




2008 ANNUAL REPORT



**LEADING THE FIGHT TO
CHANGE THE FUTURE
OF DIABETES.**

A close-up, profile view of a young girl with brown hair tied back in a ponytail. She is wearing an orange and yellow plaid shirt. Her eyes are closed, and she has a sad or thoughtful expression on her face. The background is a plain, light color.

"I was diagnosed with type 1 diabetes when I was 2 years old."

CHANGING THE FUTURE OF DIABETES

MESSAGE FROM THE CHAIR OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

2008 was certainly a challenging year for the American Diabetes Association. As you will read in the pages of this annual report, the declining economy took a significant toll on our financial performance. In the face of these difficult times, however, the volunteers and staff of this organization never wavered in their commitment to individuals and families affected by diabetes, and we were able to accomplish a great deal of important work to further our efforts in the fight against diabetes.

Behind the scenes, another critical initiative was underway in 2008 — the development of a strong communications and brand strategy to help heighten awareness of both the seriousness of diabetes as well as the American Diabetes Association.

In the past, the Association has struggled from a communications standpoint with the challenges presented by diabetes itself, a disease that is largely misunderstood, and often ignored, among the general public. Our market research tells us consistently that while many say that diabetes is a serious disease, it does not elicit the same level of personal concern or desire to take action as other diseases like cancer, heart disease and AIDS. The general public perceives diabetes as a condition that is life altering, not as a disease that is life-threatening.

Thanks to many years of research and new therapies, we now know that, with effort and constant vigilance, diabetes can be successfully managed. We also know that people can prevent or delay the development of type 2 diabetes with weight loss and more exercise. These hopeful truths, however, have the unintended consequences of positioning diabetes among the general public as something not worthy of concern. For the majority of Americans, diabetes does not register as a cause worth supporting.

These challenges raise a number of questions: How does the Association overcome these common perceptions and move people to action? How can we get the general public to rise up in support of the American Diabetes Association to join us in fighting a disease that is growing by epidemic proportions? How do we motivate individuals to take action to join our cause through donations and volunteerism? How do we motivate individuals to take action to engage in behaviors that will help to prevent diabetes or its complications?

In 2008, we began the important work of answering these questions. We began to develop a strong communications and brand strategy that will enable us to speak with a clear, consistent voice and rightly position diabetes as a disease with deadly consequences that is taking a devastating toll on the human and financial well-being of our nation and the world at large.

This work will continue in 2009 and will lay the foundation for a momentum changing, nationwide effort to elevate diabetes to become a cause that millions will rally around and support. Our efforts will call individuals, communities and corporations to action in the fight against diabetes to help us raise awareness, dollars and hope that someday soon we will find a cure.

We hope that when the time comes, you will be there to answer the call and to join us in the movement to change the future of diabetes.



R. Stewart Perry
R. STEWART PERRY
Chair of the Board



Larry Hausner
LARRY HAUSNER
Chief Executive Officer

MESSAGE FROM THE SECRETARY/TREASURER

There is no question that 2008 was a year of fiscal turbulence world-wide. And as you can well imagine, it has been a difficult time to ask individuals and corporations for financial contributions, even for a cause as worthy as diabetes. But it is very heartening to see that the work we do to fight diabetes is still something in which many are willing to invest.

Despite the challenges we faced throughout the year, we raised nearly \$222 million in 2008, a credit to the hard work and dedication of staff and volunteers across the Association. We knew mid-year that revenues would likely fall short of our annual budget, but we felt strongly that we had to follow through on our planned investment in most of our program areas. The result was a year in which expenses exceeded revenue by \$7.9 million.

Although the economic climate makes us financially cautious, the American Diabetes Association cannot operate without allocating resources to deliver on its mission to prevent and cure diabetes and to improve the lives of all people affected by diabetes. While we must spend so that we can help those affected by this devastating disease, we must also be good financial stewards by controlling our expenses in areas that have a relatively low impact on our ability to implement programs and fund-raising activities. In sustaining this critical balance during 2008 we were able to maintain our annual investment of approximately \$170 million, or 75% of expenses, directly into mission activities that include funding research, delivering information to consumers and health care professionals, advocating on behalf of individuals with diabetes, and helping to educate the public about diabetes and its deadly consequences.

We continue to watch the financial news, just as I am sure all of you do, each and every day. Regardless of the daily ups and downs, our strategic plan and prudent fiscal oversight will ensure that we remain on track and fully committed to our mission and to our vision to change the future of diabetes.



Robert C. Garrett
BOB GARRETT
 Secretary/Treasurer

It has been an honor to serve as your Secretary/Treasurer to help preserve the Association's financial strength.

FINANCIAL HIGHLIGHTS 2008

STATEMENT OF ACTIVITIES

(in thousands of dollars)

PUBLIC SUPPORT & OTHER REVENUE

Donations	\$101,671
Special Events (Net)	\$46,665
Bequests	\$28,568
Fees from Exchange Transactions	\$45,088
TOTAL REVENUE	\$221,992

EXPENSES

Research	\$54,406
Information	\$63,838
Advocacy & Public Awareness	\$51,917
PROGRAM EXPENSE TOTAL	\$170,161
Management	\$9,867
Fund Raising	\$49,890
TOTAL EXPENSES	\$229,918
NET INCOME	\$ (7,926)

BALANCE SHEET

ASSETS

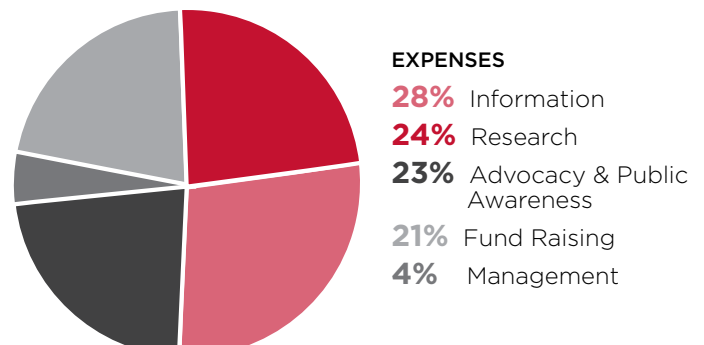
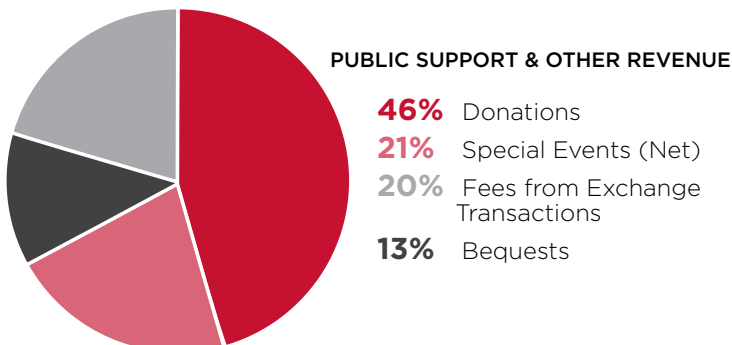
Cash & Investments	\$43,623
Accounts Receivable (Net)	\$7,404
Contributions Receivable (Net)	\$45,045
Fixed Assets (Net)	\$7,995
Other Assets	\$9,111
TOTAL ASSETS	\$113,178

LIABILITIES

Accounts Payable & Accrued Liabilities	\$20,019
Research Grant Payable	\$12,208
Deferred Revenues	\$13,434
TOTAL LIABILITIES	\$45,661

NET ASSETS

Unrestricted Net Assets	\$13,186
Temporarily Restricted Net Assets	\$47,081
Permanently Restricted Net Assets	\$7,250
TOTAL NET ASSETS	\$67,517
TOTAL LIABILITIES & NET ASSETS	\$113,178



2008: A YEAR IN REVIEW

Diabetes is growing at an alarming rate. New statistics released in 2008 show nearly 24 million children and adults live with this disease in the United States. Another 57 million Americans are at risk for developing type 2 diabetes.

The **American Diabetes Association** is leading the fight against diabetes and its deadly consequences, and fighting for those affected by diabetes.



*"I have diabetes,
but I refuse to let it
slow me down."*

*"Grandpa and I like to
take walks after school."*

OUR MISSION

The mission of the American Diabetes Association is to prevent and cure diabetes and to improve the lives of all people affected by diabetes. To fulfill this mission, the American Diabetes Association:

- **Funds and advocates for scientific research.**
- **Publishes scientific findings.**
- **Fights for the rights of people with diabetes.**
- **Provides information and services to people with diabetes, their families, health professionals and the public.**

The Association acts on its mission through a number of critical programs and activities that are directed to a broad range of constituents encompassing consumers, research scientists, health care professionals, corporations and communities.

2008 local Step Out: Walk to Fight DiabetesSM event



FUNDING FOR DIABETES RESEARCH

Funding type 1, type 2 and gestational diabetes research is a critical component of the American Diabetes Association's mission. The Association's research program supports basic and clinical diabetes research aimed at preventing, treating and curing diabetes, and covers the spectrum from islet cell biology and transplantation techniques to studies in education and behavioral issues.

In 2008, the American Diabetes Association:

- Provided \$42.5 million in research funds.
- Received 924 grant applications and funded 137 in new grants.
- Funded 492 grants (348 existing; 142 new and 2 other) at 172 leading US research institutions.

The American Diabetes Association Research Foundation, established in 1994, was created to raise major, targeted contributions to fund diabetes science conducted through the Association's Research Program. The Foundation's commitment to raising funds to improve the lives of people with diabetes holds true today. Through the generous support of Pinnacle Society and Summit Circle members and the solid leadership of the Research Foundation Board of Directors, a tremendous impact is being made in the advancement of scientific knowledge.

During these tough economic times, we are proud that 100% of all Research Foundation dollars go directly to support diabetes research. All non-research costs associated with the Research Program are paid for through the Association's general fund.

"I'm dedicated to finding new ways to prevent diabetes for those at risk."



FUNDING THROUGH ADVOCACY

With support from the American Diabetes Association's advocacy efforts, an additional **\$600 million** in federal funding for diabetes research, prevention and treatment programs was secured with the extension of the Special Diabetes Programs.

In July, Congress extended funding for the Special Diabetes Program for Indians at the Indian Health Service and the Special Statutory Funding Program for Type 1 Diabetes Research at the National Institutes of Health, ensuring that programs to advance type 1 diabetes research and to prevent and treat diabetes among the American Indian and Native Alaskan populations are continued through September 2011.

"We are advocates for diabetes research."



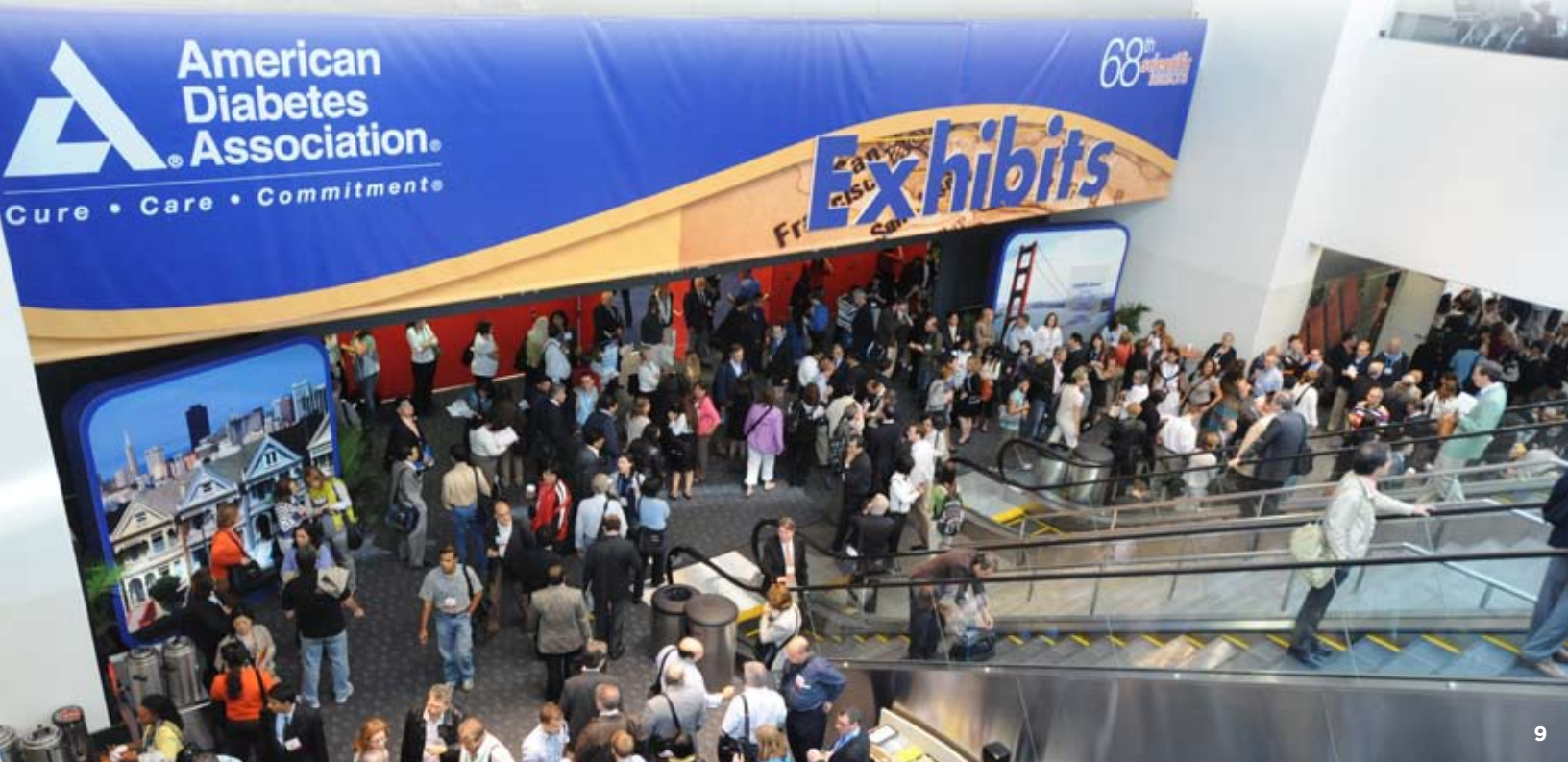
PROFESSIONAL OUTREACH & EDUCATION

68TH SCIENTIFIC SESSIONS

In 2008, the Association's 68th Scientific Sessions was held in San Francisco. The world's largest diabetes conference drew more than 15,000 scientists, physicians and other health care professionals from around the world who gathered to learn about cutting-edge research, treatment recommendations and advances toward a cure for diabetes. The conference continues to be an important platform for driving diabetes awareness and exemplifies the Association's leading role in the diabetes landscape.

Through different online channels, people with diabetes and their loved ones were able to follow the research as it was being announced at the meeting. The Association's Scientific Sessions blog and e-newsletter articles provided consumers with "news they could use" on breaking research, such as translating A1C to estimated average glucose (eAG), the relationship between diabetes and cardiovascular disease and explaining the debate over intensive blood glucose control.

Scientific Sessions 2008 - San Francisco



CONTINUING EDUCATION OPPORTUNITIES

The American Diabetes Association also provided live, print and web-based professional education activities that focused on the latest in basic and clinical research. These activities were designed to reach a wide audience of health care providers including diabetologists, researchers, physicians, nurses, pharmacists, dietitians, psychologists and podiatrists, as well as international physicians and researchers. In total, the American Diabetes Association reached 30,330 health care professionals with its live, print and electronic continuing education activities.

PROFESSIONAL JOURNALS

The American Diabetes Association publishes a number of professional journals which are another way the Association reaches health care providers. In 2008, the Association continued to publish a number of premier diabetes journals that disseminated important scientific and clinical information about the prevention and treatment of diabetes. In total, *Diabetes*[®], *Diabetes Care*[®], *Clinical Diabetes*[®] and *Diabetes Spectrum*[®] reached more than 84,000 health care professionals, including researchers, physicians and diabetes educators.

In addition, the Association published its annual Clinical Practice Recommendations, providing information to physicians and allied health professionals to guide the delivery of effective diabetes care to millions of patients each year.

EDUCATION RECOGNITION PROGRAMS

The American Diabetes Association had 2,052 certified Recognized Education Programs (for Diabetes Education) at 3,252 sites in 2008. The Association's Education Recognition Program is one of only two deemed as national accrediting programs for diabetes self-management and training by the Centers for Medicare and Medicaid Services.

ADVOCACY ACTIVITIES

The Association's work in the area of legislative and legal advocacy is a major tenet in fulfilling its mission. In addition to the advocacy work done to secure federal funding in diabetes research and programs noted earlier, the Association achieved a significant number of additional victories in its state and federal advocacy efforts in 2008.

LANDMARK LEGISLATION

“Today, we proudly usher in a new era for hardworking Americans with disabilities.”

**– Stewart Perry
American Diabetes Association Chair of the Board**

The American Diabetes Association played a prominent role in the passage of one of the most important pieces of diabetes legislation of the past decade. The Americans with Disabilities Act Amendments Act was signed into law in September 2008 and went into effect on January 1, 2009. The new law overturns a series of Supreme Court decisions that had made it increasingly difficult for people with diabetes and other serious medical conditions to be protected from discrimination because it defined “disability” too narrowly.

“We joined 200 other families on Capitol Hill to protect people with diabetes from discrimination.”



ADDITIONAL 2008 FEDERAL ADVOCACY

Congress passed American Diabetes Association-supported legislation that makes it easier for Medicare beneficiaries to take advantage of their initial “Welcome to Medicare” doctor visit. The legislation waives the deductible for that visit and extends the time frame in which patients can schedule it from six months to a full year.

The Fresh Fruit and Vegetable School Snack Program, supported by the American Diabetes Association, was included in the 2008 Farm Bill. The program invests \$1 billion over 10 years for healthier schools — an important step on the road to type 2 diabetes prevention.

As 2008 wound down and the presidential inauguration approached, the Association began a drive that ultimately garnered more than 200,000 signatures on a petition to then President-elect Barack Obama supporting health care principles that will help change the future of diabetes.

“I wrote a letter to my senator about the urgency of funding diabetes research.”



2008 STATE & LOCAL ADVOCACY

The American Diabetes Association was also very active on the state level, working in support of legislation to benefit individuals with and at risk for diabetes.

California was the first state to approve menu labeling legislation that requires fast-food and other chain restaurants having 20 or more outlets to post calorie information on menus and menu boards for all standard menu items.

New York City and **Philadelphia** passed even stronger menu labeling laws. The American Diabetes Association filed amicus curiae (friend of the court) briefs when local menu labeling laws were (unsuccessfully) challenged.

In **Iowa**, the Iowa Healthy Kids Act set nutrition standards for the food sold to students in schools and requires 30 minutes of physical activity per school day for students.

The **Massachusetts** Life Sciences Initiative became law in June, effectively investing \$1 billion to support stem cell and other new research technologies that offer great promise for diabetes research.


In **New Mexico**, the state government added an additional \$500,000 to the New Mexico Diabetes Prevention and Control Program.

2008 STATE & LOCAL ADVOCACY

ADVOCACY FOR CHILDREN IN SCHOOLS

The **Rhode Island** legislature made schools safer for children with diabetes by passing legislation allowing trained non-medical staff in schools to administer glucagon when a school nurse is not present and a child is experiencing severe hypoglycemia.

In June, the **Utah** Board of Nursing enacted a rule enabling school nurses in the state to delegate insulin administration to trained non-medical school staff.



"Managing my diabetes is part of my life everyday."

"Thanks to the Association, I feel like my brother is safe at school, even when I'm not with him."

CONSUMER OUTREACH & AWARENESS EFFORTS

The **American Diabetes Association** is a leader in providing information, education and support to millions of individuals affected by diabetes every year. The Association provides critical information on nutrition, exercise, healthy lifestyle choices, diabetes management and prevention through its website, National Call Center, consumer publications and at community outreach events across the country.

American Diabetes Association Call Center



CONSUMER INFORMATION

In 2008, the American Diabetes Association consumer website, diabetes.org, provided important resources and information to millions of people affected by diabetes.

In 2008 diabetes.org hosted more than 22.8 million visits, an increase of 44% over the prior year.

Diabetes.org introduced a number of new tools and content areas in 2008 including:

- ***MyFoodAdvisor™*, an interactive nutrition tool designed to help individuals make healthy food choices.**
- **The interactive *Planet D®* website for children and teens with type 1 diabetes.**
- **An updated food, nutrition and lifestyle section.**
- **An updated and improved *Diabetes Risk Test*.**
- **A new *Diabetes Forecast®* micro-site.**
- **Improvements to the Association's *Step Out: Walk to Fight DiabetesSM* and *Tour de Cure®* micro-sites.**

These improvements helped drive increased traffic to diabetes.org including an additional 3.4 million visitors, 5.8 million more visits and 32.7 million additional page views.

The Association's National Call Center (1-800-DIABETES) received more than 300,000 calls and e-mails from individuals requesting information about living with or caring for someone with diabetes. At approximately 25,000 calls and emails a month, this was an increase of 14% over 2007.

CONSUMER PUBLICATIONS

The Association has broad reach to consumers through its publications that encompass both a monthly healthy living magazine and a full range of consumer books.

Diabetes Forecast[®] is the Association's premier healthy living magazine for individuals affected by diabetes.

In 2008, this monthly publication celebrated its 60th anniversary and had an audited circulation of 507,058 with a pass-along readership of well over one million copies each month.

The Association also boasts a robust books program, which sold 286,500 consumer books and pamphlets in 2008. Nutrition and diet continue to be the most popular titles among consumers. Nutrition and meal planning titles, combined with cookbooks, account for 65% of the total sales volume.

One book, *The All-Natural Diabetes Cookbook: The Whole Food Approach to Great Taste and Healthy Eating*, won international accolades for being the best health and nutrition book in the world when it received a Gourmand World Cookbook Award.

"I'm constantly learning about diabetes so I can help my mom fight it."



COMMUNITY EVENTS AND OUTREACH

Diabetes EXPO, the Association's community-based diabetes product and education showcase, attracted more than 83,000 consumers at 17 locations across the United States in 2008. In Chicago alone, 11,000 consumers attended the one-day event that featured free health screenings, cooking and fitness demonstrations, and education on living with and managing diabetes.

African Americans and Hispanic Latinos are two populations that are especially hard hit by diabetes. In 2008, the Association continued its outreach efforts into these communities, delivering critical prevention and diabetes management education.

The *Por Tu Familia*® program reached 168,192 individuals, working with key organizations such as the National Latino Children's Institute, the National Hispanic Council on Aging and the National Council of La Raza.

Also in 2008, the Association launched a new African American initiative — *Live Empowered: Learning to Thrive with and Prevent Diabetes*™ — and rolled out “I Decide to Fight Diabetes Day at Church,” a one-day, faith-based program delivering education and support that empowered tens of thousands of individuals to live healthier lives. Across all outreach efforts in 2008, the *Live Empowered* program reached more than 1 million people.

“Only one member of our family has diabetes, but we all fight the disease together.”



The American Diabetes Association continued to provide critical programming in support of children and families affected by diabetes. The Association's community-based *Family Resource Network* (FRN) grew to include 47 sites nationwide. Local FRNs hosted 120 social and educational events providing information and social support to kids and families. Nearly 500 FRN volunteers provided information and emotional support to newly diagnosed families.

As the largest provider of camps to children with diabetes, the Association also hosted approximately 6,500 children at 56 summer camp locations across the country. The Association subsidized approximately half of the true cost of camp to maintain a high level of financial accessibility for most families. For families in need, the Association also awarded a total of \$318,700 in camp scholarships.

"Diabetes camp was our favorite part of summer."



PUBLIC SUPPORT FOR THE ASSOCIATION'S MISSION

The **American Diabetes Association** engages in a vigorous direct response marketing campaign to disseminate information about living well with diabetes. This program yields critical levels of funding in support of Association mission activities. In 2008, the Association raised more than \$44 million through its direct response marketing program, providing support for our research, education and advocacy programs.

In addition, the Association inducted 125 new Summit Circle members who pledged a gift from their estate plans. We welcomed 64 new Pinnacle Society members, whose financial commitment to the Research Foundation helps support American Diabetes Association-sponsored research.

The Association also hosted hundreds of local fund-raising events in communities across the country in 2008. With 138,000 participants in more than 250 locations nationwide, the Association's two signature fund-raising campaigns, *Step Out: Walk to Fight Diabetes* and *Tour de Cure* collectively raised more than \$34 million. Other campaigns held locally — *School Walk for Diabetes*® and *Father of the Year* gala events — raised an additional \$7 million to support mission delivery across the spectrum of the Association's programs and services.

"I've been riding to fight diabetes for 6 years."



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*"I may have diabetes
but I can still be a super hero."*