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How Do the Major Type 1 Non-Profits Rate on Corporate Governance Issues?

Conclusions:

- Our analysis of corporate governance practices reveals mixed results
- Communication of the mission statements is excellent and financial data presentation in the Financial Statements is solid
- In contrast, significant deficiencies abound in enterprise governance, as well as disclosures addressing financial performance, goal setting, cure research strategies, and cure progress
- More rigorous governance practices would increase management's accountability and could ultimately result in faster development of a type 1 cure
- A summary of the JDCA's corporate governance ratings is as follows:

How well are donors informed?	ADA	DRIF	JDRF	Joslin	Industry
Financial Data	2.9	3.1	3.0	2.4	2.8
Enterprise Governance	1.8	1.5	1.4	1.3	1.5
Strategic Direction	3.3	2.7	2.8	2.5	2.8
Cure Progress	1.0	2.0	1.9	1.4	1.6

5 = Donor is fully informed on the topic.

4 = Donor is able to reach a conclusion with small gaps of information.

3 = Donor is able to reach a conclusion with large gaps of information.

2 = Donor has insufficient information to draw a conclusion.

1 = Donor has no information to evaluate the topic.

Organizations of Focus:

American Diabetes Association (ADA)

Diabetes Research Institute Foundation (DRIF)

JDRF

Joslin Diabetes Center (Joslin)

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How Do the Major Type 1 Non-Profits Rate On Corporate Governance Issues?

This is the third report in an ongoing series of analyses on corporate governance among the four non-profits in the JDCA’s coverage universe. Previous reports in this series reviewed the importance of corporate governance and examined the frequency and timeliness of the non-profits’ communications with stakeholders.

This report rates the non-profits’ proficiency in four key corporate governance areas: financial data, strategic direction, cure progress, and enterprise governance. The four categories contain 22 individual subtopics relating to the organizations’ operations and performance, overall communications, and accountability to stakeholders.

Below please find the template that we use to rate the non-profits according to four measures of disclosure: transparency, consistency, timeliness, and thoroughness. Ratings are assigned on a scale of 1-5 (1 = donor has no information to evaluate the topic to 5 = donor is fully informed on the topic). **Ratings are determined based on the quality of each organization’s reporting and how well their communications inform donors.**

	Transparency	Consistency	Timeliness	Thoroughness	Overall rating
Financial Data					
Financial statements					
Investments/cash					
Research grants					
Supporting discussion and analysis					
Enterprise Governance					
Executive officer and director appointment process					
Board member and executive officer biographies					
Board committee composition					
Process for determining management compensation					
Incentive pay/policy					
Process for input from stakeholders					
Outside party relationships					
Strategic Direction					
Mission statement provided					
What are near-term specific goals and objectives					
Collaborations with commercial enterprises					
Discussion of changes in strategic directives					
Cure Progress					
Adopted formal definition of a type 1 cure					
A specific cure-by date					
Creation of short-term cure research goals/milestones					
Spending on type 1 cure research					
Areas of type 1 cure research funding					
Discussion and analysis of achievements/shortfalls					
Discussion of any shifts in type 1 research funding strategy					

For further details on the 22 subtopics, please see Appendix A on page 8.

For definitions of the four measures (transparency, consistency, timeliness, and thoroughness), please see Appendix B on page 9.

For a further explanation of the 1-5 ratings scale, please see Appendix C on page 9.

For the complete compilation of ratings for each non-profit and for an industry-wide perspective, please see Appendix D on page 10.

The four non-profits’ annual donations in each of the past several years ranged from several million dollars to over \$200 million. Considering the significant sums involved, there is an obligation on the part of management to be transparent and to fully communicate both the strategic direction and the system of controls of the organization. The SEC’s guidelines for reporting timeliness for small companies is an appropriate benchmark for the major type 1 non-profits given their multi-million dollar size and their dependency on donor contributions.

Our ratings incorporate communications and disclosures via the annual report, website, Form 990, financial statements, and other public documents. The JDCA made every attempt to maintain objectivity, independence, and consistency of approach when compiling and analyzing information. **Ratings are not influenced by the degree to which the JDCA is in agreement with the non-profits’ operating strategies or mission.** In the next section we present our analysis and findings first for the four major type 1 non-profits individually and then for the four organizations combined to form an industry-wide perspective.

ADA

	Transparency	Consistency	Timeliness	Thoroughness	Overall rating
Financial Data	3.0	2.8	3.0	2.8	2.9
Enterprise Governance	1.9	1.7	1.7	1.7	1.8
Strategic Direction	3.7	3.3	3.7	2.7	3.3
Cure Progress	1.0	1.0	1.0	1.0	1.0

Similar to the other non-profits, the ADA’s governance ratings are mixed. Strategic direction received relatively high ratings while the presentation of financial data is satisfactory. Areas of deficiency include goal setting, type 1 cure progress, and enterprise governance.

- **Ratings are generally solid in the strategic direction category due to the recent publication of its 2012-15 Strategic Plan.** This document provides a window into the organization’s vision for the next four years and the components of the ADA’s overall mission. Measurable goals are presented for 2015, however, the research section of the Plan lacks specificity. In addition, much of the commentary contained in the Strategic Plan is vague, and the research discussion makes no distinction between type 1 and type 2.
- The ADA recently completed its four-year 2008-11 strategic plan. No analysis of its performance for that period was publicly disclosed, nor are there any comparisons of the current four-year strategic plan with the four-year period just completed.
- **Ratings for financial data were in line with the industry average due to strength in the presentation of the numbers.** However, there was very little supporting discussion and analysis of the data.
- **The ADA’s publications make no disclosures regarding the breakdown of research grants between type 1 and type 2 or the allocations for type 1 cure research.** There is no meaningful supporting discussion or analysis of research allocations.
- **Virtually no insights are provided into type 1 research goals and strategies or cure progress.** Any related disclosures are general and few details are provided. Moreover, no definition of a type 1 cure has been adopted and no cure-by date established.
- **Disclosures relating to which areas of type 1 cure research receive funding are minimal, at best.** There is virtually no reporting and analysis of type 1 research achievements or shortfalls. The annual report contains a bare-bones discussion of type 1 research areas.
- **Executive and Board related disclosures are also deficient.** Biographies are limited to 5 Directors and 9 senior executives. No transparency is provided into Board member or executive appointments, Board committee composition and duties, the process for determining management’s compensation, or executives’ incentive pay/policies.

DRIF

	Transparency	Consistency	Timeliness	Thoroughness	Overall rating
Financial Data	3.0	3.0	3.5	2.8	3.1
Enterprise Governance	1.4	1.6	1.7	1.4	1.5
Strategic Direction	3.0	2.5	3.0	2.3	2.7
Cure Progress	2.0	2.0	2.1	2.0	2.0

The DRIF is a fundraising organization for the DRI at the University of Miami, to which it directs all of its research grant dollars. Its governance ratings for the past year are above the industry average for financial data and cure progress and in line with the industry for enterprise governance and strategic direction.

- **Strengths include the widespread communication of its mission statement. Also, the Statement of Functional Expenses is relatively detailed, which we view favorably.** However, the Financial Statements were issued 4½ months after its fiscal year end, later than the SEC timeliness guideline of 90 days.
- **Publication of the annual report occurs nearly twelve months after the end of the fiscal year,** not at all timely for donors who seek a review and analysis of the prior year’s performance and an outlook for the current year. In addition, the annual report contains only abbreviated financial disclosures and lacks a thorough discussion and analysis of the organization’s financial condition, fundraising trends, and outlook.
- **Much of the annual report focuses on the cure research work being conducted at the DRI with few details disclosed about exactly what research the DRIF is funding.** Moreover, the DRIF does not explain its criteria for “cure research,” so some of their self-defined cure projects may not fit a donors’ understanding of a potential type 1 cure.
- **Transparency into DRIF-funded research grants is limited** because only one total figure for research grants is provided in the annual report and on the Form 990. There is no breakdown of spending by specific research area or category. In addition, no complete list or description (abstracts) of its funded research projects is available on the website or in published documents.
- Similar to the other three diabetes non-profits, the DRIF has not adopted a formal definition of a type 1 cure nor has it established a cure-by date
- **No disclosures are made by the DRIF with respect to short-term or long-term research goals**
- **Enterprise governance is an area with ample opportunity for improved transparency.** Little, if any, transparency is provided for the process of executive officer and Board member appointments, committee composition, and other leadership matters.
- **Biographies are provided for all Board members, which is a positive.** However, executives’ biographies are limited to the CEO, who is also a Board member.

JDRF

	Transparency	Consistency	Timeliness	Thoroughness	Overall rating
Financial Data	3.3	2.5	3.3	3.0	3.0
Enterprise Governance	1.4	1.4	1.4	1.4	1.4
Strategic Direction	2.8	2.8	2.8	2.8	2.8
Cure Progress	2.0	1.9	2.0	1.7	1.9

JDRF’s overall rankings within the four governance categories exhibit strengths as well as opportunities for improvement. Presentation of financial data in the Financial Statements document is satisfactory and the mission statement is reiterated in many of its publications. However, with regards to overall strategic direction, cure development progress, and enterprise governance ratings, stakeholders are only partially informed, or no information is provided.

- **Presentation of financial data, overall, received solid marks** due to the breadth of data presented in JDRF’s Financial Statements. A shortcoming, however, results from the absence of a meaningful discussion and analysis of the financial performance, financial condition, and outlook. In addition, the annual report makes only limited financial disclosures (the annual report is published separately from the Financial Statements). Investment gains potentially represent a key source of research funding. Yet there is no meaningful discussion or analysis of JDRF’s investment strategy and shifts of holdings between asset classes.
- **JDRF poorly disclosed a major shift in its core message and its attendant deprioritization of cure research funding.** No thorough description or discussion of the shift in funding emphasis was subsequently made in a JDRF press release, in the annual report, or on its website. ***We view the omission of this important announcement from JDRF published documents as a very serious deficiency***, especially since the shift in funding away from cure research was already underway.¹ **The importance of this strategic shift in funding away from cure research warrants a complete disclosure that is readily accessible to donors and other stakeholders.** Instead JDRF’s strategy shift was disclosed in an interview with the CEO in *diaTribe* in January 2011.² This was a highly inappropriate venue to announce a critically important reorganization in operating strategy, in our view.
- **Commentary and disclosures for cure goals and for cure progress lack specificity and tend to be vague.** This is also true of disclosures for the categories of research that receive funded.
- Numerous collaborations with commercial enterprises are listed on the website, but there is no comprehensive discussion relating to these partnerships. **Good corporate governance requires a full disclosure of these details, especially for significant partnerships with huge public companies such as Johnson & Johnson.**
- JDRF’s website contains a great deal of information relating to its mission that is not disclosed elsewhere. However, locating summary cure-related research information on the website can be difficult.
- **Transparency into enterprise governance issues is largely a void.** Transparency into the Board structure and the interactions of the various Boards and their exact duties is very deficient. In addition, there is virtually no transparency into the process for determining executives’ compensation and other enterprise governance matters.

Joslin

	Transparency	Consistency	Timeliness	Thoroughness	Overall rating
Financial Data	2.5	2.5	2.5	2.3	2.4
Enterprise Governance	1.3	1.3	1.3	1.3	1.3
Strategic Direction	2.8	2.5	2.3	2.5	2.5
Cure Progress	1.6	1.3	1.3	1.3	1.4

Joslin has the weakest corporate governance practices among the four major type 1 non-profits, according to our analysis. Ratings in each of the four governance categories are below the industry average. One notable positive, however, is the timely issuance of its financial statements. Major areas of deficiency include the timeliness of publication of its annual report, accessibility of information by donors, the establishment of type 1 research goals, and a comprehensive discussion of its type 1 cure research program and cure progress. In addition, **management’s accountability to donors is limited because there are no publicly available performance metrics by which to gauge performance.**

- **Joslin’s financial statements are issued within 90 days of the fiscal year end, a favorable practice.** This is within the SEC’s guidelines for small companies for release within 90 days of year end and is more timely than any of the other three non-profits.
- **Publication of its Annual Report, however, has been unduly delayed—for nearly three years.** The most recent annual report is from 2009. While Joslin may still be in compliance with IRS guidelines for the timeliness of publishing this report, a nearly three year hiatus results in an insufficiently informed donor base and does not provide the foundation for good corporate governance. The annual report should be published every year and provide a thorough picture of the organization’s financial health, significant developments, and outlook.
- **Financial statements as well as the Form 990 are not accessible on the website.** Accessing this information is cumbersome for donors and requires a separate request to Joslin or the use of a third-party information provider to obtain the data. These are basic documents and should be readily accessible to all stakeholders, in our opinion.
- **Research grant details are missing,** beyond a singular figure. No breakdown is provided differentiating between type 1 and type 2 research nor is there a breakdown between cure/treatments/complications research. There is virtually no transparency into the funding priorities that Joslin places on the various types of research.
- **No short-term or long-term type 1 research goals of any kind are publicly disclosed.** There is no transparency with respect to a comprehensive and detailed cure development strategy for type 1. In addition, neither a definition of a type 1 cure nor a cure-by date have been established as targets for its type 1 research efforts.
- **Reviews and analysis of its type 1 cure research effort tend to be general in nature.** A research brochure published a couple of years ago lists research accomplishments for the preceding several years. However, there is little discussion regarding the prioritization of research areas, the major type 1 cure projects and at what stage of their research they are in, and the outlook for these projects.
- **Detailed disclosures and transparency in the enterprise governance category involving executives and board of directors is very weak,** similar to the other three non-profits.

Industry and Summary

	ADA	DRIF	JDRF	Joslin	Industry
Financial Data	2.9	3.1	3.0	2.4	2.8
Enterprise Governance	1.8	1.5	1.4	1.3	1.5
Strategic Direction	3.3	2.7	2.8	2.5	2.8
Cure Progress	1.0	2.0	1.9	1.4	1.6

Effective corporate governance is vitally important to donors and other stakeholders. Every year the four major type 1 charities attract huge amounts of donor contributions, on which they are very dependent. Therefore, it is incumbent upon the charities to provide timely, transparent, consistent, and thorough communications with their donors and other stakeholders. The non-profits should be held accountable to the same timeliness guidelines that the Securities and Exchange Commission imposes on small public companies for the timeliness of document filings.

The JDCA's corporate governance ratings reveal pockets of strength. The organizations excel in the widespread communication of their mission statements. Financial data is satisfactorily presented in the separately compiled Financial Statements and donors are able to reach conclusions on some financial topics.

On balance, however, the industry's governance ratings are low and imply that donors and other stakeholders do not have the information necessary to fully evaluate and reach informed conclusions on many important matters. Although the raw financial data is generally well presented in the Financial Statements, a complete financial picture of the organization can only be obtained by examining the numbers in conjunction with a thorough financial discussion and analysis, which none of the organizations provide. It should also be noted that only one of the four non-profits meets the SEC's guidelines for filing timeliness of the Financial Statements. For all four organizations, much of the data contained in the Financial Statements is omitted from the annual report.

The category of enterprise governance is severely deficient in both the breadth and thoroughness of disclosures. There is a demonstrated lack of transparency with respect to various issues relating to the Board of Directors including the Director appointment process and committee composition. In addition, extremely few insights are provided into the process for determining management compensation, policies relating to incentive pay, as well as the process for assimilating input from donors and other stakeholders.

Deficiencies in the categories of cure progress and strategic direction are abundant. None of the non-profits have adopted a definition of a type 1 cure nor have any established a cure-by date as a goal. Discussions of type 1 cure progress and the related research strategies are vague and there are no specific tangible short- and long-term type 1 research goals. In addition, organizations that are dual-focused on both type 1 and type 2 (ADA and Joslin) do not publicly disclose funding allocations between the two diseases.

More rigorous and comprehensive corporate governance practices would better inform donors on matters that are important to their decision making. Enhanced transparency and more thorough disclosures would also result in increased accountability by management. That, in turn, could lead to a more expedient development of a type 1 cure.

Appendix A

1. Financial Data

- **Presentation of financial data**, including: Balance sheet, statement of activities, statement of functional expenses (detailed breakdown of the charity's total expenses), and statement of cash flows.
- **Presentation of data on investments/cash**: Lists the sums that are invested in different investment asset classes along with the investment characteristics and risks associated with those asset classes. Important because investments may represent a significant portion of a charity's assets; and management of investments could meaningfully affect a charity's total revenues either positively or negatively.
- **Research grants**: Breakdown of the money that is allocated to research. Is it devoted to type 1 or type 2? For the type 1 allocations, what is the breakdown between cure, treatments, and complications? Remember that JDRF and the DRIF are type 1 only and the ADA and Joslin have a dual focus on type 1 and type 2.
- **Supporting discussion and analysis**: Management's review and analysis of the year's performance, including revenues and expenses, the organization's overall financial condition, important financial trends, fundraising successes/challenges, review of research grant allocations and funding trends, and its financial outlook.

2. Enterprise Governance

- Several categories of governance that describe the processes that may be in place to appoint Board members and executives as well as executive's compensation packages. Evaluation of the processes for seeking input from donors and other stakeholders in addition to potential areas of conflicts of interest from outside party relationships.

3. Strategic Direction

- **Mission statement provided**: Presentation of the mission statement.
- **Near-term goals and objectives**: Specificity and clarity of the organization's near-term goals; statement of what the organization expects to achieve over the ensuing 1-3 years and how they will be attained.
- **Collaborations with commercial enterprises**: Disclosure of partnerships with for-profit companies; details are important because such partnerships imply a different strategy for using donor contributions in the pursuit of a type 1 cure.
- **Discussion of changes in strategic directives**: Communication of meaningful changes in organizational strategies and use of donor contributions.

4. Cure Progress

- **Formal adoption of a type 1 cure definition**: Formally state what outcomes define a type 1 cure; *fundamentally essential* because it specifically states what the long-term goals are for type 1 cure research.
- **Targeting a specific cure-by date**: establish a date for the delivery of a type 1 cure; *critically important* due to the urgency of actions and accountability of management that is required to achieve this goal.
- **Creation of short-term cure research goals/milestones**: Near term goals and objectives that are necessary to achieve longer-term cure goals.
- **How much is being spent on type 1 cure research**: Disclosure of specific allocations to type 1 cure research in the latest year.
- **What areas/categories of type 1 cure research are being funded**: Identification of and funding of specific cure research efforts; either categories or noteworthy individual projects.
- **Discussion and analysis of achievement/shortfalls**: Review of latest year's research successes as well as failures. Discussion of outlook based upon research successes and learnings from failures.
- **Discussion of shifts in type 1 research funding strategy**: Identification and analysis of meaningful shifts in the allocations or outlook for funding of type 1 cure research.

Appendix B

Transparency

- What information is communicated?
- How is it communicated? In what documents? Where can it be located?
- Is the information easily accessible?

Consistency

- Sameness of reporting information in different documents and on the website
- Sameness of factual disclosures and messages contained in those disclosures

Timeliness

- How quickly public disclosure of key relevant information is made available; for document releases the benchmark that is used is the SEC guidelines for small public companies that have a public stock float (market value of tradable stock) of \$75 million or less. This benchmark is less onerous than the timeliness requirements imposed by SEC for large public companies. For example, the SEC guideline for filing an annual report with the SEC for a small public company is no later than 90 days after the fiscal year ends.³

Thoroughness

- Accuracy and descriptiveness of the disclosures
- Clarity of disclosure
- Inclusion of the necessary supporting information and analysis for a stakeholder to fully understand the issue and assess the situation
- Inclusion of the necessary supporting information and analysis for a stakeholder to fully understand the issue and assess the situation

Appendix C

Ratings

5—Donor is fully informed on the topic.

4—Donor is able to reach a conclusion with small gaps of information.

3—Donor is able to reach a conclusion with large gaps of information. There are significant gaps of information in some source documents. Therefore, much extra effort is required by the donor to piece together a complete picture.

2—Donor has insufficient information to draw a conclusion.

1—Donor has no information to evaluate the topic.

Appendix D

ADA

	Transparency	Consistency	Timeliness	Thoroughness	Overall rating
Presentation of Financial Data	3.0	2.8	3.0	2.8	2.9
Financial statements	4	4	4	4	4.0
Investments/cash	4	3	4	3	3.5
Research grants	2	2	2	2	2.0
Supporting discussion and analysis	2	2	2	2	2.0
Enterprise Governance	1.9	1.7	1.7	1.7	1.8
Executive officer and director appointment process	1	1	1	1	1.0
Board member and executive officer biographies	3	2	3	3	2.8
Board committee composition	1	1	1	1	1.0
Process for determining management compensation	2	2	2	2	2.0
Incentive pay/policy	1	1	1	1	1.0
Process for input from stakeholders	2	2	2	2	2.0
Outside party relationships	3	3	2	2	2.5
Strategic Direction	3.7	3.3	3.7	2.7	3.3
Mission statement provided	5	5	5	4	4.8
What are near-term specific goals and objectives	3	2	4	2	2.8
Collaborations with commercial enterprises	NA	NA	NA	NA	
Discussion of changes in strategic directives	3	3	2	2	2.5
Cure Progress	1.0	1.0	1.0	1.0	1.0
Adopted formal definition of a type 1 cure	1	1	1	1	1.0
A specific cure-by date	1	1	1	1	1.0
Creation of short-term cure research goals/milestones	1	1	1	1	1.0
Spending on type 1 cure research	1	1	1	1	1.0
Areas of type 1 cure research funding	1	1	1	1	1.0
Discussion and analysis of achievements/shortfalls	1	1	1	1	1.0
Discussion of any shifts in type 1 research funding strategy	1	1	1	1	1.0

How Do the Major Type 1 Non-Profits Rate On Corporate Governance Issues?

DRIF

	Transparency	Consistency	Timeliness	Thoroughness	Overall rating
Financial Data	3.0	3.0	3.5	2.8	3.1
Financial statements	4	3	4	4	3.8
Investments/cash	3	3	4	3	3.3
Research grants	3	4	4	2	3.3
Supporting discussion and analysis	2	2	2	2	2.0
Enterprise Governance	1.4	1.6	1.7	1.4	1.5
Executive officer and director appointment process	1	1	1	1	1.0
Board member and executive officer biographies	3	3	3	3	3.0
Board committee composition	1	1	1	1	1.0
Process for determining management compensation	1	1	1	1	1.0
Incentive pay/policy	1	1	1	1	1.0
Process for input from stakeholders	1	1	1	1	1.0
Outside party relationships	2	3	4	2	2.8
Strategic Direction	3.0	2.5	3.0	2.3	2.7
Mission statement provided	5	5	5	4	4.8
What are near-term specific goals and objectives	2	2	2	2	2.0
Collaborations with commercial enterprises	1	1	1	1	1.0
Discussion of changes in strategic directives	4	2	4	2	3.0
Cure Progress	2.0	2.0	2.1	2.0	2.0
Adopted formal definition of a type 1 cure	1	1	1	1	1.0
A specific cure-by date	1	1	1	1	1.0
Creation of short-term cure research goals/milestones	2	2	2	2	2.0
Spending on type 1 cure research	4	4	4	4	4.0
Areas of type 1 cure research funding	2	2	3	3	2.5
Discussion and analysis of achievements/shortfalls	3	3	3	2	2.8
Discussion of any shifts in type 1 research funding strategy	1	1	1	1	1.0

How Do the Major Type I Non-Profits Rate On Corporate Governance Issues?

JDRF

	Transparency	Consistency	Timeliness	Thoroughness	Overall rating
Financial Data	3.3	2.5	3.3	3.0	3.0
Financial statements	4	3	4	4	3.8
Investments/cash	4	3	4	3	3.5
Research grants	3	2	3	3	2.8
Supporting discussion and analysis	2	2	2	2	2.0
Enterprise Governance	1.4	1.4	1.4	1.4	1.4
Executive officer and director appointment process	1	1	1	1	1.0
Board member and executive officer biographies	2	2	2	2	2.0
Board committee composition	1	1	1	1	1.0
Process for determining management compensation	1	1	1	1	1.0
Incentive pay/policy	1	1	1	1	1.0
Process for input from stakeholders	2	2	2	2	2.0
Outside party relationships	2	2	2	2	2.0
Strategic Direction	2.8	2.8	2.8	2.8	2.8
Mission statement provided	5	5	5	5	5.0
What are near-term specific goals and objectives	2	2	2	2	2.0
Collaborations with commercial enterprises	2	2	2	2	2.0
Discussion of changes in strategic directives	2	2	2	2	2.0
Cure Progress	2.0	1.9	2.0	1.7	1.9
Adopted formal definition of a type 1 cure	1	1	1	1	1.0
A specific cure-by date	1	1	1	1	1.0
Creation of short-term cure research goals/milestones	2	2	2	2	2.0
Spending on type 1 cure research	3	2	3	2	2.5
Areas of type 1 cure research funding	3	2	3	2	2.5
Discussion and analysis of achievements/shortfalls	2	3	2	2	2.3
Discussion of any shifts in type 1 research funding strategy	2	2	2	2	2.0

How Do the Major Type I Non-Profits Rate On Corporate Governance Issues?

Joslin

	Transparency	Consistency	Timeliness	Thoroughness	Overall rating
Financial Data	2.5	2.5	2.5	2.3	2.4
Financial statements	3	3	2	2	2.5
Investments/cash	3	3	4	3	3.3
Research grants	2	2	2	2	2.0
Supporting discussion and analysis	2	2	2	2	2.0
Enterprise Governance	1.3	1.3	1.3	1.3	1.3
Executive officer and director appointment process	1	1	1	1	1.0
Board member and executive officer biographies	2	2	2	2	2.0
Board committee composition	1	1	1	1	1.0
Process for determining management compensation	2	2	2	2	2.0
Incentive pay/policy	1	1	1	1	1.0
Process for input from stakeholders	1	1	1	1	1.0
Outside party relationships	1	1	1	1	1.0
Strategic Direction	2.8	2.5	2.3	2.5	2.5
Mission statement provided	5	4	3	4	4.0
What are near-term specific goals and objectives	2	2	2	2	2.0
Collaborations with commercial enterprises	2	2	2	2	2.0
Discussion of changes in strategic directives	2	2	2	2	2.0
Cure Progress	1.6	1.3	1.3	1.3	1.4
Adopted formal definition of a type 1 cure	1	1	1	1	1.0
A specific cure-by date	1	1	1	1	1.0
Creation of short-term cure research goals/milestones	1	1	1	1	1.0
Spending on type 1 cure research	1	1	1	1	1.0
Areas of type 1 cure research funding	3	2	2	2	2.3
Discussion and analysis of achievements/shortfalls	3	2	2	2	2.3
Discussion of any shifts in type 1 research funding strategy	1	1	1	1	1.0

Summary

	ADA	DRIF	JDRF	Joslin	Industry
Financial Data	2.9	3.1	3.0	2.4	2.8
Financial statements	4.0	3.8	3.8	2.5	3.5
Investments/cash	3.5	3.3	3.5	3.3	3.4
Research grants	2.0	3.3	2.8	2.0	2.5
Supporting discussion and analysis	2.0	2.0	2.0	2.0	2.0
Enterprise Governance	1.8	1.5	1.4	1.3	1.5
Executive officer and director appointment process	1.0	1.0	1.0	1.0	1.0
Board member and executive officer biographies	2.8	3.0	2.0	2.0	2.4
Board committee composition	1.0	1.0	1.0	1.0	1.0
Process for determining management compensation	2.0	1.0	1.0	2.0	1.5
Incentive pay/policy	1.0	1.0	1.0	1.0	1.0
Process for input from stakeholders	2.0	1.0	2.0	1.0	1.5
Outside party relationships	2.5	2.8	2.0	1.0	2.1
Strategic Direction	3.3	2.7	2.8	2.5	2.8
Mission statement provided	4.8	4.8	5.0	4.0	4.6
What are near-term specific goals and objectives	2.8	2.0	2.0	2.0	2.2
Collaborations with commercial enterprises	-	1.0	2.0	2.0	1.3
Discussion of changes in strategic directives	2.5	3.0	2.0	2.0	2.4
Cure Progress	1.0	2.0	1.9	1.4	1.6
Adopted formal definition of a type 1 cure	1.0	1.0	1.0	1.0	1.0
A specific cure-by date	1.0	1.0	1.0	1.0	1.0
Creation of short-term cure research goals/milestones	1.0	2.0	2.0	1.0	1.5
Spending on type 1 cure research	1.0	4.0	2.5	1.0	2.1
Areas of type 1 cure research funding	1.0	2.5	2.5	2.3	2.1
Discussion and analysis of achievements/shortfalls	1.0	2.8	2.3	2.3	2.1
Discussion of any shifts in type 1 research funding strategy	1.0	1.0	2.0	1.0	1.3

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1. See the JDCA's report "Shrinking Funding of Type 1 Cure Research by the Four Major Non-Profits," dated April 5, 2012.
2. Brown, A., Shivers, J., & Close, K. (2011, January 31). Jeffrey Brewer highlights JDRF's new direction, thoughts on the cure, and progress on the Artificial Pancreas Project. *diaTribe*, 29. Retrieved from <http://www.diatrube.us/issues/29/diabetes-dialogue>
3. For the SEC's 10-K filing deadlines, see: <http://www.sec.gov/answers/form10k.htm>

Analyst Certification

The JDCA analyst responsible for the content of this report certifies that with respect to each organization covered in this report: 1) the views expressed accurately reflect his own personal views about the organizations; and 2) no part of his compensation was, is, or will be, directly or indirectly, related to the specific views expressed in this research report.

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