has no material uncertain tax positions, and accordingly, it will not recognize any liability for unrecognized tax obligations.

10 - 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 \$21,925 and \$20,425 for the years ended December 31, 2012 and 2011, respectively.

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

11 - 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. At various times throughout the year, the cash balance exceeded the FDIC limit. The Foundation believes the risk of loss is minimal.

12 - Concentration.

During the years ended December 31, 2012 and 2011, 52% and 56%, respectively, of the Foundation's total support was received in the form of non-cash contributions.

13 - Diabetes Wellness Network.

The Foundation has an agreement with other independent 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.

14 - 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.

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

14 - Fair value (continued).

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, 2012 and 2011.

	Fair Value Measurements Using		
	(Level 1)	(Level 3)	Total
<u>December 31, 2012</u>			
Assets:			
Cash and mutual funds	\$ 70,152	\$ -	\$ 70,152
Liabilities:			
Gift annuities	\$ -	\$ 26,468	\$ 26,468
 <u>December 31, 2011</u>			
Assets:			
Cash and mutual funds	\$ 69,460	\$ -	\$ 69,460
Liabilities:			
Gift annuities	\$ -	\$ 27,669	\$ 27,669

The following table shows the movement in fair values of the Foundation's assets and liabilities using significant unobservable inputs as of December 31, 2012 and 2011.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	For the years ending December 31,	
	2012	2011
Beginning balance	\$ 27,669	\$ 28,915
Amounts paid	(3,055)	(4,872)
Investment return	1,854	3,626
Ending balance	\$ 26,468	\$ 27,669
Total gains for the year		
included in net assets attributable		
to the change in unrealized gains		
relating to liabilities still		
held at reporting date	\$ 1,854	\$ 3,626

DIABETES RESEARCH AND WELLNESS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

15 - Subsequent events.

Subsequent events have been evaluated through April 5, 2013 which is the date the financial statements were available to be issued.

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

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Medical relief 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	\$ 5,833,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,833,418
Mailing charges	-	1,462,237	-	-	65,522	-	9,792	338,605	1,876,156
Cost of materials	-	-	1,728,215	-	-	-	-	-	1,728,215
Medical research grants	-	-	-	1,051,000	-	-	-	-	1,051,000
Salaries and related costs	59,231	116,522	119,530	-	82,792	117,009	43,755	37,763	576,602
Professional services	-	156,906	-	-	-	-	42,389	10,158	209,453
List rental	-	35,449	-	-	-	-	-	12,599	48,048
Other program costs	68,055	-	-	-	-	-	-	-	68,055
Bank charges	-	20,773	-	-	-	-	2,118	4,333	27,224
Editorial services	-	-	-	-	42,737	-	-	-	42,737
Special events	-	-	-	-	-	22	-	23,188	23,210
Website	-	2,998	-	-	2,999	-	2,998	-	8,995
Travel and health events	-	-	-	-	-	19,811	8,935	-	28,746
Miscellaneous and other expenses	-	7,768	-	-	17,546	22	7,382	-	32,718
Insurance	-	-	-	-	-	-	11,420	-	11,420
Licenses and registration	-	10,710	-	-	-	-	192	-	10,902
Identification jewelry	-	7,089	-	-	-	-	-	-	7,089
Telephone	-	191	-	-	28	-	65	-	284
Depreciation	-	-	-	-	-	-	700	-	700
Book expense	-	-	-	-	-	-	-	-	-
Reimbursed expenses	-	-	(119,530)	-	-	-	(78,470)	-	(198,000)
	<u>\$ 5,960,704</u>	<u>\$ 1,820,643</u>	<u>\$ 1,728,215</u>	<u>\$ 1,051,000</u>	<u>\$ 211,624</u>	<u>\$ 136,864</u>	<u>\$ 51,276</u>	<u>\$ 426,646</u>	<u>\$ 11,386,972</u>

Supplementary information.
See the accompanying independent auditor's report.
REGARDIE, BROOKS & LEWIS
CHARTERED
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

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

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Medical relief 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	\$ 6,563,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,563,758
Mailing charges	-	1,795,961	-	-	91,674	-	13,016	393,145	2,293,796
Cost of materials	-	-	1,576,365	-	-	-	-	-	1,576,365
Medical research grants	-	-	-	552,000	-	-	-	-	552,000
Salaries and related costs	52,788	191,041	11,098	-	85,732	115,396	39,389	22,259	517,703
Professional services	-	188,507	-	-	-	-	50,997	11,286	250,790
List rental	-	67,831	-	-	1,559	-	-	22,526	91,916
Other program costs	69,988	-	-	-	-	-	-	-	69,988
Bank charges	-	37,720	-	-	13	-	2,324	6,962	47,019
Editorial services	-	-	-	-	43,306	-	-	-	43,306
Special events	-	-	-	-	-	5,560	-	35,980	41,540
Website	-	9,746	-	-	9,747	-	9,746	-	29,239
Travel and health events	-	-	-	-	-	26,269	557	-	26,826
Miscellaneous and other expenses	-	3,115	-	-	1,566	-	10,997	-	15,678
Insurance	-	-	-	-	-	-	14,370	-	14,370
Licenses and registration	-	4,943	-	-	-	-	4,350	-	9,293
Identification jewelry	-	8,426	-	-	-	-	-	-	8,426
Telephone	-	2,395	-	-	357	-	822	-	3,574
Depreciation	-	-	-	-	-	-	752	-	752
Reimbursed expenses	-	-	(11,098)	-	-	-	(96,902)	-	(108,000)
	<u>\$ 6,686,534</u>	<u>\$ 2,309,685</u>	<u>\$ 1,576,365</u>	<u>\$ 552,000</u>	<u>\$ 233,954</u>	<u>\$ 147,225</u>	<u>\$ 50,418</u>	<u>\$ 492,158</u>	<u>\$ 12,048,339</u>

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

REGARDIE, BROOKS & LEWIS
CHARTERED
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS