KPMG

THE JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

Financial Statements

June 30, 2009 and 2008

(With Independent Auditors' Report Thereon)

THE JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
The Juvenile Diabetes Research Foundation International:

We have audited the accompanying statements of financial position of The Juvenile Diabetes Research Foundation International (the Foundation) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. 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 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Juvenile Diabetes Research Foundation International as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the financial statements, the Foundation adopted the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, as amended, effective July 2008.

KPMG LLP

October 14, 2009

THE JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

Statements of Financial Position

June 30, 2009 and 2008

(In thousands)

Assets		**2009**	**2008**
Cash and cash equivalents	$	42,311	20,601
Investments (note 3)		134,535	212,745
Accrued income		3,770	5,378
Contributions receivable, net (note 6)		23,467	26,576
Prepaid expenses and other assets		3,568	2,994
Fixed assets, net (note 7)		2,230	1,809
Total assets	$	209,881	270,103
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	7,323	11,966
Liabilities related to split-interest agreements		2,598	2,880
Deferred special events revenue		4,346	4,606
Research grants payable (note 9)		180,152	201,155
Total liabilities		194,419	220,607
Commitments and contingencies (note 10)			
Net assets (accumulated deficit):			
Unrestricted		(20,868)	9,115
Temporarily restricted (note 11)		31,122	35,224
Permanently restricted (note 11)		5,208	5,157
Total net assets		15,462	49,496
Total liabilities and net assets	$	209,881	270,103

See accompanying notes to financial statements.

THE JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

Statements of Activities

Years ended June 30, 2009 and 2008

(In thousands)

	2009				2008			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Public support and revenue:								
Public support:								
Contributions	$ 32,509	8,136	—	40,645	37,322	19,603	—	56,925
Special events:								
Proceeds	147,140	—	—	147,140	175,974	—	—	175,974
Direct donor benefits	(27,095)	—	—	(27,095)	(28,258)	—	—	(28,258)
Contributions from affiliates (note 8)	18,567	—	—	18,567	20,115	—	—	20,115
Total public support	171,121	8,136	—	179,257	205,153	19,603	—	224,756
Revenue:								
Investment return (loss) (note 3)	(36,390)	5	51	(36,334)	5,746	5	117	5,868
Other	622	—	—	622	1,333	—	—	1,333
Total revenue (loss)	(35,768)	5	51	(35,712)	7,079	5	117	7,201
Net assets released from restrictions	12,243	(12,243)	—	—	10,483	(10,483)	—	—
Total public support and revenue	147,596	(4,102)	51	143,545	222,715	9,125	117	231,957
Expenses:								
Program services:								
Research support, net (note 9)	109,912	—	—	109,912	166,072	—	—	166,072
Public education	36,072	—	—	36,072	36,201	—	—	36,201
	145,984	—	—	145,984	202,273	—	—	202,273
Supporting services:								
Management and general	11,930	—	—	11,930	13,324	—	—	13,324
Fund-raising	19,665	—	—	19,665	21,172	—	—	21,172
	31,595	—	—	31,595	34,496	—	—	34,496
Total expenses	177,579	—	—	177,579	236,769	—	—	236,769
(Decrease) increase in net assets	(29,983)	(4,102)	51	(34,034)	(14,054)	9,125	117	(4,812)
Net assets at beginning of year	9,115	35,224	5,157	49,496	23,169	26,099	5,040	54,308
Net assets (accumulated deficit) at end of year	$ (20,868)	31,122	5,208	15,462	9,115	35,224	5,157	49,496

See accompanying notes to financial statements.

THE JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

Statements of Functional Expenses

Years ended June 30, 2009 and 2008

(In thousands)

	2009						
	Program services			Supporting services			
	Research support	Public education	Total	Management and general	Fund-raising	Total	Total expenses
Research grants, net (note 9)	$ 100,870	—	100,870	—	—	—	100,870
Payroll and related expenses	6,045	22,965	29,010	7,798	12,543	20,341	49,351
Printing and promotional expenses	242	2,560	2,802	523	1,936	2,459	5,261
Office rent and related expenses, including depreciation and amortization	1,190	5,776	6,966	2,173	2,822	4,995	11,961
Meetings and conferences	722	1,665	2,387	451	1,122	1,573	3,960
Professional services	776	1,648	2,424	509	634	1,143	3,567
Miscellaneous	67	1,458	1,525	476	608	1,084	2,609
Total functional expenses	$ 109,912	36,072	145,984	11,930	19,665	31,595	177,579
Percentage of total functional expenses	61.90%	20.31%	82.21%	6.72%	11.07%	17.79%	
Costs of direct benefits to donors							27,095
Total expenses and costs of direct benefits to donors							$ 204,674

	2008						
	Program services			Supporting services			
	Research support	Public education	Total	Management and general	Fund-raising	Total	Total expenses
Research grants, net (note 9)	$ 156,385	—	156,385	—	—	—	156,385
Payroll and related expenses	6,345	21,804	28,149	8,546	13,411	21,957	50,106
Printing and promotional expenses	305	2,543	2,848	621	2,203	2,824	5,672
Office rent and related expenses, including depreciation and amortization	1,323	5,277	6,600	2,242	2,953	5,195	11,795
Meetings and conferences	1,338	2,816	4,154	511	1,201	1,712	5,866
Professional services	274	1,973	2,247	718	475	1,193	3,440
Miscellaneous	102	1,788	1,890	686	929	1,615	3,505
Total functional expenses	$ 166,072	36,201	202,273	13,324	21,172	34,496	236,769
Percentage of total functional expenses	70.14%	15.29%	85.43%	5.63%	8.94%	14.57%	
Costs of direct benefits to donors							28,258
Total expenses and costs of direct benefits to donors							$ 265,027

See accompanying notes to financial statements.

THE JUVENILE DIABETES RESEARCH FOUNDATION INTERNATIONAL

Statements of Cash Flows

Years ended June 30, 2009 and 2008

(In thousands)

		2009	2008
Cash flows from operating activities:			
Decrease in net assets	$	(34,034)	(4,812)
Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities:			
Net depreciation (appreciation) in fair value of investments		40,027	(1,180)
Depreciation and amortization		960	929
Changes in operating assets and liabilities:			
Accrued income		1,608	(763)
Contributions receivable		3,109	(4,659)
Prepaid expenses and other assets		(574)	(934)
Accounts payable and accrued expenses		(4,643)	1,215
Split-interest agreements		(282)	(230)
Deferred special events revenue		(260)	(41)
Research grants payable		(21,003)	30,061
Net cash (used in) provided by operating activities		(15,092)	19,586
Cash flows from investing activities:			
Purchase of fixed assets		(1,381)	(697)
Purchase of investments		(14,863)	(55,255)
Proceeds from sale of investments		53,046	7,383
Net cash provided by (used in) investing activities		36,802	(48,569)
Net increase (decrease) in cash and cash equivalents		21,710	(28,983)
Cash and cash equivalents at beginning of year		20,601	49,584
Cash and cash equivalents at end of year	$	42,311	20,601

See accompanying notes to financial statements.

(1) Organization

The mission of The Juvenile Diabetes Research Foundation International (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 Foundation and its Chapters located throughout the United States. The Foundation has international affiliates located in Canada, Australia, the United Kingdom and a number of other countries. The financial statements of those organizations are not included in the accompanying financial statements 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, organized under the laws of the Commonwealth of Pennsylvania.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Foundation's financial statements are prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) for external financial reporting by not-for-profit organizations. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions, which stipulate that the principal be maintained permanently by the Foundation, but permit the Foundation to expend part or all of the income and gains derived therefrom.

Revenues and gains and losses on investments and other assets are reported as changes in unrestricted net assets unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets.

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.

(Continued)

(b) Contributions

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions with purpose or time restrictions that are not met in the same reporting period as received are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restrictions are met. Contributions subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions expected to be received after one year are discounted at a risk-adjusted rate of return. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contribution.

Contributions received for future special events, primarily walk events, are recorded as deferred revenue and are recognized as revenue in the fiscal year the event takes place, which is generally within one year.

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. 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 2.8% and 8.2% at June 30, 2009. 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.

(c) Cash and Cash Equivalents

Cash equivalents consist of money market accounts, demand notes, savings accounts, and certificates of deposit purchased with original maturities of three months or less, except for such instruments purchased by the Foundation's investment managers as part of their investment strategies.

(d) Investments

The Foundation's investments, including assets related to split-interest agreements, are reported at fair value based upon quoted market prices or, with respect to alternative investments, at estimated values provided by the general partners of limited partnerships or other external investment managers. These estimated values are reviewed and evaluated by the Foundation. Due to the inherent uncertainties of these estimates, these values may differ from the values that would have been used had a ready market existed for such investments.

(e) 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.

(f) Fair Value of Financial Instruments

Financial instruments are defined to include: cash and cash equivalents, investments, receivables, assets related to split-interest agreements, 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.

(g) 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.*

(h) Use of Estimates

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

(i) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services areas that were benefited.

(j) ***New Accounting Standards***

In August 2008, FASB Staff Position FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act* [UPMIFA] *and Enhanced Disclosures for All Endowment Funds* (the FSP), was issued, and its guidance is effective for fiscal years ending after December 15, 2008.

The FSP provides guidance with respect to the accounting for donor-restricted endowment funds subject to UPMIFA, which the Commonwealth of Pennsylvania has not yet enacted. In addition, the FSP requires expanded disclosures for all endowment funds. The Foundation's endowment consists of four individual donor-restricted endowment funds established for a variety of purposes. The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment and (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument. The four endowment funds are invested in fixed income mutual funds. At June 30, 2009, no portion of these donor-restricted endowments are classified as either unrestricted or temporarily restricted net assets.

Effective July 1, 2008, the Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement.

(Amounts in thousands)

In conjunction with the adoption of SFAS 157, the Foundation elected to early adopt the measurement provisions of Accounting Standards Update No. 2009-12, *Fair Value Measurements and Disclosures – Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)* to investments in funds that do not have readily determinable fair values including hedge funds and convertible preferred stock. This guidance amends SFAS 157 and allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. Net asset value, in many instances, may not equal fair value that would be calculated pursuant to SFAS 157.

Effective June 30, 2009. the Foundation adopted FASB Statement No. 165, *Subsequent Events* (Statement 165). Statement 165 establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable generally accepted accounting principles. The adoption of Statement 165 had no impact on the Foundation's financial statements.

In June 2006, FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. FIN 48 requires entities to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. FIN 48 is effective for the Foundation's June 30, 2010 financial statements. The adoption of FIN 48 is not expected to have a significant impact on the Foundation's financial statements.

(3) Investments

Investments at June 30, 2009 and 2008 consisted of the following:

	2009	2008
Equity mutual funds	$ 19,372	58,088
Convertible preferred stock	4,934	4,934
Fixed income	35,763	47,937
Hedge funds	74,466	101,786
Total investments	$ 134,535	212,745

Included in investments are amounts related to Charitable Gift Annuities and Charitable Remainder Trusts totaling $1,928 and $2,040, respectively, at June 30, 2009 and $2,406 and $2,878, respectively, at June 30, 2008.

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 change in their values will occur and that such changes could materially affect the Foundation's financial statements.

(Continued)

(Amounts in thousands)

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 following table presents the fair value hierarchy of investments as of June 30, 2009:

		Total	Level 1	Level 2	Level 3
Equity mutual funds	$	19,372	19,372	—	—
Convertible preferred stock		4,934	—	—	4,934
Fixed income		35,763	35,612	151	—
Hedge funds		74,466	—	61,598	12,868
Total	$	134,535	54,984	61,749	17,802

The limitations and restrictions on the Foundation's ability to redeem or sell these investments vary by investment. Based upon the terms and conditions in effect at June 30, 2009, the Foundation's hedge funds and convertible preferred stock assets can be redeemed or sold as follows:

		Amounts
Fiscal year:		
2010	$	70,306
2011		2,080
2012		7,014

The following table presents a reconciliation for all Level 3 assets measured at fair value for the year ended June 30, 2009:

Beginning balance July 1, 2008	$	11,274
Net realized/unrealized gains		528
Purchases		6,000
Ending balance June 30, 2009	$	17,802

(Continued)

(Amounts in thousands)

The components of investment return and its classification in the statements of activities for the years ended June 30, 2009 and 2008 were as follows:

	2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Interest and dividends	$ 3,644	5	44	3,693
Net (depreciation) appreciation	(40,034)	—	7	(40,027)
	$ (36,390)	5	51	(36,334)

	2008			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Interest and dividends	$ 4,657	3	28	4,688
Net appreciation	1,089	2	89	1,180
	$ 5,746	5	117	5,868

Investment expenses relating to investment advisors, managers and custodians and other bank charges are recorded as reductions to interest and dividend income. Investment expenses totaled $556 and $946 for the years ended June 30, 2009 and 2008, respectively.

(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, 2009 and 2008 was $508 and $2,194, respectively. The reduction in contributions is in response to the economic environment during the 2009 fiscal year.

(5) Allocation of Joint Costs

In 2009 and 2008, the Foundation conducted activities, principally direct mail, that included fund-raising appeals as well as program components. The joint costs incurred were allocated as follows:

	2009	2008
Public education	$ 1,595	1,752
Management and general	314	344
Fund-raising	2,363	2,599
Total	$ 4,272	4,695

(Continued)

(Amounts in thousands)

(6) Contributions Receivable

Contributions receivable at June 30, 2009 and 2008 consisted of:

		2009	2008
Gross contributions receivable, due in:			
Less than one year	$	10,957	13,993
One to five years		14,579	14,585
Thereafter		372	803
		25,908	29,381
Less:			
Allowance for doubtful accounts		(1,324)	(1,502)
Unamortized discount to present value, at rates ranging from 1.71% to 5.50%		(1,117)	(1,303)
	$	23,467	26,576

Contributions receivable have been discounted to their present value at the rate at the time the original unconditional promise to give was made.

(7) Fixed Assets

Fixed assets at June 30, 2009 and 2008 consisted of:

		2009	2008
Furniture and equipment	$	6,010	4,640
Leasehold improvements		2,054	2,043
		8,064	6,683
Less accumulated depreciation and amortization		(5,834)	(4,874)
Fixed assets, net	$	2,230	1,809

(Amounts in thousands)

(8) Contributions from Affiliates

During the years ended June 30, 2009 and 2008, the Foundation received contributions from affiliates as follows:

		2009	2008
JDRF – Canada	$	7,908	8,615
JDRF – Australia		9,306	9,678
JDRF – United Kingdom		1,183	1,615
JDRF – Greece		65	65
JDRF – Others		105	142
	$	18,567	20,115

JDRF Australia's 2009 and 2008 contributions include $6,116 and $5,780, respectively, funded by the Australian Government as part of the JDRF Islet Transplantation Program (ITP) in Australia. The program, which began in 2007, funds JDRF-approved grants at Australian medical and research institutions to address the basic science surrounding preclinical approaches to improve islet transplantation techniques.

(9) Research Grants Payable

Research grants payable at June 30, 2009 and 2008 consisted of:

		2009	2008
Amounts expected to be paid in:			
Less than one year	$	168,837	190,035
One to five years		11,585	11,646
Subtotal		180,422	201,681
Less discount to present value, at rates ranging from 1.71% to 4.91%		(270)	(526)
Total	$	180,152	201,155

Research grant expense is net of any grant refunds, reductions or terminations. These adjustments were $52,928 and $14,630 for the years ended June 30, 2009 and 2008, respectively.

(Amounts in thousands)

(10) Commitments and Contingencies

(a) Research Grants

As of June 30, 2009, there were conditional research grant commitments of $112,661, which will be recognized in the Foundation's financial statements when the conditions have been substantially met, and are currently estimated to be payable as follows:

2010	$	71,098
2011		27,481
2012		13,522
2013		560
	$	112,661

(b) Leases

Effective January 1, 1995, the Foundation entered into a 15-year lease agreement for executive office space in New York City. In 2001, the Foundation leased additional office space in the same building. Rent expense for the executive office was $1,369 and $1,239 for the years ended June 30, 2009 and 2008, respectively. The Foundation was also reimbursed for certain construction costs associated with leasehold improvements. The leasehold improvements and a corresponding deferred credit were recorded in 1995, both of which are being amortized on a straight-line basis over the term of the lease.

The Foundation is also obligated under various leases for space occupied by certain U.S. Chapters. Rent expense including maintenance costs for the U.S. Chapters was $3,744 and $3,513 for the years ended June 30, 2009 and 2008, respectively.

Rental commitments for all leases are as follows:

2010	$	5,165
2011		4,296
2012		3,148
2013		2,699
2014		1,593
Thereafter		1,216
	$	18,117

(c) Line of Credit

On January 23, 2009, the Foundation entered into an agreement with JP Morgan Chase for an unsecured line of credit in the aggregate amount of $15 million. The term of the agreement expires December 31, 2010. The line of credit was unused as of June 30, 2009.

(Amounts in thousands)

(11) Restricted Net Assets

(a) Temporarily Restricted Net Assets

At June 30, 2009 and 2008, temporarily restricted net assets were available for the following purposes:

		2009	2008
Future periods, principally contributions receivable and split-interest agreements	$	29,733	30,177
Diabetes Care Coalition program (know your A1C)		1,014	2,446
Various research projects		375	2,601
	$	31,122	35,224

(b) Permanently Restricted Net Assets

At June 30, 2009 and 2008, the investment return derived from permanently restricted net assets was expendable to support:

		2009	2008
General activities	$	1,576	1,576
Research projects:			
Artificial Pancreas Project		2,000	2,000
Virginia Mason Research Center		1,632	1,581
	$	5,208	5,157

(12) Subsequent Events

The Foundation's lease for its National Headquarters located at 120 Wall Street, New York, NY will expire on December 31, 2009 and the Foundation has decided not to renew its lease. On August 3, 2009, the Foundation entered into a new lease agreement and will be relocating its National Headquarters to 26 Broadway, New York, NY during December 2009. The new lease commences on September 1, 2009 for a 10-year term. Annual rent will be $1,268,730, increasing to $1,353,312 after the fifth year.

In connection with the preparation of the financial statements, the Foundation evaluated subsequent events through October 14, 2009, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.