

*The Voice of the Donor  
for a Cure*

# Juvenile Diabetes Cure Alliance

August 21, 2014

## ADA 2013 Financial Review: Only 2% of Budget Spent on T1D Cure Research; 0% on Practical Cure

### Conclusions:

- Only 16% of the ADA's 2013 annual budget was spent on any type of research grant. Publishing and advocacy absorbed the majority of the ADA's budget.
- The ADA funds just \$4MM a year of T1D cure research, based on historical estimates, and no Practical Cure research whatsoever.
- Donors who wish to fund T1D cure research are encouraged to reconsider before making a gift to the ADA. There are alternatives that focus much more on T1D research, such as JDRF and the DRIF. In all cases, donors should specify in writing how they want their gift used.

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## TAKE ACTION NOW

Ensure it's for a Cure



- ✓ **Specify** for Practical Cure research. Use our letter at [www.thejdca.org/](http://www.thejdca.org/)
- ✓ **Call us** for an advisory meeting at 212-308-7433

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## ADA 2013 Financial Review

The American Diabetes Association raises more money in the name of “diabetes” than any other organization in the United States. However (and this is a big “however” for people interested in type 1 diabetes), the ADA spends the vast majority of those funds on type 2 diabetes, not type 1. ***If you are giving for the purpose of finding a cure for type 1 diabetes, only a very small portion of your gift to the ADA is likely to find its way to type 1 research; the rest will fund type 2 initiatives.***

The ADA applies a small amount of money to any kind of type 1 research, only about 6% of total annual revenue (\$14MM). By our estimate, their support for T1D cure research is even lower, not even 2% of total revenue (<\$4MM). The ADA does not appear to fund any Practical Cure research at all.

It should be noted that because of shortcomings in the ADA’s transparency, we have to estimate the split between T1 and T2 research based on prior years’ data. The ADA used to provide a database that listed the size of individual research grants, but this year funding data for individual projects ceased to be publically available. ADA management ignored our repeated phone and email requests for this information, so we took past spending trends and previous conversations with ADA employees as precedent. In our view, a fundraising organization as prominent as the ADA has a basic fiduciary duty to share research funding information openly with any interested party.

### **Financial Data: Ten Years of Revenue and Spending**

Exhibit A presents the ADA’s revenue and expenses over the past ten years. Each is broken into key categories.

**Exhibit A: ADA Annual Revenue and Expenses (\$ Millions)**

<b>Revenues:</b>	<b>2004</b>	<b>2005</b>	<b>2006*</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Donations	85.0	84.9	90.9	93.2	92.2	75.0	72.8	73.5	87.7	78.2
Special Events (net)	42.9	45.3	42.8	47.2	46.7	43.1	45.5	48.7	56.1	58.3
Bequests	26.3	23.5	23.6	27.4	28.5	27.1	24.7	29.4	25.7	27.5
Total Program and Publishing Revenue:	42.2	43.6	42.9	48.6	46.4	45.3	46.1	44.0	43.7	42.4
Federated and Non-Federated Org.	8.6	8.6	8.5	9.9	9.5	8.9	8.6	8.2	8.1	7.5
Investment Income (loss)	2.5	2.6	4.5	5.6	-2.9	4.4	3.1	2.0	3.4	4.3
Misc. Revenues	0.7	1.2	1.3	1.9	1.6	1.6	1.7	2.7	3.8	3.5
<b>Total revenues</b>	<b>208.2</b>	<b>209.7</b>	<b>214.6</b>	<b>233.8</b>	<b>222.0</b>	<b>205.4</b>	<b>202.5</b>	<b>208.5</b>	<b>228.5</b>	<b>221.7</b>
<b>Expenses</b>	<b>2004</b>	<b>2005</b>	<b>2006*</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Research Grants	36.5	40.1	44.9	41.9	42.6	33.5	33.2	33.6	34.5	35.5
Non-Grant Research Expense	11.0	10.9	10.7	12.4	11.8	9.8	9.4	10.6	10.9	12.1
Total Program and Publishing Expense	66.7	69.0	62.7	64.3	63.8	58.4	55.0	56.1	55.3	57.9
Advocacy and Public Awareness	40.3	43.5	51.6	51.6	51.9	47.0	44.0	45.0	47.2	56.7
Management and General	8.1	8.6	8.1	9.0	9.9	8.3	9.8	8.4	11.1	9.5
Fundraising	35.5	37.0	47.2	49.0	49.9	47.5	43.4	46.3	47.2	49.4
<b>Total Expenses</b>	<b>198.1</b>	<b>209.1</b>	<b>225.1</b>	<b>228.2</b>	<b>229.9</b>	<b>204.5</b>	<b>194.8</b>	<b>200.0</b>	<b>206.2</b>	<b>221.1</b>

Sources: 2013 audited financial statement for ADA, and previous ADA financial statements (sources also apply to all following charts in this report)

\*2006 was an 18-month fiscal year due to changing from a June 30 fiscal year in 2005 to a calendar year end in 2006. To represent 2006’s 18-month year in proportion with all the 12- month years, the numbers in the 2006 column have been scaled by 2/3.

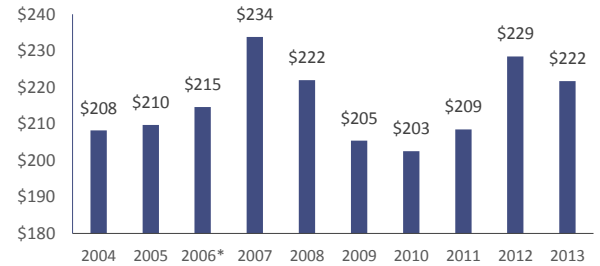
Appendix A gives definitions for the various revenue and expenditure categories.

Appendix B shows each category as a percentage of total annual revenue or spending, indicating each category’s relative importance.

## Observations

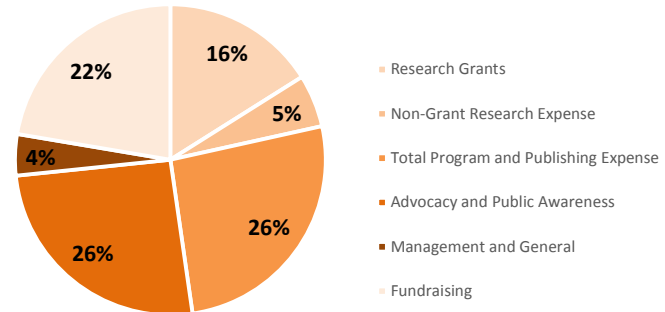
- With an ability to consistently generate over \$200MM annually, the ADA's fundraising capability is consistently strong (Exhibit B).

Exhibit B: ADA Annual Revenue



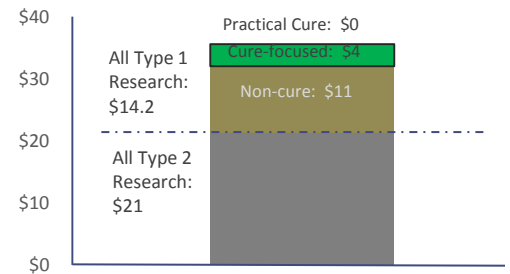
- The ADA spends heavily to sustain its fundraising apparatus. More than one fifth of the budget, or 22 cents of every dollar raised, is spent to fundraise.
- Based on the spending numbers, the ADA is essentially a publishing and advocacy organization that does not focus on research. Only 16% of the ADA's annual budget funds any kind of T1 or T2 research (Exhibit C). This is the lowest proportional level of research funding in the past 10 years.

Exhibit C: 2013 Budget Allocations



- An even smaller amount of the budget is applied to any kind of type 1 diabetes research, with only about 2% of the 2013 annual budget dedicated to a T1 cure, and zero dollars spent on near-term cure research. **For donors primarily interested in supporting T1 cure research, the ADA is not the organization of choice** (Exhibit D).

Exhibit D: Research Grant Breakdown (\$MM)



Since the ADA only allocates a small portion of donations to T1D cure research, donors who are committed to a type 1 cure would do well to seek out organizations that focus more on that objective, like JDRF or the DRIF. The only way to ensure that donations are spent on type 1 cure research is to specify in writing that a gift must be used for that purpose. Without specification, donations to the ADA will most likely be used for type 2 research, advocacy, education, publications, etc. – *not* a T1D cure.

## ADA 2013 Financial Review

### Appendix A: Major Categories as a Percentage of Annual Revenue and Expenses

<b>Revenues:</b>	<b>2004</b>	<b>2005</b>	<b>2006*</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Donations	41%	40%	42%	40%	42%	37%	36%	35%	38%	35%
Special Events (net)	21%	22%	20%	20%	21%	21%	22%	23%	25%	26%
Bequests	13%	11%	11%	12%	13%	13%	12%	14%	11%	12%
Total Program and Publishing Revenue:	20%	21%	20%	21%	21%	22%	23%	21%	19%	19%
Federated and Non-Federated Org.	4%	4%	4%	4%	4%	4%	4%	4%	4%	3%
Investment Income (loss)	1%	1%	2%	2%	-1%	2%	2%	1%	1%	2%
Misc. Revenues	0%	1%	1%	1%	1%	1%	1%	1%	2%	2%
<b>Total revenues</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Expenses</b>	<b>2004</b>	<b>2005</b>	<b>2006*</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Research Grants	18%	19%	20%	18%	19%	16%	17%	17%	17%	16%
Non-Grant Research Expense	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Total Program and Publishing Expense	34%	33%	28%	28%	28%	29%	28%	28%	27%	26%
Advocacy and Public Awareness	20%	21%	23%	23%	23%	23%	23%	23%	23%	26%
Management and General	4%	4%	4%	4%	4%	4%	5%	4%	5%	4%
Fundraising	18%	18%	21%	21%	22%	23%	22%	23%	23%	22%
<b>Total Expenses</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*Note: Totals may be off by 1 percentage point due to rounding*



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