Healthy People. Better World.
PHOTO (opposite page): Randy Olson, courtesy of BD

In the spring of 2007, Direct Relief and a team of volunteers from the medical technology company BD worked together to improve health care for mothers and children in an underserved region in Ghana. See page 11 for their story.
This report is dedicated to

**Dr. John Ganda**


For his life-long dedication to the health and welfare of the people of Sierra Leone and his passionate resolve at the helm of the Ndegbomei Development Organization through many years of civil war.
Message from the Chairman and the President & CEO

Direct Relief exists for the simple, humanitarian purpose of helping people whose health and lives are threatened by poverty, endemic diseases, natural disasters, or civil conflict.

On a day-to-day basis, fulfilling our mission in a dynamic world involves complex activities in many functional areas — strategic planning, information technology, financial management, governance, fundraising, operations, international logistics, and public health and market analysis. We think investors in our organization should know how seriously we take these issues, and that we spend significant time and resources to improve our performance. But we push hard on these business aspects of our work because they are means to the greater end of serving people in a more efficient, thoughtful, and meaningful way.

In financial terms, Fiscal Year 2007 was marked by the highest level of support, over $240 million in cash and in-kind material and services, since our founding in 1948 — all from private sources. We received increased support for our humanitarian efforts from individuals, foundations, service groups, dozens of the world’s leading healthcare companies, and other corporations, such as FedEx and Google.

In addition, Direct Relief received an unanticipated and unprecedented gift from the estate of Mr. H. Guy Di Stefano, a long-time donor. This gift, which has been placed in a separate, supporting organization wholly controlled by Direct Relief’s Board of Directors, will be used to expand our assistance programs, establish a fund for rapid emergency response, and strengthen our information technology backbone that is increasingly important to expanding our assistance.

Moreover, with this gift we also will pay all our organization’s overhead expenses of administration and fundraising, which have historically been among the lowest of any U.S. nonprofit organization, and in recent years have often been covered by personal gifts from our Board of Directors and members of our Advisory Board. This means that every dollar we receive in support will be applied directly to programmatic efforts.

The leadership, guidance, and generosity of our all-volunteer Board of Directors and Advisory Board led by Mr. Frank Magid were again essential to all our organization’s activities over the dynamic period covered by this report.

Our work in Fiscal Year 2007 reached 862 healthcare partners in 59 countries, including the U.S., where we expanded a program to strengthen nonprofit health centers and clinics and allow low-income, uninsured persons to receive prescription medicines free of charge.

Highlights of this year’s efforts are detailed in this report and on our website. Included are profiles of our work in Central America, where Direct Relief collaborated with local partners and the government in El Salvador to initiate a nationwide Vitamin A distribution program to combat preventable blindness among children. In Africa, we launched new partnerships to support hospices that are providing critical care for people and families struggling with the effects of HIV/AIDS, provided new surgical suites at key referral hospitals, and supplied delivery equipment for midwives and health professionals handling thousands of births. In Asia, Direct Relief continued to support excellent community-based health services in areas still recovering from the 2004 tsunami and the 2005 Pakistan earthquake, as well as innovative programs serving people facing hardships in Cambodia, Laos, Nepal, and Papua New Guinea.

As we approach our 60th anniversary, we remain deeply committed to serving people in the most efficient, respectful manner possible.

Please accept our heartfelt thanks for your interest and involvement in the work of Direct Relief International.

DENIS SANAN
CHAIRMAN

THOMAS TIGHE
PRESIDENT & CEO
Poverty and poor health reinforce each other.

Health has an intrinsic value for every person. It is essential for people to learn, work, and make a living. Sick people can’t work, and they get poor or stay poor; and people who are poor are at higher risk of getting sick. Access to quality health services is integral to creating positive change for people stuck in this cycle.

Direct Relief is a support organization, and we aim to strengthen existing, fragile health systems that serve people who are poor. We do this by providing medicines and equipment to health professionals working in poor communities so that they can diagnose and treat people who get hurt or sick but are not able to pay enough to cover the cost of services.

In turn, the people served have a better chance to survive, become healthy, and realize their inherent human potential. Those effects represent the true value – in human terms – for the money spent.

Public health involves many related activities, including policy, training, water and sanitation, education, capital investment, and financing – all of which are essential, and many of which our organization does not do directly. We focus on those things we are good at and join in partnership with others who are good at other things.
Large-scale natural disasters tend to attract the most attention and funding. Disasters often hit poor people hardest and further stress typically over-strained existing health facilities. We have learned that our ongoing work to support frontline clinics in poor areas, whether in the U.S. or around the world, has the added benefit of improving disaster response.

Public health requires that people receive health services when they need them. That’s why we work hard to ensure that the healthcare professionals in hard-pressed areas are able to maintain, expand, and improve health services to people. While working to strengthen basic health care in resource-poor areas, Direct Relief places a high priority on focused programs serving women and children, as well as people with HIV/AIDS.
our focus

• Primary Health Care
• Maternal and Child Health
• HIV/AIDS
Primary Health Care

Direct Relief’s partners provide quality health services for people in resource-poor communities. These partners, by necessity, provide a broad range of services including emergency medicine, internal medicine, pediatrics, obstetrics, and gynecology.

THE ST. CHARLES COMMUNITY HEALTH CENTER

The St. Charles Community Health Center (SCCHC) of Louisiana was established in 2002 to provide accessible, primary healthcare services to residents of the greater New Orleans area. Annually serving more than 11,500 patients, whose incomes are at or below poverty levels, the Center offers reproductive and child health services, allergy/asthma specialty care, podiatry, and dental care.

Hurricane Katrina put extreme pressure on regional health services, and Direct Relief has assisted SCCHC to meet the increased demands for its services. Direct Relief furnished SCCHC with $306,810 in cash and medical material support. Shipments of pharmaceuticals and medical supplies worth $231,810 (wholesale) contained over-the-counter and prescription drugs such as antibiotics, anti-inflammatory agents, and a variety of medications that treat chronic conditions such as high blood pressure.

Direct Relief also provided $75,000 in cash to help the Center initiate new maternal and child health services. This grant allowed the hire of a nurse practitioner who coordinated training and support groups for pregnant women and provided essential information on childbirth, breastfeeding, nutrition, and safety.

“"The medical product and cash donations have been invaluable to our community. Patients who couldn’t afford certain medications can get them free of charge thanks to your organization. [Direct Relief’s] cash assistance is providing prenatal care to the Latino/Hispanic population. Post Katrina, the need in the community has increased tremendously and the services that [SCCHC] offers have become even more important. Thank you."

– Ms. Julia Bodden, Project Manager, SCCHC

MEDICAL MISSION BOX PROGRAM

To learn more about our work with Bristol-Myers Squibb supporting doctors providing primary health care worldwide, go to www.DirectRelief.org.
The women of Afghanistan are strong. If they get the opportunity to make something of themselves, they will.

— Ms. Sakena Yacoobi, Executive Director, AIL
Maternal and Child Health

Direct Relief supports 130 partners worldwide working to expand access to essential medical services for women and children, including prenatal and postnatal care, safe delivery, and care for pre-term and low-birthweight babies.

AFGHAN INSTITUTE OF LEARNING

Pregnancy is a life-threatening condition in Afghanistan. One in nine Afghan women dies during or shortly after pregnancy, giving Afghanistan one of the highest maternal mortality rates in the world (UNICEF, 2007). A 2002 study by Afghanistan’s Ministry of Public Health estimated that 60 percent of the population lacks access to any form of health care and only two percent of women give birth with a trained health provider present. The health risks to women and children in Afghanistan are among the most severe on the planet.

Abbott and its foundation, the Abbott Fund, and Direct Relief have an ongoing partnership to help the Afghan Institute of Learning (AIL) address this humanitarian health crisis. Staffed and run by Afghan women, AIL operates health centers and mobile clinics focused on maternal and child health, providing thousands in remote villages with their only source of medical care. In addition to delivering services, AIL trains nurses and midwives, an essential step in reducing the tragic and preventable loss of life among women and children.

The Abbott’s and the Abbott Fund’s contributions to Direct Relief have supported three of AIL’s clinics and allowed 19 women to complete training as nurses, midwives, and health educators. In 2007, student enrollment increased to 45, with approximately 100 women on the waiting list for future classes.

By July 2007, Direct Relief and the Abbott Fund had infused over $4.2 million in cash and medical material into AIL’s innovative programs, helping to create a bright source of hope for the future.

HIV/AIDS

HIV/AIDS is the leading infectious-disease killer of adults in the world. UNAIDS estimates that in 2006, 4.3 million people became infected with HIV, 2.9 million people lost their lives to the disease, and nearly 40 million were living with HIV/AIDS.

Direct Relief’s efforts aim to strengthen the overall health services in areas of high HIV-prevalence, ensure that healthcare professionals have the necessary tools to treat secondary infections, support prevention education programs, and provide general healthcare services to persons infected with the disease and their families.

UGANDA REPRODUCTIVE HEALTH BUREAU

Uganda Reproductive Health Bureau (URHB) provides a broad range of HIV-related services through three medical centers and two outreach posts serving the rural poor and medically vulnerable in five districts of Uganda – Kampala, Kalibo, Kamuli, Jinja, and Bugiri.

URHB’s work includes prevention and education efforts, voluntary testing and counseling, and treatment with home-based care for people living with HIV/AIDS. Clinic staff treat opportunistic infections, to which people living with HIV/AIDS are susceptible, and help ease side effects such as weight loss and fever related to the disease and its treatment. URHB also offers anti-retroviral therapy for adults at three of its four medical centers.

Direct Relief has supported the work of URHB with multiple infusions of pharmaceuticals, medical supplies, and equipment, valued at over $990,000 (wholesale). The donations included exam tables, wheelchairs, obstetric and gynecological instruments, autoclaves, infant scales, and an estimated 355,000 courses of treatment of antibiotics, analgesics, and prenatal supplements.

This humanitarian aid has enabled URHB to expand its invaluable education and treatment programs, helping to both serve people living with HIV/AIDS and reduce the transmission of this devastating disease.
strategic partnerships

Direct Relief plays to its strengths and collaborates for other needs, allying with a vast network of partners working on related causes and complimentary interventions in order to leverage resources.

PHOTO: Randy Olson, courtesy of BD
Ghana Volunteer Project

In the spring of 2007, a team of 12 employee volunteers from medical technology company BD worked side-by-side for three weeks with clinic staff from Direct Relief-supported Maranatha Maternity and Motoka clinics in Ghana. The disease burden of malaria, tuberculosis, malnutrition, and HIV/AIDS is significant in Ghana, and limited access to maternal and child health care compounds the challenge for medical providers.

The volunteers, selected from BD’s worldwide workforce and bringing diverse professional skills, bolstered the clinics’ abilities to provide vitally needed services by:

- Building a 750 square-foot primary care clinic
- Training community health workers, midwives, and nurses, focusing on methods for infection prevention and health worker safety
- Upgrading diagnostic facilities, including two clinical laboratories, to improve capabilities in hematology, microbiology, and chemistry
- Establishing new computer systems that allow for better inventory control and more accurate patient records to show disease patterns and results trends
- Introducing clean water solutions that incorporated rain water collection, storage, and piping

The Maranatha Maternity and Motoka clinics specialize in prenatal and obstetric care. Maranatha Maternity caters to the needs of poor, urban women, while Motoka is the sole clinic site for its surrounding rural community. The BD volunteer project, aimed at these key points of access to health services, was a terrific boost for the clinics, the region, and the patients that have no other access to care.

“ The BD team had such a great and positive impact on both clinics. In Kumasi, our laboratory has taken a new shape and thus is helping to provide quality services to our patients. Above all, the team on individual levels sacrificed a lot to sponsor patients with chronic diseases. They were such a wonderful group to work with. God bless them again and again.”

– Ms. Agatha Amoateng-Boahen, Head Nurse-Midwife, Maranatha Maternity Clinic

bd Volunteer Paul Soskey, left, assists Motoka Clinic staff with the renovation and upgrade of their laboratory.
Marie Stopes International

Marie Stopes International (MSI) provides sexual and reproductive health information and services to 4.8 million people worldwide in 38 countries across Africa, Australia, Europe, Latin America, and the Middle East. MSI is a private, voluntary organization based in the United Kingdom that works through a vast network of clinics serving populations with a lack of access to health services.

Since 2006, Direct Relief has utilized MSI’s impressive clinic network to help strengthen reproductive and maternal and child health services in developing countries. Each clinic is staffed with trained medical personnel and held to the highest standards of best practices for quality medical services.

Direct Relief has provided specifically requested medicines, medical instruments and supplies, and equipment to MSI clinics in Afghanistan, Bangladesh, Cambodia, Kenya, Malawi, Pakistan, Philippines, Sierra Leone, Tanzania, Uganda, Vietnam, and Zimbabwe.

At MSI’s clinic in Kabul, Afghanistan, women receive care for a variety of reproductive health issues – care that is largely unavailable and under-resourced throughout the country. The Kabul clinic has gone to great lengths to ensure that women are safe and comfortable behind guarded walls. Direct Relief provides MSI’s Kabul clinic with a range of products beneficial to both mothers and children, including pre-natal vitamins, diagnostic tools, and basic antibiotics.
An American Story...  
Helping 500,000 Asthma Patients

In November 2006, Direct Relief began to receive calls from partners in its domestic healthcare clinic network expressing difficulty in obtaining a commonly used asthma inhaler – albuterol. Clinics and health centers said they could not procure inhalers through their suppliers and asked if Direct Relief could assist.

Direct Relief learned that a federally mandated ban on chlorofluorocarbons (CFCs – the inhaler’s propellant) required patients using CFC albuterol inhalers to switch to an environmentally friendly inhaler by December 31, 2008. Due to the federal mandate, companies were decreasing the production of the CFC inhalers and transitioning to a new environmentally safe alternative.

To assist clinics and health centers with the change in the market, Direct Relief partnered with Schering-Plough to distribute 500,000 of the new environmentally friendly inhalers, along with educational information, to low-income and uninsured patients.

Direct Relief and Schering-Plough worked closely with The Children’s Health Fund, the National Association of Community Health Centers, and the National Association of Free Clinics to identify clinics and centers in need of inhalers.

A nationwide survey of community health centers and clinics determined that a total of 975 health centers and clinics, representing all 50 states and Puerto Rico, were in need of the inhalers. Schering-Plough’s donation of the environmentally friendly inhalers made it possible to grant the full request to each of these healthcare providers.

Malvise Scott, Vice President, Programs and Planning, of the National Association of Community Health Centers, who oversaw the Association’s involvement, said, “This was a great opportunity for us to help those who need help the most. We’re proud to be part of a ground-breaking initiative that provides additional resources for a network of providers that serve as the nation’s safety-net for low-income families.”

“This represents industry thinking differently to solve a public health issue by establishing a different distribution model, a new way to make sure donations from industry reach the populations with the biggest need.”

– Nicole Lamoureux, Executive Director of The National Association of Free Clinics
emergency response

Direct Relief supports the immediate needs of disaster-affected populations by working with local partners best situated to assess, respond, and prepare for the inevitable long-term recovery. Direct Relief coordinates with all local, national, and international responders to avoid the duplication of effort, the wasting of resources, and logistical bottlenecks.

PHOTO: Brett Williams
Thanks to the funding from Direct Relief we have been able to continue giving much-needed relief to the people of Samatiga, Aceh with our medical service. It is difficult, nearly impossible to relate to donors just how harsh conditions are for the tsunami survivors we serve. The tsunami of poverty is still breaking upon the people of Aceh.”

– Ibu Robin Lim, Executive Director, Yayasan Bumi Sehat
Pakistan Earthquake

In 1979, the German nonprofit organization GTZ detailed a team of prosthetic and orthotic specialists to Peshawar, Pakistan, to help treat a severe influx of injured Afghan war refugees. Together with a dynamic young doctor named Bahkt Sarwar, the group established a clinic that would eventually become the Pakistan Institute of Prosthetic and Orthotic Science (PIPOS).

Twenty-seven years later, Dr. Sarwar is Chairman of PIPOS and is considered a legend in his field. He has established PIPOS as a national university and has worked hard to keep the organization accredited by the International Society for Prosthetics and Orthotics. PIPOS is privately funded and is the only prosthetic training facility and limb manufacturing center in Pakistan.

When the 7.6-magnitude earthquake struck northern Pakistan in October 2005, the need for Dr. Sarwar’s and PIPOS’s services exploded. Over 75,000 people were killed in the quake, 260,000 were injured, and over three million were left homeless. Traumatic injuries – crushed bones, spinal cord injuries, and amputated limbs – were ubiquitous. Dr. Sarwar understood that many of these injuries would result in life-long conditions and quickly recognized that the current health system was not adequate to support the needs of those affected.

Dr. Sarwar immediately implemented a plan to establish five satellite PIPOS centers in the extremely remote areas directly affected by the earthquake. These facilities would serve those in need of prosthetic limbs and orthotic services who are unable to travel to Peshawar or Islamabad for care. The clinics would be staffed with graduates of the PIPOS training program.

Direct Relief immediately funded two of the five proposed satellite clinics in Bagh and Balakot, and, given their success, has since funded a third clinic site in Besham. PIPOS uses their Balakot center as a hub for paraplegic rehabilitation and can accommodate over 100 patients at a time.

The $203,000 in emergency cash assistance granted by Direct Relief to PIPOS will cover the operating expenses for each clinic site for three years, caring for earthquake survivors through their intensive rehabilitation and a return to mobility.

PHOTO: Brett Williams
Direct Relief’s Support for Victims of the Pakistan Earthquake

Medical Material Support
- 30 shipments
- 67 tons (134,235 lbs.)
- $7,564,693 total wholesale value
- 1,553,128 courses of treatment

Emergency Cash Assistance
- $1,183,422 in grants to 11 organizations

Pakistan Earthquake Cash Expenditures by Function

Total $1,464,299

- Cash Grants and Procurement of Medical Aid: $1,247,698 (85%)
- Material Assistance – Transport and Warehouse: $144,015 (10%)
- Program Management and Oversight: $72,586 (5%)

Direct Relief spent no money on fundraising for the Pakistan earthquake and absorbed 100% of all related administration costs (see this policy reflected in the graphic on page 31). A detailed summary of each cash grant is available on www.DirectRelief.org describing where, why, how much, for what purpose, and results of money spent.
Assisting At-Risk Americans: Katrina and Beyond

Over the past two years, Direct Relief has worked to address the structural gaps in health care that became clearly evident after hurricanes Katrina and Rita. The hurricanes warranted an involvement unprecedented in the organization’s 59-year history of domestic disaster response. The immediate and short-term efforts included Direct Relief’s provision of $4.6 million in cash grants to safety-net clinics and health centers and over $31.8 million (wholesale) in specifically requested medical products donated by healthcare companies.

As a result of response efforts, Direct Relief created strong partnerships with clinics and their respective state and national associations, and has established an ongoing program to improve care for uninsured people. These efforts will continue to bring much-needed resources into the safety-net and will also be essential to future emergency responses.

The collective reach of clinics and health centers in the U.S. is vast. They are the point of healthcare access for one in five low-income, uninsured persons in the U.S. Last year, the clinics treated more than 16 million patients, 40 percent of whom had no insurance, in every state. They also are cost effective. Estimates of medical expenses for health center patients are 41 percent lower compared to patients seen elsewhere, resulting in massive savings to the overall healthcare system (NACHC, 2007).

Groups like the National Association of Community Health Centers (NACHC), an organization representing over 1,000 health centers, all private nonprofit organizations licensed by both their home state and the federal government, are an essential component of the U.S. healthcare safety-net. Collaboration with NACHC during hurricanes Katrina and Rita allowed Direct Relief to connect with clinics treating evacuees. That relationship has since allowed further support to flow to their member clinics through ongoing donations and unique distributions of specific medicines.

Direct Relief has provided over $100 million (wholesale) in material aid to safety-net clinics since instituting the pilot program in 2004. The work led to an appointment by the Texas Health Commissioner to the Pharmaceutical Blue Ribbon Task Force on Emergency Preparedness and Response, from which an “emergency-scenario formulary” was developed based on the extensive interaction and after-action analysis of the shortages that emerged.

Through the support of corporate donors and participation on the Texas Task Force, Direct Relief also developed pre-positioned hurricane assistance. Sixteen clinics chosen by location, past emergency response experience, patient populations, and capacity to treat victims during a disaster, received medical products for a 72-hour period of patient treatment – enough for 100 patients per clinic experiencing a wide range of trauma situations.

Strengthening the healthcare system serving uninsured and under-insured residents of the Gulf Coast is an ongoing effort Direct Relief remains committed to. This effort has helped focus our work as we expand assistance to the rest of the U.S. While much remains to be done, Direct Relief is gratified to have responded to the emergency and ongoing health needs with the generous help of corporate supporters including Abbott, BD, Boehringer Ingelheim, King Pharmaceuticals, Pfizer, Procter & Gamble, and Schering-Plough.
Medical Material Support

- 216 shipments
- 131 tons (263,209 lbs.)
- $31,824,326 total wholesale value
- 1,996,875 courses of treatment

Emergency Cash Assistance

- $4,687,851 through 54 grants to clinics and health centers in Alabama, Louisiana, Mississippi, and Texas

In Fiscal Year 2007, Direct Relief provided 919,244 courses of treatment valued at $21,227,714 (wholesale) in the U.S., and continues to support over 1,200 clinics and health centers in all 50 states and Puerto Rico.

Direct Relief spent no money on fundraising for hurricanes Katrina and Rita and absorbed 100% of all related administration costs (see this policy reflected in the graphic on page 31). A detailed summary of each cash grant is available on www.DirectRelief.org describing where, why, how much, for what purpose, and results of money spent.

Expanding Medical Support to Safety-Net Clinics in the U.S.

- Medical Material Assistance Provided
- Emergency Cash Assistance Provided
AFRICA

BURUNDI
Total Wholesale Value: $62,750 • Total Weight: 3,531 lbs.
Courses of Treatment: 547,315
Jabe Hospital and Rohero Emergency Clinic - Bujumbura

CAMEROON
Total Wholesale Value: $2,743,729 • Total Weight: 49,728 lbs.
Courses of Treatment: 641,948
Help Medical Foundation - Douala
Holy Trinity Foundation Hospital - Ekona
Mamfe District Hospital - Mamfe
Manyemen Presbyterian Hospital - Manyemen
Quality Healthcare Unit - Yaoundé
Rural Community Medical Foundation - Kumba
St. John of God Health Centre - Mamfe

DEMOCRATIC REPUBLIC OF CONGO
Total Wholesale Value: $348,701 • Total Weight: 4,236 lbs.
Courses of Treatment: 99,551
Project de Lutte Contre Les Handicaps Visuels - Boma

ETHIOPIA
Total Wholesale Value: $637,349 • Total Weight: 29,884 lbs.
Courses of Treatment: 144,240
Addis Ababa Fistula Hospital - Addis Ababa
Adoption Advocates International - Addis Ababa
Free Methodist World Mission Health Center - Addis Ababa
The World Family Ethiopian Orphans and Medical Care - Addis Ababa

GHANA
Total Wholesale Value: $895,406 • Total Weight: 20,775 lbs.
Courses of Treatment: 330,115
Maranantha Maternity Clinic - Kumasi
Motoka Clinic - Kete-Krachi West

KENYA
Total Wholesale Value: $1,022,123 • Total Weight: 30,479 lbs.
Courses of Treatment: 354,067
AMREF Kenya - Nairobi
Meru Hospice - Meru
OGRA Foundation - Kisumu
Rukinga Health Center - Rukinga
Solai Medical Clinic - Nakuru
VIAGENCO Comprehensive Care - Mbita

LIBERIA
Total Wholesale Value: $1,859,930 • Total Weight: 42,692 lbs.
Courses of Treatment: 281,273
Christian Aid Ministries Liberia - Monrovia
ELWA Hospital - Monrovia
JFK Medical Center - Monrovia

MALAWI
Total Wholesale Value: $475,283 • Total Weight: 10,098 lbs.
Courses of Treatment: 165,460
College of Medicine - Blantyre
Embangweni Hospital - Embangweni
Mulanje Mission Hospital - Mulanje
Queen Elizabeth Hospital - Blantyre

MOROCCO
Total Wholesale Value: $1,104 • Total Weight: 48 lbs.
Courses of Treatment: 353
Ibn Sina Hospital - Rabat

NIGER
Total Wholesale Value: $80,577 • Total Weight: 4,664 lbs.
Courses of Treatment: 49,996
Quality Assurance Project - Niamey
TurtleWill - Agadez

NIGERIA
Total Wholesale Value: $85,701 • Total Weight: 1,109 lbs.
Courses of Treatment: 18,936
Antof Rural Resource Center - Oron
Medical Mission Adventures - Kaduna
St. Gerard’s Catholic Hospital - Kaduna

our partners
RWANDA
Total Wholesale Value: $15,569 • Total Weight: 86 lbs.
Courses of Treatment: 716
Solace Ministries - Kigali

SENEGAL
Total Wholesale Value: $99,713 • Total Weight: 8,346 lbs.
Courses of Treatment: 70,726
USAID/Senegal - Ngor Diarama

SIERRA LEONE
Total Wholesale Value: $593,089 • Total Weight: 23,689 lbs.
Courses of Treatment: 557,094
Ndegbomei Development Association - Bo
Ndegbomei Development Organization - Freetown
Royeima Community Health Center - Makeni

SOMALIA
Total Wholesale Value: $4,104,972 • Total Weight: 24,389 lbs.
Courses of Treatment: 553,792
Edna Adan Maternity and Teaching Hospital - Hargeisa
Hargeisa Hospital - Hargeisa

SOUTH AFRICA
Total Wholesale Value: $183,468 • Total Weight: 21,512 lbs.
Courses of Treatment: 138,232
Eastern Cape Hospices - Port Elizabeth
Sparrow Ministries - Maraisburg
Tshisimane Healing Center -Soutpansberg

SUDAN
Total Wholesale Value: $263,970 • Total Weight: 5,530 lbs.
Courses of Treatment: 258,551
Khartoum University Medical Outreach Clinics - Khartoum
Sudan Future Care/Ahlam Charity Organization - Nyala

TANZANIA
Total Wholesale Value: $1,628,146 • Total Weight: 37,610 lbs.
Courses of Treatment: 1,257,760
Dr. Atman Hospital - Sumbawanga
KADERES - Kagera
Kagera Salient Dispensary - Kagera
Marie Stopes Tanzania - Dar es Salaam
Namanyere Hospital - Namanyere
Sumbawanga Regional Hospital - Sumbawanga
Tanzania Women Social and Economic Development - Kigoma

UGANDA
Total Wholesale Value: $2,585,352 • Total Weight: 32,165 lbs.
Courses of Treatment: 1,041,441
Health Volunteers Overseas - Kampala
Jinja Municipal Council - Jinja
Karoli LWanga Hospital - Nyakibale
Northwest Medical Teams International - Lira
Rugendabara Foundation for Health and Rural Development - Kampala
St. Mary’s Clinic - Kabale
Uganda Reproductive Health Bureau - Kampala

ZAMBIA
Total Wholesale Value: $1,372,012 • Total Weight: 39,719 lbs.
Courses of Treatment: 1,780,140
Kasaba Mission Hospital - Mansa
Kawambwa Hospital - Kawambwa
Lubwe Mission Hospital - Samfya
Lusaka District Health Management - Lusaka
Mambilima Mission Hospital - Mambilima
Mansa General Hospital - Mansa
Mbereshi Mission Hospital - Mbereshi
St. Francis Katete Mission Hospital - Katete
St. Paul’s Mission Hospital - Nchelenge

ZIMBABWE
Total Wholesale Value: $3,219,267 • Total Weight: 10,456 lbs.
Courses of Treatment: 165,742
Harare Central Hospital - Harare
J.F. Kapnek Charitable Trust - Avondale
Population Services Zimbabwe - Harare

CARIBBEAN
Total Wholesale Value: $26,083,502 • Total Weight: 281,214 lbs.
Courses of Treatment: 1,420,443
Direct Relief Partner Countries

DOMINICAN REPUBLIC
Total Wholesale Value: $13,534,231 • Total Weight: 132,061 lbs.
Courses of Treatment: 529,449
Fundacion Cruz Jiminian - Santo Domingo
Health Care Education Partnership - Santo Domingo
Iglesia de La Alabanza del Senor Jesucristo - Santo Domingo
Movimiento Socio Cultural Para Los Trabajadores - Santo Domingo
Obispado de Puerto Plata - Puerto Plata
Patronato Benefico Oriental, Inc. - La Romana
Servicio Social de Iglesias Dominicanas - Santo Domingo

GRENADA
Total Wholesale Value: $180,856 • Total Weight: 10,640 lbs.
Courses of Treatment: 21,150
Food For the Poor - St. George’s
Ministry of Health - St. George’s

HAITI
Total Wholesale Value: $9,476,969 • Total Weight: 107,702 lbs.
Courses of Treatment: 651,985
Archeveche du Cap Haitien - Cap Haitien
Asile Communal - Cap Haitien
Christian Aid Ministries - Port-Au-Prince
Croix Rouge - Port-Au-Prince
Food For the Poor - Port-Au-Prince
Hospital Justinien - Cap Haitien
Jean-Wilfred Albert Clinic - Cherident
New Hope Ministries - Port-Au-Prince
St. Jules Medical Clinic - Bourg du Borgne

JAMAICA
Total Wholesale Value: $2,891,446 • Total Weight: 30,812 lbs.
Courses of Treatment: 217,859
Food for the Poor Jamaica - Spanish Town
Jamaica Humanitarian Dental Mission - St. James
Jamaica Partners - Ocho Rios
Missionaries of the Poor - Kingston
CENTRAL AMERICA

Total Wholesale Value: $26,447,687
Total Weight: 376,153 lbs.
Courses of Treatment: 3,777,363

Direct Relief Partner Countries

CENTRAL AMERICA

EL SALVADOR

Total Wholesale Value: $2,287,990 • Total Weight: 93,208 lbs.
Courses of Treatment: 1,845,054

Baja Project for Crippled Children - San Miguel
Benjamin Bloom Children’s Hospital - San Salvador
Comite de Reconstrucccion y Desarrollo Economico - Suchitoto
FUDEM - San Salvador
FUSAL - San Salvador
O.E.F. de El Salvador - San Salvador

GUATEMALA

Total Wholesale Value: $9,280,410 • Total Weight: 113,408 lbs.
Courses of Treatment: 644,495

Asociacion Nuestros Ahijados de Guatemala - Antigua
Caritas Arquidiocesana - Guatemala City
Caritas de Guatemala - San Marcos
HELPS International - Guatemala City
Order of Malta - Guatemala City
Presbiterio Kaqchikel - Chimaltenango
Project Xela Aid - Quetzaltenango

HONDURAS

Total Wholesale Value: $3,184,867 • Total Weight: 60,759 lbs.
Courses of Treatment: 428,882

Alabama Honduran Medical Education Network - Limon
Brigada de Salud / Hondurans Relief Effort - Tegucigalpa
CEPUDO - San Pedro Sula
La Clinica Esperanza - Roatan
Club Rotario Tegucigalpa/ Uniendo America - Tegucigalpa
Comite de Emergencia Garifuna - Trujillo
Hacienda Cristo Salva - Santa Barbara
Honduran Health Exchange / C.P.T.R.T. - Tegucigalpa
Hospital Vicente D’Antoni - La Ceiba
Proyecto Aldea Global - Tegucigalpa
Worldwide Heart to Heart Ministries - Puerto Cortes

MEXICO

Total Wholesale Value: $198,466 • Total Weight: 3,422 lbs.
Courses of Treatment: 420,882

AeroMedicos of Santa Barbara - Cadeje
EyeMax Ophthalmic Clinic - Tijuana
Fundacion SEE International, A.C. - Ciudad Juarez
Potter’s Clay - Ensenada
Women with a Purpose - Tijuana

EAST & SOUTHEAST ASIA

CAMBODIA

Total Wholesale Value: $1,573,694 • Total Weight: 71,141 lbs.
Courses of Treatment: 1,125,661

Angkor Hospital for Children - Siem Reap
Marie Stopes Cambodia - Phnom Penh
Mongkol Borei Hospital - Mongkol Borei
Sihanouk Hospital Center of HOPE - Phnom Penh

CHINA

Total Wholesale Value: $101,619 • Total Weight: 1,582 lbs.
Courses of Treatment: 13,364

ChaZhu Valley Clinic - ChaZhu
One HEART - Lhasa
Rima Township Clinic - Rashu Township
Tibetan Medical College - Yushu

FIJI

Total Wholesale Value: $795,277 • Total Weight: 20,712 lbs.
Courses of Treatment: 276,371

Loloma Foundation - Beqa Island
Savusavu Community Foundation for Savusavu Hospital - Savusavu

NICARAGUA

Total Wholesale Value: $11,495,954 • Total Weight: 105,356 lbs.
Courses of Treatment: 822,832

American Nicaraguan Foundation - Managua
Asociacion Pro Ninos Quemados de Nicaragua - Managua
Caritas de Nicaragua - Managua
CONANCA Hospital Infantil Manuel de Jesus Rivera - Managua
Nicaraguan Children’s Fund - Puerto Cabezas
Wisconsin/Nicaragua Partners of the Americas - Managua

EAST & SOUTHEAST ASIA

Total Wholesale Value: $6,440,714
Total Weight: 250,959 lbs.
Courses of Treatment: 6,387,280

Direct Relief Partner Countries
**EUROPE & MIDDLE EAST**

**ESTONIA**
Total Wholesale Value: $524,095 • Total Weight: 18,984 lbs.  
Courses of Treatment: 137,087  
Nursing Home Consortium - Parnu

**KYRGYZSTAN**
Total Wholesale Value: $1,77,417 • Total Weight: 6,260 lbs.  
Courses of Treatment: 802,194  
National Surgical Center - Bishkek

**LEBANON**
Total Wholesale Value: $2,004,617 • Total Weight: 8,783 lbs.  
Courses of Treatment: 133,364  
Hammoud Hospital University - Beirut

**INDONESIA**
Total Wholesale Value: $5,617,576 • Total Weight: 92,234 lbs.  
Courses of Treatment: 962,710  
Australian Aid International - Yogyakarta  
CHF International - Banda Aceh/Yogyakarta  
HOPE Worldwide - Yogyakarta  
International Relief & Development - Yogyakarta  
Matanah Foundation - Sigli  
Muhammadiyah - Band Aceh/Yogyakarta  
Pusat Kajian dan Perlindungan Anak (PKPA) - Banda Aceh  
The Sumba Foundation - Sumba

**LAOS**
Total Wholesale Value: $7,756 • Total Weight: 119 lbs.  
Courses of Treatment: 32,165  
Luang Namtha Provincial Hospital - Luang Namtha  
Mahosot Hospital - Vientiene

**PAPUA NEW GUINEA**
Total Wholesale Value: $599,940 • Total Weight: 32,246 lbs.  
Courses of Treatment: 193,166  
Wewak General Hospital - Wewak

**PHILIPPINES**
Total Wholesale Value: $834,131 • Total Weight: 13,717 lbs.  
Courses of Treatment: 414,236  
Australian Aid International - Legazpi City  
Bicol Relief - Albay  
Dr. Jose Locsin Memorial Hospital - Silay City  
Glory Reborn Organization - Cebu  
Memphis Mission of Mercy - Bayawan  
PHILOS Health - Jagna  
Save the Children - Makati City

**SOUTH KOREA**
Total Wholesale Value: $27,878 • Total Weight: 4,277 lbs.  
Courses of Treatment: 34,505  
St. John of God Clinic - Kwangju

**THAILAND**
Total Wholesale Value: $75,742 • Total Weight: 567 lbs.  
Courses of Treatment: 3,787  
Baan Immanuel Ministries - Chiang Rai  
Hill Tribe Clinics - Chiang Rai

**VIETNAM**
Total Wholesale Value: $69,228 • Total Weight: 4,149 lbs.  
Courses of Treatment: 3,787  
Marie Stopes International Vietnam - Hanoi

**ROMANIA**
Total Wholesale Value: $5,398,883 • Total Weight: 50,587 lbs.  
Courses of Treatment: 128,701  
Christian Aid Ministries - Floresti

**UKRAINE**
Total Wholesale Value: $14,666 • Total Weight: 10,142 lbs.  
Courses of Treatment: 1,425,514  
God’s Hidden Treasures Rohatyn Central District Hospital - Rohatyn

**UZBEKISTAN**
Total Wholesale Value: $7,495 • Total Weight: 178 lbs.  
Courses of Treatment: 3,993  
Korean American SDA Mission - Tashkent

**WEST BANK/GAZA**
Total Wholesale Value: $581,211 • Total Weight: 13,261 lbs.  
Courses of Treatment: 168,109  
ANERA - Jerusalem

---

**EUROPE & MIDDLE EAST**

**EUROPE & MIDDLE EAST**

**BOGOTA**
Total Wholesale Value: $1,486,241 • Total Weight: 32,938 lbs.  
Courses of Treatment: 413,245  
Centro Medico Vivir con Diabetes - Cochabamba  
Population Services International Bolivia - La Paz  
PRO MUJER Oficina Nacional - La Paz  
PROSALUD - Santa Cruz  
Proyecto de Salud del Río Beni - Rurrenabaque

**ECUADOR**
Total Wholesale Value: $1,132,322 • Total Weight: 33,593 lbs.  
Courses of Treatment: 624,885  
Embajada de la Orden Soberana y Militar de Malta - Quito  
Junta de Beneficencia de Guayaquil - Guayaquil
<table>
<thead>
<tr>
<th>Country</th>
<th>Total Wholesale Value</th>
<th>Total Weight</th>
<th>Courses of Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>GUYANA</td>
<td>$6,038,468</td>
<td>73,414 lbs.</td>
<td>4,584,647</td>
</tr>
<tr>
<td>PERU</td>
<td>$2,295,107</td>
<td>26,045 lbs.</td>
<td>287,418</td>
</tr>
<tr>
<td>VENEZUELA</td>
<td>$1,350</td>
<td>42 lbs.</td>
<td>10,812</td>
</tr>
<tr>
<td>INDIA</td>
<td>$2,940,697</td>
<td>115,577 lbs.</td>
<td>5,920,995</td>
</tr>
<tr>
<td>NEPAL</td>
<td>$323,981</td>
<td>914 lbs.</td>
<td>63,500</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>$877,730</td>
<td>44,001 lbs.</td>
<td>50,511</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>$15,384</td>
<td>7,338 lbs.</td>
<td>1,727</td>
</tr>
<tr>
<td>SOUTH AMERICA</td>
<td>$10,953,487</td>
<td>166,031 lbs.</td>
<td>5,920,995</td>
</tr>
<tr>
<td>TOTAL SOUTH AMERICA</td>
<td>$10,953,487</td>
<td>166,031 lbs.</td>
<td>5,920,995</td>
</tr>
<tr>
<td>GUYANA</td>
<td>$6,038,468</td>
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<tr>
<td>SRI LANKA</td>
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<td>7,338 lbs.</td>
<td>1,727</td>
</tr>
<tr>
<td>SOUTH ASIA</td>
<td>$6,440,714</td>
<td>250,959 lbs.</td>
<td>6,387,280</td>
</tr>
<tr>
<td>AFGHANISTAN</td>
<td>$2,489,478</td>
<td>78,885 lbs.</td>
<td>246,706</td>
</tr>
<tr>
<td>USA</td>
<td>$21,227,714</td>
<td>334,512 lbs.</td>
<td>919,244</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>$15,384</td>
<td>7,338 lbs.</td>
<td>1,727</td>
</tr>
<tr>
<td>USA</td>
<td>$21,227,714</td>
<td>334,512 lbs.</td>
<td>919,244</td>
</tr>
</tbody>
</table>

**Direct Relief Partner Countries**

**India**
- A Touch of Love Foundation - Tamil Nadu
- Amrita Institute of Medical Sciences - Cochin
- Meenakshi Mission Hospital - Madurai
- Society For Service To Voluntary Agencies - Mumbai
- Sonada Tibetan Refugee Settlement - Sonada

**Nepal**
- Shahid Gangalal National Heart Center - Kathmandu
- Tibetan Refugee Reception Center - Kathmandu

**Pakistan**
- American Refugee Committee International - Islamabad
- Marafi Foundation - Islamabad

**Sri Lanka**
- Ampara General Hospital - Ampara
- Children of Joy - Negombo

**South Asia**

**Afghanistan**
- Afghan Health and Development Services - Kandahar Province
- Afghan Institute for Learning - Kabul/Jalalabad/Heart
- Bamyan Province Referral Hospital - Bamyan
- Camp Phoenix - Bagram
- Family Health Alliance - Kabul
- Jamaludin Wardak Clinic - Said Abad
- Malalai Maternity Hospital - Kabul
- Marie Stopes Afghanistan - Kabul

**Bangladesh**
- Marie Stopes Society - Dhaka

**Direct Relief works with over 1,200 community health centers and free clinics in the United States. Please go to www.DirectRelief.org to learn more about these safety-net providers and their dedicated efforts to keep low-income communities healthy.**
Introduction and Certification of Financial Statements

Fiscal Year 2007 was remarkable for Direct Relief’s activities and finances. We ended the year with $244.3 million in public support and revenue, providing $141.6 million (wholesale value) in assistance around the world. Direct Relief’s financial position and balance sheet were substantially strengthened by an unanticipated, unrestricted gift of $32.4 million from the estate of Mr. H. Guy Di Stefano of Issaquah, Washington. This extraordinary legacy gift came from a man who chose never to disclose his intentions to our organization. Mr. Di Stefano’s estate plan stipulated no restrictions to the bequest’s use, and he sought no recognition for the gift.

Direct Relief's financial statements must account for both cash and medical material resources (or in-kind contributions) that are entrusted to the organization to fulfill its humanitarian medical mission. In Fiscal Year 2007, 83 percent of our total public support and revenue of $244.3 million was received in the form of in-kind medical material and services. The previous pages explain where and why these in-kind medical materials and other inventories were provided.

The merging of cash and in-kind contributions in the following financial statements, which are necessarily prepared in accordance with Generally Accepted Accounting Principles, can be confusing to the non-accountants among us. The notes following the financial statements are to assist you in understanding how our program model is financed and works, to explain the state of our organization’s financial health, and to inform you about how we spent the money that was generously donated to Direct Relief in 2007 by people, businesses, organizations, and foundations.

At the close of Fiscal Year 2007, Direct Relief’s financial situation was in excellent shape.

When taking an annual snapshot at the end of a fiscal year, several factors can distort a realistic picture of our (or any nonprofit organization’s) financial health and activities. Since the purpose of this report is to inform you, we think it is important to call your attention to these factors.

First is the timing of donations being received and the expenditure of those donations, whether in the form of cash or in-kind medical material. Donations – including those received to conduct specific activities – are recorded as revenue when they are received or promised, even if the activities are to be conducted in a future year.

Near the end of Fiscal Year 2005, for example, Direct Relief received a large infusion of cash and product donations for the Indian Ocean tsunami. When that fiscal year ended, the tsunami funds and tsunami-designated product inventories that had not been spent were reported as “surplus.” In turn, those funds were carried forward and spent on tsunami activities during the course of Fiscal Year 2006. This resulted in a decrease in net assets (or net operating “loss”) in Fiscal Year 2006.

Second is the issue of administrative expenses and how they are paid. With regard to tsunami-designated contributions received in 2005 and spent in 2006, our organization adopted a strict policy to ensure that 100 percent of all tsunami contributions were used only on expenses directly related to activities that benefit tsunami victims. None of the tsunami funds were or will be used to cover pre-existing organizational costs, including staff salaries. We adopted a similar policy following Hurricanes Katrina and Rita, and the Pakistan earthquake.

Consistent with this policy, all administrative expenses, including approximately $100,000 in banking and credit-card processing fees associated with simply receiving tsunami, Katrina, and other disaster-designated contributions, were absorbed through other resources. The effect of this policy has been to shift administrative costs associated with our emergency response efforts to the overall organization. We believe this is appropriate to honor precisely the clear intent of generous donors who responded to these exceptional tragedies and to preserve the maximum benefit for the victims for whose benefit the funds were entrusted to Direct Relief.

Another factor is the valuation of in-kind medical donations. Accounting standards require Direct Relief to use “fair market value” and to do so we continue to use the wholesale prices published by independent, third-party sources for valuation whenever possible. Such valuations typically are substantially lower than published retail prices. Because nonprofit organizations are rated on, among other things, the amount of support received, a strong incentive exists to use higher valuation sources, such as retail prices, which would be permissible. However, we believe that, in this area and most others, a conservative approach is best to instill public confidence and give the most accurate, easy-to-understand basis for our financial reporting.

Finally, we note that our organization’s independently audited financial activities were also reviewed by an audit committee, two of whose members are independent accounting professionals and not Directors of the organization. This additional level of independent review is required under California law.
## STATEMENT OF ACTIVITIES

for the fiscal years ending March 31, 2007 and March 31, 2006

### PUBLIC SUPPORT & REVENUE

<table>
<thead>
<tr>
<th>Public Support</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions of goods and services</td>
<td>$ 201,822,570</td>
<td>$ 121,512,474</td>
</tr>
<tr>
<td>Contributions of cash and securities-tsunami</td>
<td>277,000</td>
<td>1,519,919</td>
</tr>
<tr>
<td>Contributions of cash and securities-Pakistan</td>
<td>26,197</td>
<td>1,543,188</td>
</tr>
<tr>
<td>Contributions of cash and securities-Katrina</td>
<td>361,545</td>
<td>4,730,442</td>
</tr>
<tr>
<td>Contributions of cash and securities-Java</td>
<td>277,462</td>
<td>–</td>
</tr>
<tr>
<td>Contributions of cash and securities-other</td>
<td>39,797,744</td>
<td>6,646,027</td>
</tr>
<tr>
<td><strong>Total Public Support</strong></td>
<td>242,562,518</td>
<td>135,952,049</td>
</tr>
</tbody>
</table>

### Revenue

| Earnings from investments and other income          | 1,776,153             | 1,522,663             |

**TOTAL PUBLIC SUPPORT AND REVENUE**

<table>
<thead>
<tr>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>244,338,671</td>
<td>137,474,712</td>
</tr>
</tbody>
</table>

### EXPENSES

<table>
<thead>
<tr>
<th>Program Services</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of medical donations shipped</td>
<td>136,154,200</td>
<td>190,056,682</td>
</tr>
<tr>
<td>Inventory adjustments (expired pharmaceuticals, etc.)</td>
<td>7,648,925</td>
<td>2,179,103</td>
</tr>
<tr>
<td>Operations and shipping</td>
<td>5,337,852</td>
<td>6,238,939</td>
</tr>
<tr>
<td>Cash grants – tsunami relief activities</td>
<td>3,077,675</td>
<td>5,541,731</td>
</tr>
<tr>
<td>Cash grants – Pakistan relief activities</td>
<td>593,433</td>
<td>590,041</td>
</tr>
<tr>
<td>Cash grants – Katrina relief activities</td>
<td>923,086</td>
<td>3,764,765</td>
</tr>
<tr>
<td>Cash grants – Java relief activities</td>
<td>229,352</td>
<td>–</td>
</tr>
<tr>
<td>Cash grants – other</td>
<td>694,308</td>
<td>345,618</td>
</tr>
<tr>
<td><strong>Total Program Services</strong></td>
<td>154,658,831</td>
<td>208,716,879</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supporting Services</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising</td>
<td>896,353</td>
<td>680,955</td>
</tr>
<tr>
<td>Administration</td>
<td>1,306,083</td>
<td>998,093</td>
</tr>
<tr>
<td><strong>Total Supporting Services</strong></td>
<td>2,202,436</td>
<td>1,679,048</td>
</tr>
</tbody>
</table>

**TOTAL EXPENSES**

<table>
<thead>
<tr>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>156,861,267</td>
<td>210,395,928</td>
</tr>
</tbody>
</table>

### INCREASE IN NET ASSETS

<table>
<thead>
<tr>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 87,477,404</td>
<td>$ (72,921,216)</td>
</tr>
</tbody>
</table>

### STATEMENT OF CASH FLOWS

for the fiscal years ending March 31, 2007 and March 31, 2006

<table>
<thead>
<tr>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in cash</td>
<td>$ 3,176,553</td>
</tr>
<tr>
<td>Cash, Beginning of Year</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash, End of Year</td>
<td>$ 3,176,553</td>
</tr>
</tbody>
</table>
**STATEMENT OF FINANCIAL POSITION**

*as of March 31, 2007 and March 31, 2006*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,176,553</td>
<td>$7,873,684</td>
</tr>
<tr>
<td>Securities</td>
<td>43,997,139</td>
<td>9,360,016</td>
</tr>
<tr>
<td>Inventories</td>
<td>81,647,061</td>
<td>24,210,039</td>
</tr>
<tr>
<td>Other current assets</td>
<td>203,903</td>
<td>218,188</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>129,024,656</td>
<td>41,661,927</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>3,961,167</td>
<td>3,666,840</td>
</tr>
<tr>
<td>Remainder interests</td>
<td>75,675</td>
<td>37,485</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>21,553</td>
<td>3,332</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td>4,058,395</td>
<td>3,707,657</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$133,083,051</td>
<td>$45,369,584</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables and other current liabilities</td>
<td>$687,738</td>
<td>$391,332</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>1,467,282</td>
<td>51,821</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>2,155,020</td>
<td>443,153</td>
</tr>
<tr>
<td><strong>Other Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>–</td>
<td>1,467,282</td>
</tr>
<tr>
<td>Capital Lease Obligation</td>
<td>17,082</td>
<td>20,990</td>
</tr>
<tr>
<td>Distribution payable</td>
<td>23,928</td>
<td>28,542</td>
</tr>
<tr>
<td><strong>Total Other Liabilities</strong></td>
<td>41,010</td>
<td>1,516,814</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>2,196,030</td>
<td>1,959,967</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Restricted Investment Fund</td>
<td>44,191,681</td>
<td>9,549,798</td>
</tr>
<tr>
<td>Undesignated</td>
<td>84,597,074</td>
<td>27,781,915</td>
</tr>
<tr>
<td><strong>Total unrestricted net assets</strong></td>
<td>128,788,755</td>
<td>37,331,713</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>2,073,230</td>
<td>6,052,868</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>25,036</td>
<td>25,036</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>130,887,021</td>
<td>43,409,617</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$133,083,051</td>
<td>$45,369,584</td>
</tr>
</tbody>
</table>
Fiscal Year Results

In the fiscal year ending March 31, 2007, Direct Relief provided 1,293 shipments of humanitarian medical material including pharmaceuticals, medical supplies, and medical equipment. The more than 1,097 tons (just under 2,200,000 pounds) of material aid was furnished to local health programs in 59 countries, including the United States, and had a wholesale value of $136,154,200. The provisions contained in these aid shipments were sufficient to provide treatment to 34.8 million people.

In addition, the organization provided $5.5 million in the form of cash grants to dozens of locally run health programs in areas affected by the December 2004 tsunami, hurricanes Katrina and Rita, the Pakistan earthquake of October 2005, the Java earthquake of May 2006, and various other partners providing health services in other non-disaster areas.

The overall assistance furnished by Direct Relief in Fiscal Year 2007 was $141.6 million. Direct Relief received no governmental assistance. All resources were obtained from private sources.

Expanding Assistance, Increasing Efficiency

Comparison to Previous Year’s Results

All financial statements presented in this report show both the results for the current fiscal year and those of Fiscal Year 2006 for comparison purposes.

Leverage

For each $1 that Direct Relief spent in 2007 for general operations, administration, fundraising, and our core medical assistance program (excluding emergency response), the organization provided $21.97 worth of wholesale medical material assistance. These cash operating expenses totaled $5,909,855. The expenditure of these funds enabled Direct Relief to furnish $129,858,824 worth (wholesale value) of medical material resources to 59 countries for the support of ongoing health needs. The weight of these materials was 2,009,198 lbs, or 1,004.6 tons.
**Cash Grants**

In addition to the core medical material assistance program, Direct Relief also provided financial assistance of $5,517,853 through cash grants. The vast majority of these grants (over $4.8 million) were made from designated contributions received (including in the previous fiscal year) for the tsunami, the Gulf state hurricanes, the Pakistan earthquake of October 2005, and the Java earthquake of May 2006.

With tsunami-designated funds, the organization incurred $3,286,105 in tsunami cash expenditures this fiscal year, of which over $3 million was in the form of cash grants to support essential relief and recovery efforts conducted by local organizations in the affected countries and colleague international nonprofit organizations. As of March 31, 2007, the organization had spent over 96 percent of the funds received for tsunami relief.

With Katrina-designated contributions, the organization incurred expenditures of $973,906, of which $923,086 was spent in the form of cash grants to health facilities and organizations providing direct health services to victims of the Gulf state hurricanes. As of March 31, 2007, the organization had spent over 95 percent of the funds received for Katrina relief.

With funds received for the Pakistan earthquake of October 2005, the organization spent a total of $658,569, of which $593,433 was spent in the form of cash grants. As of March 31, 2007, the organization had spent over 93 percent of the funds received for this relief effort.

With funds received for the Java earthquake of May 2006, the organization spent a total of $277,701, of which $229,352 was spent in the form of cash grants. As of March 31, 2007, the organization had spent 100 percent of the funds received for this relief effort.

**Staffing**

These activities were accomplished by a staff which, as of March 31, comprised 44 positions (37 full-time, 7 part-time). Measured on an FTE (full-time equivalent) basis, the total staffing over the course of the year was 37.4. This figure is derived by dividing the total hours worked by 2,080, the number of work hours by a full-time employee in one year. Two persons each working half time, for example, would count as one FTE.

**Staffing (FTE) 1995 – FY 2007**

In general, staff functions relate to three basic business functions: programmatic activity, resource acquisition/fundraising, and general administration. The following sections describe the financial activities of our organization, how resources are spent, and how your funds are leveraged to provide assistance to people in need throughout the world.

**Program Expenses**

In 2007, Direct Relief’s programmatic expenses totaled $17,614,688. $1,830,424 paid for salaries, related benefits (health, dental, long-term disability insurance, and retirement-plan matching contributions), and mandatory employer paid taxes (social security, Medicare, workers’ compensation, and state unemployment insurance) for 24 full-time and 5 part-time employees engaged in programmatic functions.
Program expenses also include:

- The value of expired products disposed of ($7,648,925)
- Cash grants to partner organizations ($5,517,853 of which $3,077,675 was for tsunami relief, $923,086 for Hurricane Katrina relief, $593,433 for relief from the Pakistan earthquake, and $229,352 for relief from the Java earthquake)
- Ocean/air freight and trucking for outbound shipments to partners and inbound product donations ($1,300,401)
- Travel for oversight and evaluation ($235,845); contract services ($235,056); packing materials and supplies ($70,174); disposal costs for expired pharmaceuticals ($57,957); equipment repairs and maintenance ($11,918)
- A pro-rata portion of other allocable costs (see below)

Fundraising Expenses

Direct Relief spent a total of $896,353 on resource acquisition and fundraising in 2007. A total of $394,704 was paid for salaries, related benefits, and taxes for four full-time employees and one part-time employee engaged in resource acquisition and fundraising.

Fundraising expenses also include:

- The production, printing, and mailing of newsletters, the annual report, tax-receipt letters to contributors, fundraising solicitations, and informational materials. Total costs incurred came to approximately $82,500.
- $165,263 in advertising and marketing costs (of which $160,245 in online advertising was donated by Google)
- $124,159 in expenses directly related to fundraising events, ($22,000 in goods were donated goods for the events)
- $58,296 in travel and mileage-reimbursement expenses
- $29,196 in contract services
- $7,958 in supplies in support of the fundraising staff
- $7,085 in outside computer services related to fundraising
- A pro-rata portion of other allocable costs (see below)

It should be noted that Direct Relief does not classify any mailing expenses as “jointly incurred costs” – an accounting practice that permits, for example, the expenses of a newsletter containing information about programs and an appeal for money to be allocated partially to “fundraising” and partially to “public education.”
Administrative Expenses

Direct Relief spent a total of $1,306,083 on administration. Administration is responsible for financial and human resource management, information technology, and general office management. A total of $720,772 was for salaries, related benefits, and taxes for nine full-time employees and one part-time employee engaged in administration and financial management.

Administrative Expenses: $1,306,000
Administrative expenses also include:

- $32,606 in credit card, banking, brokerage, and portfolio-management fees
- $50,730 for duplicating and printing, of which $14,147 was spent on producing our Fiscal Year 2006 Annual Report
- $241,755 in consulting fees, including website analysis, re-design and maintenance ($78,291), a Board-funded CFO search ($63,679), information technology services ($41,914), management fees for invested assets ($26,078), and communication services ($22,416)
- $33,502 in accounting fees for the annual CPA audit, payroll processing and reporting, and other financial services
- $40,448 in legal fees, $24,371 for legal representation related to the Di Stefano bequest, and $16,077 for general corporate matters
- $3,794 in taxes, licenses and permits (Direct Relief is registered as an exempt organization in each U.S. state requiring such registration)
- A pro-rata portion of other allocable costs (see below)

Support & Revenues: $244.3 million

- Cash 17%, $42.5 million
- In-Kind 83%, $201.8 million

2007 Sources of Cash Support & Revenues: Total $42.5 million

- Bequests 77%, $32.8 m
- Undesignated (cash/stocks) 12%, $5 m
- Disasters 2%, $0.9 m
- Grants 4%, $1.5 m
- Investment Income 4%, $1.7 m
- Special Events 1%, $0.5 m
- Other $0.1 m
Other Allocable Costs

Direct Relief owns and operates a 40,000 square-foot warehouse facility that also serves as its headquarters and leases an additional 23,000 square-foot warehouse. Costs to maintain the main facility include mortgage interest, depreciation, utilities, insurance, repairs, maintenance, and supplies. These costs are allocated based on the square footage devoted to respective functions (e.g., fundraising expenses described above include the proportional share of these costs associated with the space occupied by fundraising staff). The cost of information technology services are primarily related to the activities of the respective functions described above. These costs are allocated based on the headcount devoted to the respective functions. The salary of the President and CEO is also allocated in accordance with the time spent on the functions as follows: fundraising (20 percent), administration (30 percent), and programmatic activities (50 percent).

Board-Restricted Investment Fund

In 1998, Direct Relief’s Board of Directors established a Board-Restricted Investment Fund (sometimes characterized as a “quasi-endowment” in legal or accounting terminology) to help secure the organization’s financial future. The Fund was established with assets valued at $773,786 in 1998.

The Fund is managed (effective January 31, 2007) by the Commonfund Strategic Solutions Group, an investment firm under the direction of the Board’s Finance Committee, which meets monthly and oversees investment policy and fiscal operations. Board policy authorizes the reimbursement of all administrative and fundraising expenses (or all non-program expenses) from the assets of the Fund.

This year, Direct Relief received an extraordinary gift of $32.4 million from the trust of a long-time donor, Mr. H. Guy DiStefano of Issaquah, Washington, who passed away at the age of 91. By Board policy, gifts received through bequests are transferred into the Board-Restricted Investment Fund. During the course of Fiscal Year 2007, the net effect of transfers into and from the Fund was an addition of $33,137,402.

As of March 31, 2007, the Fund was valued at $44,216,717.

Cash versus In-Kind Support

Direct Relief’s activities are planned and executed on an operating (or cash) budget that is approved by the Board of Directors prior to the onset of the fiscal year. The cash budget is not directly affected by the value of contributed products. Direct Relief’s program model involves obtaining and providing essential medical material resources. Cash support – as distinct from the value of contributed goods – is used to pay for the logistics, warehousing, transportation, program oversight, administration, fundraising, staff salaries, purchasing of essential medical products, acquisition of medical products through donations, and all other expenses.

How Changes in Inventory Affect our Bottom Line

Direct Relief must account for all donations – both cash and in-kind material or services – that it receives. The organization receives in-kind donations of medical products on an ongoing basis. These donations are recorded in inventory upon receipt. Direct Relief’s policy is to distribute products at the earliest practicable date, consistent with sound programmatic principles. While the distribution often occurs in the same year of receipt, it may occur in the following year. An expense is recorded when the products are shipped. For the year ending March 31, 2007, Direct Relief shipped out $64,490,193 less in humanitarian aid than it received in product donations.

Product Valuation

In-kind contributions, such as donated medical products, are valued at the wholesale price in the United States. Specifically for pharmaceutical products, the source of and basis for product values is the “Average Wholesale Price” (AWP), which is published by Thomson Healthcare’s “Redbook.” While retail values may be significantly higher, Direct Relief traditionally has chosen to use the more conservative AWP to value contributed pharmaceutical products. For used medical equipment, the organization determines wholesale value by reviewing the price of similar equipment listed for sale in trade publications or in relevant markets, including internet sites such as eBay.
**OUR INVESTORS**

We thank the following individuals, organizations, and companies whose generosity enabled us to provide 34 million courses of treatment around the world.

Manufacturers providing Medical Donations in Fiscal Year 2007

Abbott
Alcon Laboratories, Inc.
Allergan
Alkermes, Inc.
Allied Healthcare
American Diagnostic Medicine, Inc.
Amsino International
Ansell Healthcare Incorporated
AstraZeneca
Bausch & Lomb Surgical Company
Baxter International Inc.
BD
Blue Ridge Medical, Inc.
Boehringer Ingelheim CARES Foundation
Bristol-Myers Squibb Company
BSN Medical, Inc. - Orthopaedics GBU
Carlsbad Technology, Inc.
Chattem, Inc.
Covidien
Cure Medical
DAVA Pharmaceuticals, Inc.
Den-Mat Corporation
DeRoyal
East West Associates
E. Fougera & Company
Edgepark Medical Supplies
Ethicon Endo-Surgery
Ethicon, Inc.
Forest Pharmaceuticals, Inc.
FSC Laboratories, Inc.
GlaxoSmithKline
Gowllands Limited
Havel’s Incorporated
Henry Schein, Inc.
Herban Essentials
Hollister, Inc.
Hospira, Inc.
IAPYX Medical
InstyMeds Corporation / RedPharm
Invacare
Inverness Medical Nutritional Group
Janssen Pharmaceutica, Inc.
Johnson & Johnson
Johnson & Johnson Consumer Companies
Joseph Weintraub, Inc.
Kenad SG Medical, Inc.
King Pharmaceuticals, Inc.
Lane Instruments Corporation
Leiner Health Products
LeMaitre Vascular, Inc.
Marlyn Nutraceuticals, Inc.
Matrixx Initiatives, Inc.
McKesson Medical-Surgical
McNeil Consumer & Specialty Pharmaceuticals
Medical Innovations, Inc.
Medline Industries
MedVantx, Inc.
Mentor Corporation
Merck & Company, Inc.
Microflex
Microlife USA, Inc.
Midmark Corporation
Miltex, Inc.
Mylan Laboratories, Inc.
National Library of Medicine, NIH
Nexxus (Alberto Culver)
North Safety Products
Novartis Pharmaceutical Corporation
OHM Laboratories
Oxyn Medical Corporation
Pfizer, Inc.
Purdue Pharma LP
Quixtar, Inc.
Reliant Pharmaceuticals
REM Eyewear
Royal Chemical
Royce Medical
Sage Products, Inc.
Sandel Medical Industries, LLC
sanofi-aventis
Sappo Hill Soapworks
Schering-Plough Corporation
Span-America Medical Systems, Inc.
SRI Surgical
Sunrise Medical
Surgistar, Inc.
Taro Pharmaceuticals USA, Inc.
TEVA Pharmaceuticals USA
THER-Rx Corporation
Vistakon
Watson Pharmaceuticals, Inc.
Wisconsin Pharmacal Company, LLC

Medical Facilities, Organizations, Institutions, and Individuals providing In-Kind support in Fiscal Year 2007 ($1,000+)

Ms. Kimberly J. Almanza
Mr. Carlos Amaro
AmeriCares International
Anda, Inc.
Assistance League of Santa Barbara
Benco Dental
Brigham and Women’s Hospital
Ms. Ashlee Bright
Cancer Center of Santa Barbara
Carrillo Surgery Center
CCSI Communications
Child Health Foundation
Brian Cilla, D.D.S.
Rick Clossen, M.D.
The Cones Family
Cottage Health System
CuraScript
Mr. Mack X. Dougherty
DuPont Displays
Mr. Steve Erickson
Family HealthCare Network
Fistula Foundation
Free Wheelchair Mission
Global Links
Globus Relief Fund
God’s Hidden Treasures
The Goszka Family
Mr. Randy Greenberg
HealthSouth Surgical Center
Heart Hugger
Hospice Partners of the Central Coast
International Aid
Jaspan Hardware
Kiwanis Clubs, Lions Clubs, Emblem Clubs, and Rotary Clubs that have supported Direct Relief International.

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AstraZeneca
Bausch & Lomb Surgical Company
Baxter International Inc.
BD
Blue Ridge Medical, Inc.
Boehringer Ingelheim CARES Foundation
Bristol-Myers Squibb Company
BSN Medical, Inc. - Orthopaedics GBU
Carlsbad Technology, Inc.
Chattem, Inc.
Covidien
Cure Medical
DAVA Pharmaceuticals, Inc.
Den-Mat Corporation
DeRoyal
East West Associates
E. Fougera & Company
Edgepark Medical Supplies
Ethicon Endo-Surgery
Ethicon, Inc.
Forest Pharmaceuticals, Inc.
FSC Laboratories, Inc.
GlaxoSmithKline
Gowllands Limited
Havel’s Incorporated
Henry Schein, Inc.
Herban Essentials
Hollister, Inc.
Hospira, Inc.
IAPYX Medical
InstyMeds Corporation / RedPharm
Invacare
Inverness Medical Nutritional Group
Janssen Pharmaceutica, Inc.
Johnson & Johnson
Johnson & Johnson Consumer Companies
Joseph Weintraub, Inc.
Kenad SG Medical, Inc.
King Pharmaceuticals, Inc.
Lane Instruments Corporation
Leiner Health Products
LeMaitre Vascular, Inc.
Marlyn Nutraceuticals, Inc.
Matrixx Initiatives, Inc.
McKesson Medical-Surgical
McNeil Consumer & Specialty Pharmaceuticals
Medical Innovations, Inc.
Medline Industries
MedVantx, Inc.
Mentor Corporation
Merck & Company, Inc.
Microflex
Microlife USA, Inc.
Midmark Corporation
Miltex, Inc.
Mylan Laboratories, Inc.
National Library of Medicine, NIH
Nexxus (Alberto Culver)
North Safety Products
Novartis Pharmaceutical Corporation
OHM Laboratories
Oxyn Medical Corporation
Pfizer, Inc.
Purdue Pharma LP
Quixtar, Inc.
Reliant Pharmaceuticals
REM Eyewear
Royal Chemical
Royce Medical
Sage Products, Inc.
Sandel Medical Industries, LLC
sanofi-aventis
Sappo Hill Soapworks
Schering-Plough Corporation
Span-America Medical Systems, Inc.
SRI Surgical
Sunrise Medical
Surgistar, Inc.
Taro Pharmaceuticals USA, Inc.
TEVA Pharmaceuticals USA
THER-Rx Corporation
Vistakon
Watson Pharmaceuticals, Inc.
Wisconsin Pharmacal Company, LLC

Medical Facilities, Organizations, Institutions, and Individuals providing In-Kind support in Fiscal Year 2007 ($1,000+)

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Brigham and Women’s Hospital
Ms. Ashlee Bright
Cancer Center of Santa Barbara
Carrillo Surgery Center
CCSI Communications
Child Health Foundation
Brian Cilla, D.D.S.
Rick Clossen, M.D.
The Cones Family
Cottage Health System
CuraScript
Mr. Mack X. Dougherty
DuPont Displays
Mr. Steve Erickson
Family HealthCare Network
Fistula Foundation
Free Wheelchair Mission
Global Links
Globus Relief Fund
God’s Hidden Treasures
The Goszka Family
Mr. Randy Greenberg
HealthSouth Surgical Center
Heart Hugger
Hospice Partners of the Central Coast
International Aid
Jaspan Hardware
Kiwanis Clubs, Lions Clubs, Emblem Clubs, and Rotary Clubs that have supported Direct Relief International.
Cash Donors
April 1, 2006 to March 31, 2007

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Watling Foundation, Inc.
Mr. and Mrs. Louis Weider
Mr. Joshua Weisberg
WellPoint Foundation
Mr. and Mrs. James K. Williams
Mr. Daniel Wilson
Mr. and Mrs. Walter Woronick
Ms. Sally Xavier
Zickler Family Foundation

We strive for 100 percent accuracy. If, however, we have misspelled your name, please excuse us and let us know so we can correct our records.

Dr. Paul A. Riemenschneider, a former member and officer of Direct Relief’s Board of Directors, passed away on January 29, 2007. Dr. Riemenschneider’s medical career as a physician and professor was marked by extraordinarily distinguished achievement. His professional accomplishments were effectuated with a rare sense of graciousness, generosity of spirit, sense of service, and love of family that defined an extraordinary life that enriched all those fortunate enough to know him. Direct Relief benefitted greatly from his deep and personal involvement, and we shall miss him greatly.

Mr. William J. Bailey, a former member of Direct Relief’s Board of Directors, passed away on August 6, 2006. Mr. Bailey enjoyed a remarkable business career, first taking the reigns of Day and Night Manufacturing Co. from his father who founded the company, and finally as Vice Chairman of Carrier Corporation. An avid athlete, he was a member of the United States Senior Golf Association and President of The Valley Club of Montecito. He was a born leader, with a delightful humor, and a deep respect for others. The absence of his humility and compassion are felt profoundly at Direct Relief and by the many people his life touched.
Our mission is to improve the health and lives of people affected by poverty, disaster, and civil unrest.
Thomas Tighe, President & CEO

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Lawrence R. Glenn
E. Carmack Holmes, M.D.
S. Roger Horchow
Stanley S. Hubbard
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Richard L. Schall
John W. Sweetland

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FISCAL YEAR 2007
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Frederick P. Burrows, Treasurer
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Rick Beckett
Frank Blue
Jon Clark
Morgan Clendenen
Kenneth J. Coates
Killick S. Datta
Ernest H. Drew
Gary Finefrock
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Louise Gaylord
Bert Green, M.D.
Brandt Handley
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Brett Hodges
Tara Holbrook
Ellen Johnson
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Dorothy Largay
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Michael McCarthy
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Carmen Elena Palomo
James Selbert
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Jim Shattuck
Richard Steckel, M.D.
Paul H. Turpin
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Dorothy Adams